ALPHA BANK

ANNUAL FINANCIAL REPORT

For the period from 1st January to 31st December 2011

(In accordance with the Law 3556/2007)

Athens,
April 20, 2012

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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 information required by article 4 paragraphs 7 and 8 of Law 3556/2007 and the related decisions of the Hellenic Capital Market Commission.

Athens, April 20, 2012

THE CHAIRMAN OF THEBOARD OF DIRECTORS	THE MANAGING DIRECTOR	THE EXECUTIVE DIRECTOR
YANNIS S. COSTOPOULOS **I.D. No X 661480**	**DEMETRIOS P. MANTZOUNIS** **I.D. No I 166670**	**ARTEMIS CH. THEODORIDIS** **I.D. No AB 281969**

Board of Directors' Annual Management Report as at 31.12.2011

A. The World Economy

The slowdown in the recovery of the world economy in 2011, from the second quarter, is attributed to a series of unexpected events that led to the deterioration of the international economic environment. These events adversely affected the already fragile (from the chronic structural problems and the internal and external macroeconomic imbalances in many countries) international economic climate. The main extraordinary events include a new round of increase in the international crude oil prices due to riots and turmoil in countries of Northern Africa and the Middle East, serious dysfunctions that occurred in the supply chains of world trade and the domestic recession from natural disasters that occurred in Japan in March 2011 and the floods in South Asia in August 2011 as well as, the increasing uncertainty of the widespread debt crisis and the deterioration of the financial environment in many Eurozone countries, which is mainly a continuation of the global economic crisis of 2007-2009.

The International Monetary Fund (IMF) revised to the worse its original forecasts for GDP growth in 2011 and 2012 and currently estimates that world GDP increased by 3.8% in 2011, compared to 5.1% in 2010, and is expected to increase by 3.3% in 2012 and 3.9% in 2013. The slowdown was more pronounced in developed economies (1.6% in 2011, compared to 3.2% in 2010), which were mostly affected due to the fall in consumer and business confidence that followed the new turbulence in the global financial system, mainly due to the deterioration of the fiscal debt crisis, with Greece being in the center of attention, but also because of the decline in the growth of world trade after the external disasters in Japan and indications of overheating of economies of many rapidly growing emerging economies, which became apparent in 2011.

The volume of world trade is estimated now to have grown by 6.9% in 2011, versus 12.7% in 2010 while it is expected to further slowdown to 3.8% in 2012 and recover with an increase of 5.4% in 2013. It should be noted that in 2010 and 2011 crude oil prices increased considerably (2010: 27.9% and 2011: 31.9%) as well as, the prices of non-oil raw materials and goods (2010: 26.3 % and 2011: 17.7%), while the IMF estimates now that oil prices will decrease in 2012 by -4.9% and by -3.6% in 2013 and also a considerable decrease will occur in the prices of raw materials and goods by -14% in 2012 and by -1.7% in 2013. These developments in the markets of oil and other basic raw materials and goods are affected by the developments in the growth of worldwide economies which are analyzed below as well as, political factors, for example, the current crisis in international relations with Iran and the political crisis in Syria.

In the USA, GDP growth slowed down to 1.7% in 2011 (from 3.0% in 2010), despite the significant improvements noted recently in the labor market and the substantial increase in net exports of the country, mainly in the second half of 2011. It should be noted that the IMF forecasts GDP growth for the USA, by 1.7% in 2012 and a larger increase of 2.2% in 2013. In 2012 which is an election year for the U.S. growth will be supported by the monetary policy of near-zero interest rates (although a new QE program is not expected from the FED), as well as, the fiscal policy (since measures to reduce fiscal deficits are postponed for 2013). However, it seems possible that a more decisive policy of fiscal adjustment will be attempted for the USA in 2013 (from the new government), which will attempt to reduce the budget deficit to 5.5% of GDP from an estimated 8.5% in 2012 and 9.0% in 2010. This restrictive fiscal policy can contribute in the slowdown, instead of the expected acceleration of the US GDP growth in 2013, which might also have a negative impact on global GDP. In the current period, stock markets in USA anticipate a satisfactory level of economic activity in 2012 with signs of improvement in the real estate market as well. In the household sector, the decrease in the tendency of individuals to save led in accelerating growth of private consumption, while capital expenditure grows at a satisfactory pace. The unemployment rate fell to 8.3% in January 2012 which is the lowest level in the last 3 years. Finally, the deficit of current transactions decreased slightly to 3.0% of GDP in 2011, compared to 3.3% of GDP in 2010.

Japan was hit by the biggest earthquake in its history in March 2011, resulting in thousands of victims and extensive damage in economic and energy infrastructure. The recession in 2011 (decrease in GDP by 0.9%, compared to the increase by 4.0% in 2010) is mainly attributed to the negative contribution of net exports and private consumption to GDP growth, which exceeds the positive contribution of growth in private and public investments for the restoration of damages that occurred in the country's infrastructure. However, the economic recovery was relatively rapid after the earthquake, mainly due to successful government efforts to prevent deterioration of the economic climate after the disasters as well as, the adjustment of monetary policy by the Bank of Japan in order to maintain high levels of liquidity in the economy with continuous interventions to enforce it. Thus, despite the fact that Japan suffered after August 2011 from the floods in Thailand as well, the decline in GDP in 2011 was the smallest possible, and is currently forecasted to grow by 1.7% in 2012 and by 1.6% in 2013. In any case, Japan faces many challenges, since there is an urgent need to reduce fiscal deficits, while for the first time in decades the foreign goods and services balance reported a deficit in 2011 and in January 2012 and is expected to be negative for the entire 2012.

In the Eurozone GDP growth recorded a small decline to 1.4% in 2011 from 1.9% in 2010 with Germany and France to record GDP growth by 3.0% and 1.7% respectively (from 3.7% and 1.5% respectively in 2010) while growth for Spain and Italy was limited to 0.7% and 0.2% respectively (from -0.1% and 1.5% respectively in 2010).

However, the government debt crisis in the Eurozone in 2011 and the drastic fiscal adjustment measures to address this crisis in many countries, contributed to the decline in GDP by -0.3% on a quarterly basis in the fourth quarter of 2011. Also, the European Commission estimates that the GDP will decline by -0.3% for the entire 2012, with GDP decreasing by -0.3% in the first quarter of 2012 and then stagnation of GDP in the second quarter and recovery by 0.2% in the third and fourth quarter of 2012. Of course the decisions of the Eurogroup on 21 February 2012 that approved the second stimulus package for Greece from the Eurozone and the IMF and ECB's policy to ensure the unlimited and unrestricted long-term (three year) funding of European banks, have contributed to the stabilisation of the bond markets in the Eurozone and this development creates new conditions for the improvement of development prospects of countries in the Eurozone and their final exit from the crisis.

In particular, given the satisfactory development of the U.S. economy and despite the emerging slowdown in the growth of emerging economies in 2012, net exports are expected to have a positive impact on GDP growth in the Zone for 2012, as they had in 2011. Also, capital investments are expected to positively contribute in growth in 2012 since they increased by 3.3% in 2011, compared to their decrease by 0.8% in 2010. On the other hand, the private and public consumption are expected to report zero growth in 2012, with a massive drop in the countries applying strict fiscal adjustment programs, but positive growth in Germany, France and other surplus countries. The unemployment rate remains high in the Eurozone (9.9%), although the labor market conditions differ greatly between member states, where this percentage ranges from 4.1% in Austria to 19.7% in Spain. The fiscal deficit of the Eurozone decreased in 2011 to 4.1% from 6.0% of GDP in 2010, under the pressure of the risks posed by the sovereign debt crisis in some economies of the Eurozone, while the government debt is estimated to have increased to 88.6% of GDP.

In any case, the seeming achievement of further progress in stabilizing European government debt markets during 2012 and the gradual restoration of investor confidence in the bond markets as well as, the growth prospects (and prevention of a new recession) in Europe, can lead to satisfactory recovery in the Eurozone economies by more than 1.0% in 2013.

In emerging and developing economies, economic activity has slowed down to 6.2% in 2011 from 7.3% in 2010, while the emerging economies of Asia are estimated to have increased their GDP by 7.9% in 2011 from 9.5% in 2010. Evident is the slowdown of growth in China, to 9.2% in 2011 from 10.4% in 2010 and India to 7.4% in 2011 from 9.9% in 2010. On the other hand, the growth of the Russian economy has gained speed (2011: +4.1%, 2010: 4.0%). However, the IMF estimates that the slowdown of growth in emerging countries will be greater in 2012, with GDP growth limited to 5.4% in 2012 and slight recovery to 5.9% in 2013. This estimate is based on the perspective that there will be a significant drop in domestic demand in the Eurozone, the United Kingdom and other countries seeking to achieve progress in fiscal adjustments or reduce overheating of the domestic economies.

The economies of Southeastern Europe, have entered a steady growth cycle, and most of them achieved a higher average annual growth rate of GDP in 2011 than in 2010 (2011: 5.1% 2010: 4.5%). In particular, in Romania, GDP increased by 2.5% in 2011 (due to the extraordinary agricultural production), against its fall by -1.3% and -7.1% in 2010 and 2009 respectively, while growth is expected to continue with GDP increasing by 1.5% in 2012 and by 2.2% in 2013. The country has achieved progress in the field of fiscal adjustment, while the economy's recovery depends on the development of European economies. The economy of Bulgaria had a similar recovery, with GDP growing by 1.8% in 2011, after its increase by 0.2% in 2010. The recovery of the country's economy if expected to further accelerate by 2.0% in 2012 and 2013, despite the recession expected in Greece for 2012. Bulgaria has also made significant progress in the field of fiscal adjustment, while its balance of payments has already reported a surplus. Positive development was also the significant increase in bank deposits in 2011 and the increase in credit granted to the private sector by 3.9%. Also, strong growth was achieved by the economies of Serbia (2011: +2.0% 2010: +1.0%) and FYROM (2011: +3.3%, 2010: +1.8%). Both countries reported an increase in deposits by 8.2% and 9.0% respectively in 2011. On the other hand, Albania with the highest growth rates in 2010 slowed down in 2011 (2011: +1.9%, 2010: +3.3%). It also reported a significant increase in bank deposits by 13.1% in 2011, compared to other Balkan countries, after their increase by 17.5% during 2010. Finally, in Ukraine GDP increased by 5.2% in 2011, after increasing by 4.2% in 2010 and decreasing by -14.5% in 2009. An important development in this country is the increase in bank deposits by 36.7% in 2010 and by 21.8% in 2011, following their drop by -14% in 2009.

In general, the recovery of the Southeast European countries will depend on the growth of countries of the European Union with the improvement of their development prospects to be enforced considerably if the decline of GDP in the Eurozone is not extended beyond the first quarter of 2012. Furthermore, the risk for a slow down in the growth of countries in Southeastern Europe will be significantly reduced if a definitive solution of the sovereign debt crisis is achieved in the Eurozone.

In general, on a worldwide basis, a new recession will be prevented and growth will accelerate in 2013 if the surplus countries such as Germany, China, Japan, Switzerland, Sweden etc., allow a greater increase of the domestic demand in their economies, in order to offset the inevitable decline of the domestic demand of countries that will apply rigorous fiscal adjustment programs, including the USA from 2013. In relation to exchange rates for currencies of big countries, the strengthening of the Euro against the dollar, the yen and the British pound, after the signs of stabilization of government debt markets in Europe cannot be the way to address the fiscal and growth issues of the USA, Japan and the United Kingdom, because the appreciation of the euro does not facilitate the growth of the Eurozone countries facing significant debt problems. Japan and the United Kingdom cannot base the growth of their economies on the depreciation of the yen and the British pound against the dollar and the Euro. Furthermore, the dollar cannot contribute in improving the competitiveness of USA products solely with its depreciation against the Euro. Finally, China and other countries of Southeastern Asia cannot continue to grow with huge surpluses in their balance of payments for goods and services. A significant strengthening of domestic demand in their economies and a substantial revaluation of the real exchange rate of their currencies is needed.

B. Greek Economy

2011 was the second consecutive year during which Greece reported a remarkable fiscal adjustment and progress in the fields of structural reforms and improvement of the economy's international competitiveness. In the field of fiscal adjustment, the primary deficit of general government has decreased to -2.4% of GDP in 2011, from -4.9% of GDP in 2010 and -10.8% of GDP in 2009. This significant adjustment in 2011 was accomplished solely due to the decrease in primary expenditure of the general government, from € 101.4 billion (44.6% of GDP) in 2010 to € 91.2 billion (41.9% of GDP), and despite the large fall in revenues of the general government to € 86 billion in 2011, from € 89.9 billion in 2010. The large decrease in the revenues resulted from the failures of the tax law in April 2010 as well as, the deeper recession and the exuberance of tax and social contribution evasion in 2011. Moreover, during 2011 and particularly during the second half of 2011, all necessary measures were taken to increase revenue and decrease the expenditure of the general government for the continuance of the fiscal adjustment and the achievement of a primary surplus amounting to 1.6% of GDP during 2012.

The above-mentioned important fiscal adjustment during 2010 and 2011 was accompanied by the adoption and implementation of a wide range of radical structural reforms in all fields of the economy, a direct result of which was to a great degree the aforementioned large decrease in the primary expenditure of the general government, from € 111.8 billion in 2009 to € 91.2 billion in 2011. Amongst the structural reforms that were promoted are included the in depth reform of the social security system and the country's health care system, via the reorganization and rationalization of benefits provided by these systems, as well as, the radical reform of the legislative and operational framework of the labor and goods markets, particularly in Utilities and restricted professions. With these reforms an impressive improvement of the international competitiveness of the Greek economy by about 15% based on the labor cost per product unit has already been secured for 2010-2012, as opposed to its continuous deterioration during 2001-2009.

However, despite the above impressive achievements, the Greek economy remains in a deep crisis. Indeed, the above achievements in the field of fiscal adjustments and structural reforms were materialised while the Greek economy was in an even deeper recession than the one previously estimated, with GDP falling by -6.8% in 2011, despite the remarkable improvement of the country's economic activity that took place in the third quarter of 2011 and despite the impressive increase in revenue from external tourism and in general the increase in exports of goods and services in 2011.

The considerable drop in domestic economic activity during 2011 is mainly due to the following reasons: a) the economic sentiment persisting at extremely low levels throughout the whole year and b) the explosive increase of the illegal economic transactions. The deterioration of the economic climate in the country was mainly the result of the policies and the repeated interventions of the country's creditors for the immediate enforcement of new and painful measures relating to fiscal adjustment and structural reforms, as well as, the result of their extremely negative assessments regarding the country's prospects of exiting the crisis. These interventions lead to extremely pressing fiscal policy implementation practices and contribute in continuously and excessively undermining the economic climate. They also contribute to a greater administrative disruption than the one that already exists. On the other hand, assessments relating to the country's inability to exit the crisis and in particular, the constant reference by the creditors themselves to the threat of disorderly default and the country's departure from the Eurozone inevitably led to a large outflow of deposits from the banking system, to the inability to collect verified taxes and contributions, to the expansion of the parallel economy and to the postponement of consumption of households and enterprises on durable consumer goods and housing and business investments.

In the above-mentioned adverse environment for Greece, the Eurogroup on 21 February 2012, approved the second Stimulus Package for Greece (FSPII) from the Eurozone and the IMF which contributes to: a) the implementation of the Greek Government bond Exchange Program that amounts to € 207 billion, owned by private sector financial institutions (including Greek banks), by reducing their nominal value by 53.5% (PSI Plus) and b) the coverage, along with the remaining loan of € 110 billion, of the remaining financing needs of the Greek public sector for the period 2012-2015, but also for the following years to the degree that Greece will not have managed to borrow independently from the markets. In general, the second stimulus package contributes in covering the country's financial needs basically until 2020, provided that Greece has successfully completed the Fiscal Adjustment and Structural Reform Program it has been implementing since May 2010.

More specifically, on 9 March 2012, the first phase of restructuring of Greek Government debt has successfully been completed in which bonds amounting to € 172 billion were exchanged, of which € 152 billion were bonds under the Greek law (over a total of € 177 billion, or 85.8%), and € 20 billion from other issuers (bonds guaranteed by the Greek State and bonds under foreign law).

The activation of the Collective Action Clauses (CACs), in order to achieve the participation of the remaining € 25 billion (€ 177 billion - € 152 billion) of bonds under Greek law would mean that, potentially € 197 billion will participate in the exchange, or 95% out of total € 207 billion. It should be noted that this is the targeted percentage so that Greek debt reduction will limit the government's financing needs in a way that would reduce the debt to GDP ratio to 120% by 2020 without the need for additional funding from the Eurozone members, beyond the € 130 billion that has already been agreed. Consequently, the way now is paved to finance the Greek government since Greece complies with the required actions included the PSI and all the measures already agreed upon in the second Memorandum. The way is also paved for the restoration of financial stability which will play an important role in the return of deposits in the Greek banking system and subsequently it will stimulate household and business funding.

Greece is given the ability, as a member of the Eurozone, to accelerate the implementation of the above-mentioned adjustment program, by fighting against excessive spending, corruption and tax-evasion in the public sector and also the radical structural reforms for a substantial and continuous improvement of the legislative and operation framework of the economy. In order to achieve further progress in the sectors of fiscal adjustment and structural reforms with the implementation of the second Memorandum of Understanding (MOU) which was agreed in January-February 2012, it is absolutely essential for Greece to return to a real, dynamic economic growth path and increase its domestic income in order to secure its exit from crisis. This can be done only with productive work, with better organization and entrepreneurship and with the utilization of the country's significant comparative advantages. With the Second Stimulus Package, Greece avoids drifting into a situation of unstructured default, i.e., in a situation of in depth derangement that undermines the country's every fundamental social and economic institution, which would lead to an exit from the Eurozone and the foundering of the purchasing power of income and savings.

The second Memorandum of Understanding (MOU) definitely constitutes a necessary but not sufficient condition for the country to exit the crisis the recession. Further growth-oriented initiatives are needed. These should focus on two sectors: Investments and Financing. Investments could be reinitiated with the acceleration of privatisations, the auctioning of large investment projects (Hellinicon, energy, ports, airports, tourism etc.) and the utilization of € 14 billion from the European Structural Funds for infrastructure projects (NSRF), reinitiating the big highway projects, and in general, promoting cooperation between the Public - Private sectors, with the inflow of foreign direct investment being important as well.

Reinitiating bank financing, in order for Greek businesses (and households) to exploit opportunities in the new environment, can be accomplished with the effective recapitalization of banks, without disrupting their administrative and operational autonomy. Such a development would lead to the enforcement of domestic depositors' trust in the Greek banking system and the recovery of bank deposits amounting to over € 70 billion that exited the system in the last two years. With the completion of the second stimulus package for Greece, the return of these savings in the banking system is a matter of time now that the risk of default is gone and this may lead to a gradual recovery of bank financing and the economy in general. Moreover setting more realistic capital requirements for banks now that the country enters a new stability path, can contribute to the recovery of the economy's financing.

Finally, an important factor that can contribute to the Greek economy's recovery from 2012 is the fact that Greece possesses private and public property of multiple value compared to the indeed high public debt and the extremely low private debt. Greece can exploit this property in order to achieve economic growth in the next few years. It also, possesses a dynamic economy with satisfactory economic and social infrastructure, with highly qualified and skilled manpower (which today is under-occupied to a great extent, with unemployment among young people to be estimated at 48%) and with strong competitive advantages in sectors such as tourism and summer housing, shipping, energy from renewable energy sources (already the program "Helios" is promoted at a fast pace), food and other industrial sectors, the exports of which have already increase at a fast pace. Progress is also observed in relation to the substitution of imports as well as, in services in general, with financial services having demonstrated their capabilities through their outwards orientation which led to large scale investments in banking networks in Southeastern Europe before the crisis. These sectors, not only are they not threatened by competition, but they are enforced by the growth of low-cost countries, such as China and Southeast European countries, which create demand for the products of these sectors or they even participate from the supply side in growth via investment in the productive structure of the Greek economy.

Overall, the country's exit from the crisis requires the economy's reinstatement to a growth phase, something that is feasible after the completion of the second stimulus package for Greece and the gradual restoration of confidence following the prevention of an unstructured default and after dismissing any thought or perspective of Greece exiting the Eurozone. The stabilization and subsequently the recovery of the economy, combined with the significant fiscal adjustment measures that have already been adopted, can lead to general government primary surpluses of 4.5% of GDP after 2013, as required for the considerable decrease in the public debt, after PSI Plus, to a sustainable level by 2020.

The need to service and rapidly reduce the extensive public debt during the following years requires a significant increase of domestic savings (as sought with the creation of general government primary surpluses) and, on a broader basis, by achieving positive growth rates for the economy despite the large fall of domestic private and public consumption in 2011. Growth will be based on the improvement of the economy's competitiveness with the implementation of structural reforms, in particular by improving the flexibility of the labor market and granting access to restricted professions. The driving force for increasing domestic production, in the years to follow will be the big increase of exports and the rapid substitution of imports, particularly of sectors in which Greece has strong competitive advantages, as well as the increase of investments from the extremely low levels of 2011, which may come from the intensification of the implementation of the National Strategic Reference Framework (NSRF) 2007-2013 from 2012 onwards. Already the current account deficit has been significantly reduced to 8.5% of GDP in 2011, from 9.2% of GDP in 2010, despite the huge increase of the fuel balance deficit by € 2.5 billion or by 1.2% of GDP. The deficit is expected to further decrease and turn into a surplus after 2014, with simultaneous implementation of the fiscal adjustment program and the reforms. Already, exports of goods amounted to € 20.2 billion (9.3% of GDP) in 2011, from € 17.1 billion (7.5% of GDP) in 2010. Remarkable was also the increase in receipts from external tourism by 9.5% in 2011, as well as from other export services by 17.3%.

Analysis of Financial Information

In the European Summit held on 26 October 2011, the implementation of a new plan for the reduction of Greek debt was agreed, which superseded the terms of the previous European Summit held on 21 July 2011. The terms of the new plan for the second stimulus package for Greece were agreed and approved by the European Summit of the eurozone country members during the meeting held on 21 February 2012.

Pursuant to this agreement, on 24.2.2012, the Hellenic Republic proceeded with a public offer for the participation of the private sector in the restructuring of the Greek debt through the exchange of Greek Government bonds and of specific loans guaranteed by the Hellenic Republic with new securities.

The Bank's Board of Directors unanimously decided on the Bank's participation (and of companies of its group) in the above mentioned program. In implementing the decision, the Group recognized in its 2011 results the impact from its participation in the Government debt exchange program as an adjusting event on balance sheet date.

Therefore, the Group recognized a loss of € 3.8 billion, after calculating a deferred tax asset, for the portfolio of bonds and loans guaranteed by the Hellenic Republic eligible to the aforementioned program, amounting to € 6 billion.

Profit for the Group in 2011, after tax and before the above impact, amounted to € 21.4 million compared to € 86 million in the respective previous period, presenting a decrease of 75.1%.

Results are adversely affected from the increased provisions for doubtful receivables, which constitute the basic tool for credit risk management. Additionally the impairment reserve is further enforced to protect the balance sheet from the continual economic slowdown. Impairment losses and provisions to cover credit risk amounted to € 1,130.3 million, increased by 27.8% compared to the respective period in 2010 that amounted to € 884.8 million, resulting in an impairment ratio of 2.2%.

In relation to income tax, current period's results have been affected by the following events:

- The additional tax imposed on Cyprus Credit Institutions according to L. 84/29.4.2011, which is calculated at a rate of 0.095% on their total deposits as at 31.12.2010 and 31.12.2011.

- The completion of the Bank's tax audits for the fiscal years 2008 and 2009.
- The change in the tax rate of legal entities from 1.1.2011 onwards to 20%.

The 2010 fiscal year had been burdened by the additional tax of L. 3845/2010 amounting to € 61.8 million. No respective tax was imposed in 2011.

Profits before impairment losses and income tax amounted to € 1,187.5 million compared to € 1,101.1 million presenting an increase of 7.8%.

Total expenses decreased by 4.5% and were limited to € 1,096.3 million compared to € 1,148.5 million in the respective period in 2010, resulting in a profitability ratio of costs over income of 48% compared to 51%. The decrease is due to the continuing effort to limit operating expenses in Greece and abroad as well as to the program for the rationalization of the Group's branch network which is gradually implemented through the merge of neighboring branches or the transfer of others.

Total income amounted to € 2,283.8 million compared to € 2,249.6 million, presenting an increase of 1.5%.

Analyzing total income, net interest income has decreased by 1.9% and amounted to € 1,783.7 million versus € 1,818.6 million in the corresponding period last year. This development is mainly due to the increased cost of funding which was offset by the continuous reprising of the loan portfolio.

Group's net commission income amounted to € 294.2 million decreased by 11.5% compared to the previous period, a fact which mainly reflects the reduction in the volume of the network's transactions as well as the reduced new loan disbursements.

Gains less losses on financial transactions amount to € 142.3 million compared to € 35.1 million recognized in the corresponding period last year.

Finally, other income amounted to € 63.6 million compared to € 63.3 million in the corresponding period last year.

In the end of December 2011, the Group's deposits amounted to € 29.4 billion reduced by 23.2% on an annual basis or by € 8.9 billion, as a result of the fiscal crisis and the recession of the Greek economy.

Due to the continuous challenges faced by the Greek deposits' market, the Group has undertaken a series of measures to mitigate the impact from a further decrease in deposits. The Group continuous to actively manage the balance sheet, which resulted in the further reduction of the loan portfolio by € 2.4 billion on an annual basis, before the impairment of loans guaranteed by the Hellenic Republic. Furthermore, the funding from Central Banks was increased by € 7.7 billion or from € 14.2 billion to € 21.9 billion.

The equity of the Group, after the impact from the restructuring of the Greek debt, amounted to € 2.0 billion, while the return of the preference shares owned by the Greek State, amounting to € 75.2 million after income tax, has been deducted, which, according to the decision of the Annual General Meeting, was paid to the Greek State.

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 € 14 billion.
- The borrowing of special securities issued by the Greek State amounting to € 0.5 billion.

The above mentioned securities were pledged to the European Central Bank in order to obtain liquidity.

Other Information

The Bank's Ordinary General Meeting of the Shareholders held on the 21st of June 2011 decided on the following:

- Payment to the Greek State of an amount of € 94 million which corresponds to the accrued return for the fiscal year 2010 on the preference shares under its ownership as stipulated in the article of association.
- Not to distribute dividends to the common shareholders of the Bank for the fiscal year 2010 in accordance to the provisions of article 19 of Law 3965/2011 and the decision 20708/B.1175/23-4-2009 of the Minister of Economy and Finance.

With the Second Repetitive General Meeting of the Bank on 15.7.2011 the following decisions were taken:

a) The Bank proceeded with the reduction of the par value of the common shares with voting rights, to the statutory minimum of € 0.30 through the creation of a reserve fund of an equal amount, in accordance with article 4 paragraph 4a of Law 2190/1920. The above mentioned reduction was implemented on 9.8.2011 further to the approval of the competent Ministry.

b) The ability to raise funds was granted by way of an increase of the share capital of the Bank, up to the amount of the issued and paid-in common share capital, on the date of approval by the General Meeting, through a payment in cash and the issuance of common, nominal, non paper shares with voting rights.

c) The ability was granted to issue a bond convertible in common shares with voting rights of an amount up to 10% of the issued and paid-in total share capital of the Bank on the date of the approval by the General Meeting, forgoing pre-emption rights of common and preferred shareholders.

The Second Repetitive Extraordinary General Meeting of the Shareholders of the Bank held on the 15th of November 2011 decided, among others, to revoke the above decisions b) and c).

On 3.4.2012, the Bank, following prior announcements in relation to the progress of the merger with EFG Eurobank Ergasias SA, announced the invitation to the Extraordinary General Meeting of Shareholders on 26 April 2012, with the following agenda among others:

- The cease of operations relating to the merger of "Alpha Bank SA" by way of absorption of "EFG Eurobank Ergasias SA".
- Its disengagement from all contractual commitments towards or in favor of "EFG Eurobank Ergasias SA".
- The revocation of all resolutions of the Second Repetitive Extraordinary General Meeting of Shareholders of the Bank, dated since November 15 2011, thus reinstating the decisions of the Second Repetitive General Meeting of the Shareholders held on 15.7.2011, the validity of which had been suspended, in relation to the ability of raising funds through share capital increase and the ability to issue a bond convertible in common shares with voting rights.

Risk management

The Alpha Bank Group continued during 2011 to undertake significant measures in order to reinforce itself against all types of financial risks.

Credit Risk

The provision of a complete and timely support for the decision making process of business units and the continuous and systematic monitoring of its loan portfolio in accordance with the provisions set out in the group policies and procedures, the regulatory framework and international best practices constitute the main objectives for the Bank's Credit Risk management.

These objectives materialize through a continuously evolving framework of methodologies and systems amidst an adverse domestic economic environment.

The indicative actions below represent the development and enhancement activities that are taking place in relation to the above framework:

- Initiation of the transition process for the Bank and the Companies of the Group in Greece in the Advanced Method for the Calculation of Capital Requirements against Credit Risk. For the purpose of the above mentioned transition, the Advanced Internal Rating Based Approach method will be used with regards to corporate loan portfolios (excluding small business loans), leasing and factoring.
- Creation of databases in order to perform statistical checks in the Group's credit risk rating models.
- Operational upgrade of the information systems of the Risk Management Unit for the use of evolved techniques (SQL Server 2008).
- Productive incorporation of the methodology for the determination of limits per sector of economic activity (as developed in corporation with Ernst & Young).
- Commencement of the implementation of the automatic interface of credit rating systems with the central systems (core banking systems I-flex) of all Group companies abroad.

Liquidity Risk

During 2011, the debt crisis in Greece deteriorated further. In July 2011, the European Summit decided the impairment of the nominal value of Greek public debt, by 21% as well as, the participation of private investors. During the European Summit held on 26 October 2011 the prior impairment levels increased to levels above 21%, while at the same time the New Loan Contract amounting to € 130 billion was agreed.

The extended negotiation period relating to the voluntary agreement for the impairment of Greek Government bonds, the consecutive downgrades from the credit rating agencies as well as, the spread of the debt crisis in the countries of the European region increased uncertainty and contributed to the outflow of customer deposits from Greek banks.

Alpha Bank, in order to manage the adverse environment, immediately issued covered bonds, made use of the program for the enhancement of the Greek economy's liquidity and the funding mechanisms provided by the European Central Banking System.

The Group's borrowings from the European Central Banking System amounted to € 21.9 billion as at 31.12.2011 (2010: € 14.2 billion). Alpha Bank presents the lowest use of the funding mechanisms provided by the European Central Banking System compared to other large Greek banks.

Market Risk

The bonds held by the Bank, prior to the PSI, where mostly floating rate bonds amounting to € 3,9 billion, which were replaced by fixed rate long term bonds issued by the Greek State as well as by bonds issued by the EFSF. The above mentioned change resulted to the increase of interest rate risk. Respectively, loans guaranteed by the Hellenic Republic participating in the PSI amounting to € 2,1 billion were replaced with bonds issued by the Greek State and the EFSF. The total amount of the fixed rate long term loans of the Greek State, today amounts to € 2,2 billion.

In order to hedge against interest rate risk arising from the loans guaranteed by the Hellenic Republic, long term interest rate swaps had been used with a nominal value amounting to € 2,1 billion.

The upgrade of the system for measuring market risk (Value at Risk) is under development and covers the measurement of risk that relates to the change in bond spreads.

From 31 December 2011 the provisions relating to the calculation of capital requirements relating to the market risk of the transaction portfolio were amended to incorporate Value at Risk under extreme circumstances. The consequence of these changes is the increase of capital requirements by € 13 million to € 25 million.

Operational Risk

In the context of the continual improvement in the implementation of the operational risk management framework, the Bank has proceeded rigorously to the expansion of preventive measures to identify and evaluate risk as well as, the enrichment of the process of collecting and analyzing operational risk events.

More specifically, the RCSA method of operational risk self assessment has been implemented to the majority of the Bank's divisions having covered the main banking operations. This method provides for the recognition and assessment of 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.

It should be noted that the process takes place in workshops with the participation of the Operational Risk Coordinator as well as, other experienced management staff of the division being evaluated.

The self assessment operational risk process has been implemented to the Bank's subsidiaries and branches abroad (Cyprus, Romania, Serbia and Bulgaria). The first phase is expected to be completed during the current year.

For management information purposes the self assessment results are presented per Bank as well as, on a group level through the Operational Risk Profile where they are summarized in basic risk categories per activity where they occur.

Additionally, loss making operational risk events are monitored and recorded on a systematic basis in the customized information IT system "SWORD" that operates on a Group level. In order to better monitor the Bank's accounting figures relating to the above events, internal policies have been issued that define the accounting treatment of the respective losses in temporary and profit and loss accounts and have been upgraded in centralized calculative applications for the input of the relevant information.

Finally, Operational Risk Committees have been assigned and operate in the Group's Banks with increased responsibilities concerning the review of relevant information as well as the undertaking of measures to limit operational risk.

Stress Test Exercises

The Bank performed stress test exercises in the areas of liquidity, market, credit and interest rate risk in order to account for the effects of those possible adverse events, with very low occurrence possibility, in the Group's results and its capital management.

It also participated in the stress test exercise performed at a European level (2011 EU Wide Stress Testing Exercise of European Banks) by the European Banking Authority (EBA), in cooperation with the Bank of Greece, the European Central Bank (ECB), the European Commission (EC) and the European Systemic Risk Board (ESRB).

The exercise has been carried out by using the scenarios, methodologies and the basic assumptions provided by the European Central Bank. The impact of the adverse scenario changes the Core Tier I capital ratio to 7.4% in 2012 versus 10.8% in the end of 2010, which is well above the minimum 5% threshold which has been set as a benchmark. This result incorporates only measures that have been announced and have been fully accepted until 30 April 2011.

Future prospects

Greek Banks are expected during 2012 to cope with problems such as the continuous recession of the Greek economy, which worsened beyond any expectation during the fourth quarter of 2011, the loss of deposits, the considerable reduction in their equity due to their participation in the Greek government bonds exchange program and the possibility of being funded by the European Central Bank with the existence of acceptable collaterals for refinancing.

One of the most important challenges that the Bank is called to cope with for the continuance of its business activities, is to ensure the required funding for its activities and its capital adequacy so that the required criteria set by the relevant legislation are fulfilled.

Given the increased regulatory limits imposed on Greek banks, further capital enforcement is required. Due to the above, the Group's elaborate business plan includes organizational restructuring, liabilities management as well as targeted shareholder actions that support it. Continuous efforts to reduce operational costs, maintaining and developing healthy activities, as well as the network dynamics, create a strong base for the Bank to base its efforts to exit the crisis and return into a growth phase as soon as the economic developments permit it.

The recapitalization of Greek banks is expected to reinstate liquidity in the market since consumer confidence is restored and banking deposits gradually return. However, the recovery of the Greek economy and the long term viability of public debt depend on the degree that structural changes and privatizations will be achieved.

Related Party

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

a) The outstanding balances of the transactions of the Group companies with members of their Boards of Directors, their close family members and the companies related to them as well as the corresponding results from those transactions as at 31.12.2011 are as follows:

(Thousands of Euro)

Loans and advances to customers	165,606
Due to customers	72,328
Debt securities in issue	23,027
Letters of guarantee	6,044
Interest and similar income	5,279
Other income	66
Interest expense and similar charges	4,705
Staff costs	11,123

b) The outstanding balances and the corresponding results of the most significant transactions with group companies are as follows:

A. SUBSIDIARIES

(Thousands of Euro)

Name	Assets	Liabilites	Income	Expenses	Off Balance Sheet Accounts
Banks					
1.Alpha Bank London Ltd	177,928	5,942	2,368	316	279,925
2.Alpha Bank Cyprus Ltd	2,712,422	576,886	36,500	36,887	376,104
3.Alpha Bank Romania S.A.	2,268,067	20,007	45,220	358	23,039
4.Alpha Bank AD Skopje	22,149	1,581	672	23	130
5.Alpha Bank Srbija A.D.	96,406	3,699	10,236	2,348	1,147
6.JSC Astra Bank	15,643	28	245	23	
Financing companies					
1.Alpha Leasing A,E,	458,045	359	11,058	145	
2.Alpha Leasing Romania IFN S.A.	18		233		
3.ABC Factors A.E.	359,185	17,786	11,868	193	
Investment Banking					
1.Alpha Finance A.E.P.E.Y.	13	21,555	1,814	287	56
2.SSIF Alpha Finance Romania S.A.		235			
3.Alpha A.E. Ventures A.E.		826	11	375	
4.Alpha A.E. Ventures Capital Management - AKES		1,152	21	24	
Asset Management					
1. Alpha Asset Management A.E.D.A.K.	1,484	243	10,355	190	
Insurance					
1.Alpha Insurance Agents A.E		2,973		48	
2.Alpha Insurance Ltd		309			
3.Alphalife A.A.E.Z.	236	11.702	12	1.110	

(Thousands of Euro)

Name	Assets	Liabilites	Income	Expenses	Off Balance Sheet Accounts
Real Estate and Hotel					
1. Alpha Astika Akinita A.E.	437	14,937	1,509	6,123	
2. Ionian Hotel Enterprises A.E.	4	3,423	448	250	30
3. Oceanos A.T.O.E.E.		1,115		32	
4.Alpha Real Estate Bulgaria E.O.O.D.		137		26	
5.Chardash Trading E.O.O.D		2,271		26	
Special purpose and holding entities					
1.Alpha Credit Group Plc	268,473	4,410,909	21,294	140,198	
2.Alpha Group Jersey Ltd	9,521		1,039		
3.Alpha Group Investments Ltd		19,979	1	205	
4. Ionian Holdings A.E.		23	1	3,383	
5.Ionian Equity Participations Ltd	2,970	1,065	1	2	
6.AGI - RRE Participations 1 Ltd		52			
7.AGI - BRE Participations 1 E.O.O.D.		1			
8.Katanalotika Plc		911,320			
9.Epihiro Plc		1,395			
10.Irida Plc	326,167	49,848	7,588	214	
11.Pisti 2010-1 Plc		145			
Other companies					
1. Kafe Alpha A.E.		196	18	135	
2. Alpha Supporting Services A.E.	54,478	6,746	2,234	15,584	
3.Real Car Rental A.E.		21	1		

B. JOINT VENTURES

Name	Assets	Liabilites	Income	Expenses	Off Balance Sheet Accounts
1. Cardlink A.E.	250	755	38	611	
2. APE Fixed Assets A.E.		116	268	4	
3. APE Commercial Property A.E.		188	609	117	
4. APE Investment Property A.E.	94,325	3,810	3,198	213	
5. Alpha TANEO A.K.E.Σ.		404			

C. ASSOCIATES

Name	Assets	Liabilites	Income	Expenses	Off Balance Sheet Accounts
1. Evisak A.E.		153	18	3	
2. AEDEP Thesalias & Stereas Ellados		138		1	
3. Biokid A.E.		4			
4. Piraiki Mikrobrewery A.E.	296		30		
5. Dipyrites Chandakos A.E	918	22	40		
Total	**6,869,435**	**6,094,456**	**168,948**	**209,454**	**680,431**

Explanatory Report of the Board of Directors for the year 2011

The Explanatory Report of the Board of Directors for the year 2011 to the Ordinary General Meeting of Shareholders contains detailed information in accordance with article 11a of Law 3371/2005, the reference date being 31.12.2011.

In particular:

a. The share capital of the Bank amounts to the total amount of Euro 1,100,280,894.40 and is divided into 734,269,648 shares, of which 534,269,648 are common, nominal, with voting rights, paperless shares of nominal value of Euro 0.30 each and 200,000,000 are preferred, nominal, without voting rights, material, redeemable shares issued in accordance with the provisions of Law 3723/2008 of nominal value of Euro 4.70 each.

   All common shares are listed for trading in the Securities Market of the Athens Exchange. The common shares are registered, voting and indivisible, in a paperless form or as the law provides from time to time.

   The Hellenic Republic owns all the preferred shares. The preferred shares, in accordance with the Articles of Incorporation, have the following privileges, attributes, rights, and claims, i.e.:

   (A) The right to draw a fixed return calculated at a rate of ten percent (10%) on the offer price to the Hellenic Republic of each preferred share:

   (i) before the common shares,

   (ii) before the dividend amount which is distributed in accordance with paragraph 3 of article 1 of Law 3723/2008 and

   (iii) independent of any dividend amount which is distributed to other Shareholders of the Bank and as long as after the payment of the return, the capital adequacy ratios of the Bank, on a stand alone and consolidated basis, satisfy the minimum ratios specified by the Bank of Greece.

   The fixed return is calculated as accrued on an annual basis, proportional to the time that the Hellenic Republic remains as a preferred shareholder and is paid within a month after the approval of the annual financial statements of the respective year by the Ordinary General Meeting of the Shareholders and is under the provision that there are profits to be distributed as specified in article 44a of Codified Law 2190/1920 and especially profits from the last fiscal period and/or from previous fiscal periods and or reserves, under the condition that it has been preceded by a relevant decision of the General Meeting of the Common Shareholders concerning the distribution of the above. In case of inadequacy of the above distributed amounts, there is a right of preferred drawing (before the common shares) of the above return until these amounts are depleted. The amount paid out to the Hellenic Republic as per the above, is in addition to the dividend amount which is distributed in accordance with paragraph 3 of article 1 of Law 3723/2008 solely to the Common Shareholders of the Bank and which may not exceed 35% percent as stipulated in article 3 paragraph 1 of Emergency Law 148/1967.

   (B) The right to vote at the General Meeting of the Preferred Shareholders under the conditions specified by Codified Law 2190/1920.

   (C) The right to participate in the Board of Directors, with a representative, who is appointed as an additional member of the Board of Directors.

   (D) The right of the appointed member of the Board of Directors to veto any decision concerning the distribution of dividend amounts and the remuneration policy concerning the Chairman, the Managing Director and the rest of the Members of the Board of Directors, the General Managers and their deputies, following a decision by the Minister of Finance or if the representative of the Hellenic Republic deems that the decision of the Board of Directors could endanger the benefits of the depositors or could substantially affect the reliability and the smooth operation of the Bank.

   (E) The right of the appointed additional member of the Board of Directors to appear in the General Meeting of the Common Shareholders of the Bank and the right to veto during the deliberations concerning the decisions on the above items.

   (F) The right of the representative of the Hellenic Republic to have free access to the books and financial information of the Bank for the purposes stipulated by Law 3723/2008.

   (G) The right of preferred payout from the product of liquidation, against all other shares in the case of the winding up of the Bank.

   The preferred shares do not provide the right of cumulative returns.

The preferred shares are subject to partial or total repurchasing by the Bank after 1.7.2009, with the approval of the Bank of Greece, at their offer price, either with cash of equal value or with bonds of the Hellenic Republic, of equal value, with nominal value corresponding to the nominal value of the bonds issued for the assumption of the preferred shares by the Hellenic Republic.

The preferred shares are subject to the conversion to common shares or to another category of shares existing at the time of conversion, in case their acquisition is not possible by the Bank after a five year period from their date of issue due to the fact that the capital adequacy ratio set by the Bank of Greece is not met and under the condition of the submission from the Bank at the expiration of the five year period, and the approval by the Minister of Finance, following a relevant recommendation by the Governor of the Bank of Greece, of a restructuring plan of the Bank in accordance with the Minister of Economy and Finance decision 54201/B/2884/26-11-2008 and Law 3723/2008.

It is clarified that the above rights of the Hellenic Republic are in effect as added reference to the relevant clauses of the Articles of Incorporation.

The common shares represent 14.6% and the preferred shares represent 85.4% of the total share capital.

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

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

d. The Articles of Incorporation provide for no shares bestowing on their holders special rights of control, with the exception of the Hellenic Republic in reference to the privileges and rights bestowed to it in accordance with the Articles of Incorporation of the Bank.

e. The Articles of Incorporation contain no restrictions on voting rights and the deadlines for exercising the same, save as otherwise provided for in the law.

f. To the knowledge of the Bank, there are no shareholder agreements providing for restrictions on share transfers or the exercise of voting rights.

g. There are no rules in the Articles of Incorporation for the appointment and replacement of the Board of Directors, as well as for the amendment of the Articles of Incorporation, which are at variance with those stipulated in Laws 3601/2007, 3016/2002 and Codified Law 2190/1920 as in effect.

h. The Bank may increase its share capital by virtue of a resolution of the General Meeting of Shareholders or of the Board of Directors, in accordance with the Articles of Incorporation and the statutory provisions then in force. By virtue of a resolution in accordance with article 13 of Codified Law 2190/1920, the General Meeting of the Shareholders of the Bank may assign to the Board of Directors, the authority to cause an extraordinary increase of the share capital of the Bank. If such authority is exercised, then, under article 13 par. 4 of Codified Law 2190/1920, the share capital may be increased by an amount up to the issued and outstanding paid-in share capital on the date the above authority was granted. By virtue of a resolution of the General Meeting of Shareholders and subject to the publicity requirements of article 7b of Codified Law 2190/1920, this authority of the Board of Directors may be renewed for a period not to exceed five (5) years per each renewal, such renewal to take effect upon the expiration of each five-year period.

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

The Bank does not hold any of its own shares.

The Second Repeat General Meeting of 15.7.2011 approved the ability to raise funds by way of an increase of the share capital of the Bank, up to the amount of the paid-in common share capital on 21.6.2011, through a payment in cash and the issuance of common, nominal, paperless shares with voting rights. At the same time, the General Meeting authorised the Board of Directors to determine the offer price of the new shares within a period of twelve months and, in general, to implement the resolution of the General Meeting. Any share capital increase will be conducted through a payment in cash with pre-emption rights in favour of the existing common Shareholders and, if they do not exercise their rights, in favour of the preferred Shareholders (article 13 par. 7 section (d) of Codified Law 2190/1920) and with an oversubscription right, following a corresponding amendment of article 5 of the Articles of Incorporation of the Bank (Share Capital).

The Second Repeat General Meeting also approved: (i) the ability to issue a bond convertible in common shares with voting rights of an amount up to 10% of the currently issued and paid-in total share capital of the Bank, foregoing pre-emption rights of common and preferred Shareholders, (ii) the private placement of the bond to interested investors, within three years, (iii) the determination of the (range of the) conversion ratio of each bond to (/) common shares of the Bank as equal to the ratio of outstanding capital of each convertible bond to the offer price of the new common shares issued following conversion, which (offer price) may not be less than the average market price of the common shares of the Bank during the six month period preceding the issue/offer date of the bond or, at the discretion of the Board of Directors, their nominal value and (iv) the grant of authorisation to the Board of Directors of the Bank for the determination of the bond issue details, such as, indicatively, the determination of the issue date and the finalisation of the conversion ratio, as well as the implementation, in general, of the resolution of the General Meeting.

The Board of Directors of the Bank, at its meeting on 30.9.2011 resolved to convene an Extraordinary General Meeting on 24.10.2011 in order to take decisions on the following items which were deliberated upon and approved by the Second Repeat Extraordinary Meeting of the Common Shareholders on 15.11.2011 as well as by the Special General Meeting of the (sole) Preferred Shareholder on 28.11.2011, i.e.:

1. Amendment of the resolution of the 2nd Repeat General Meeting of the Bank Shareholders, dated July 15, 2011, on item 6 thereof (increase of the share capital of the Bank) by placing the resolution in suspension and delaying the entry into effect of the (consequent) proposal for the amendment of article 5 of the Bank's Articles of Incorporation.
2. Upon audition of the Merger Balance Sheet, the Reports, certificates and documents, approval of the Draft Merger Agreement and the Notarial Merger Deed in relation to the Merger by Way of Absorption of Eurobank EFG by Alpha Bank, grant of authority to execute the Notarial Merger Deed and perform various juridical acts. Release of Board Directors, proxies, agents and substitutes of the Bank, and the relevant audit firm, from any liability for the preparation and consummation of the merger.
3. Simultaneously and in parallel:
   (A) Increase of the Bank share capital by the amount of the Eurobank EFG share capital to be contributed thereto on account of the Bank merger by way of absorption of Eurobank EFG,
   (B) Reduction of the Bank share capital by the amount of the aggregate nominal value of the ordinary shares issued by Eurobank EFG, being property of the Bank, which are to be cancelled, and not exchanged for new (common) shares of the Bank, pursuant to article 75 par. 4 of Codified Law 2190/1920,

   and, furthermore,

   (C) Increase of the Bank share capital through capitalisation of part of the account thereof "balance from above par share issuance", to round off, in the context of the merger, the nominal value of the common Bank shares.

   Issuance and distribution, according to the approved exchange ratio, of new:
   (i) common, registered, voting, paperless shares, and
   (ii) preferred, registered, non-voting, in paper form, redeemable shares of article 1 of Law 3723/2008,

   of a new nominal value, and corresponding amendment of article 5 of the Articles of Incorporation of the Bank.
4. Amendment of article 1 of the Articles of Incorporation of the Bank (change of corporate name and distinctive title).
5. Amendment of the resolution of the 2nd Repeat General Meeting of the Bank dated July 15, 2011, on item 7 thereof (terms of issuance by the Bank of a bond loan convertible into common shares thereof). Dis-application of shareholder pre-emption rights and grant of relevant authority to the Board of Directors of the Bank.
6. Simultaneously and in parallel:
   (A) Increase of the Bank share capital, through capitalisation of part of the account thereof "balance from above par share issuance", to round off the exchange ratio of old, for new, nominal value common voting shares due to reverse split (under section (B), below),
   (B) Increase of the nominal value of each Bank common voting share (as such value will result following the statutory consummation of the merger), by way of reduction of the common shares number, due to reverse split,
   (C) Following, or without, a previous share capital increase by a change of the nominal value of the common shares (as such value resulted under part B), further to a capitalisation of part of the special reserve of article 4 par. 4a of Codified Law 2190/1920, reduction of the Bank common share capital, pursuant to article 4 par. 4a of Codified Law 2190/1920, by way of reduction of the nominal value of common voting shares (as such value will result following the increase, as per the above, of the common shares nominal value due to a reverse split and/or any capitalisation of the special reserve of article 4 par. 4a of Codified Law 2190/1920), and credit of the balance to the special account of the said article,

Amendment of article 5 of the Articles of Incorporation.

The Board of Directors, at its meeting on 3.4.2012 resolved to convene an Extraordinary General Meeting on 26.4.2012 in order to take decisions on, among others, the following item:

Cessation of the operations and the merger procedure of "Alpha Bank A.E." by way of absorption of "EFG Eurobank Ergasias S.A.". Revocation of all resolutions of the 2nd Iterative Extraordinary General Meeting of "Alpha Bank A.E." dated November 15, 2011 and disengagement of the latter from all contractual commitments towards or in favour of "EFG Eurobank Ergasias S.A.". Grant of relevant authorisations.

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 the Board Directors or the staff, providing for compensation upon their resignation, or dismissal without just cause, or 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 2011

In accordance with Law 3873/2010 the Board of Director's Annual Management Report includes the Corporate Governance Report, the reference date being 31.12.2011.

Specifically:

A. The Bank operates within the framework of the ALPHA BANK Corporate Governance Code, which is posted on the Bank's website (www.alpha.gr).

B. Alpha Bank adopted and implemented, as early as 1994, the principles of corporate governance, aiming at transparency in communication with the Bank's Shareholders and at keeping investors promptly and continuously informed.

The corporate governance practices, which are implemented by the Bank, are in accordance with the provisions of the laws and the ALPHA BANK Corporate Governance Code. In addition to the laws, the Bank has separated the Chairman's duties from those of the Managing Director and implements a comprehensive system of internal audit for the Group in accordance with international standards and the current regulatory framework.

Additionally, it has adopted a Code of Ethics for the performance of duties with the purpose to promote the standards required by modern corporate governance and effective Internal Audit.

The proportion of Non-Executive Members of the Board of Directors far exceeds the minimum requirement of ⅓ of the total number of Board Members set by law.

In accordance with the provisions of Law 3016/2002, at least two Non-Executive Members should be independent. There are five Non-Executive Independent Members serving on the Board of Directors of Alpha Bank.

The tenure of the Members of the Board of Directors is four years while Codified Law 2190/1920 stipulates up to six years.

The Articles of Incorporation provide the Board of Directors with the option to meet by teleconference.

It is important to mention the meeting of the Non-Executive Board Members in order to examine issues of conflict of interest between the Bank and the Executive Members of the Board, as well as issues of evaluating the performance of the latter.

C. Internal Control System

The Internal Control System consists of 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 codes 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 Audit Division of the Bank.

The audit plan of the 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.

b) 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 Audit Committee of the Board of Directors conducts an annual evaluation of the Internal Control System, based on the relevant data and information from the Audit Division, findings and observations from the External Auditors and the Regulating Authorities.

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, and automatically generate the necessary accounting entries.

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 periodic and annual financial statements of the Bank and studies the reports of the External Auditors as regards deviations from the current accounting practices.

<u>Risk Management</u>

The Bank places great emphasis on the identification, measurement and management of the risks undertaken and has assigned these tasks to the Risk Management Unit. The Risk Management Unit reports on matters of its responsibility to the Managing Director and, through the Risk Management Committee, 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 computational 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.

D. The following information is provided in accordance with article 10 par. 1 of the European Parliament Directive 2004/25/EC, the reference date being 31.12.2011:

sec. c) From the Bank's records there are no qualified, direct or indirect, holdings within the meaning of article 85 of Directive 2001/34/EC.

sec. d) The Articles of Incorporation provide for no shares bestowing on their holders special rights of control, with the exception of the Hellenic Republic in reference to the privileges and rights bestowed to it in accordance with the Articles of Incorporation of the Bank and Law 3723/2008.

The Hellenic Republic owns all the preferred shares. The preferred shares have the following privileges, attributes, rights, and claims:

(A) The right to draw a fixed return calculated at a rate of ten percent (10%) on the offer price of each preferred share to the Hellenic Republic:

(i) before the common shares,

(ii) before the dividend amount which is distributed in accordance with article 1 par. 3 of Law 3723/2008 and

(iii) independent of any dividend amount which is distributed to the other Shareholders of the Bank and as long as after the payment of the return, the capital adequacy ratios of the Bank, on a stand alone and consolidated basis, satisfy the minimum ratios specified by the Bank of Greece.

The fixed return is calculated as accrued on an annual basis, proportional to the time that the Hellenic Republic remains as a preferred shareholder and is paid within a month after the approval of the annual financial statements of the respective year by the Ordinary General Meeting of the Shareholders and is under the provision that there are profits to be distributed as specified in article 44a of Codified Law 2190/1920 and especially profits from the last fiscal period and/or from previous fiscal periods and/or reserves, under the condition that it has been preceded by a relevant decision of the General Meeting of the Common Shareholders of the Bank concerning the distribution of the above. In case of inadequacy of the above distributed amounts, there is a right of preferred drawing (before the common shares) of the above return until these amounts are depleted. The amount paid out to the Hellenic Republic as per the above, is in addition to the dividend amount which is distributed in accordance with article 1 par. 3 of Law 3723/2008 solely to the Common Shareholders of the Bank and which may not exceed 35% percent as stipulated in article 3 par. 1 of Emergency Law 148/1967.

(B) The right to vote at the General Meeting of the Preferred Shareholders under the conditions specified by Codified Law 2190/1920.

(C) The right to participate in the Board of Directors, with a representative, who is appointed as an additional member of the Board of Directors.

(D) The right of the appointed member of the Board of Directors to veto any decision concerning the distribution of dividend amounts and the remuneration policy concerning the Chairman, the Managing Director and the rest of the Members of the Board of Directors, as well as the General Managers and their deputies, following a decision by the Minister of Finance or if the representative of the Hellenic Republic deems that the decision of the Board of Directors could endanger the interests of the depositors or could substantially affect the reliability and the smooth operation of the Bank.

(E) The right of the appointed additional member of the Board of Directors to appear in the General Meeting of the Common Shareholders of the Bank and the right to veto during the deliberations concerning the decisions on the above items.

(F) The right of the representative of the Hellenic Republic to have free access to the books and financial information of the Bank for the purposes stipulated by Law 3723/2008.

(G) The right of preferred payout from the product of liquidation, against all other shares in the case of the winding-up of the Bank.

The preferred shares do not provide the right of cumulative returns.

The preferred shares are subject to partial or total repurchasing by the Bank after 1.7.2009, with the approval of the Bank of Greece, at their offer price, either with cash of equal value or with bonds of the Hellenic Republic, of equal value, with nominal value corresponding to the nominal value of the bonds issued for the assumption of the preferred shares by the Hellenic Republic.

The preferred shares are subject to the conversion to common shares or to another category of shares existing at the time of conversion, in case their acquisition is not possible by the Bank after a five-year period from their date of issue due to the fact that the capital adequacy ratio set by the Bank of Greece is not met and under the condition of the submission from the Bank at the expiration of the five-year period, and the approval by the Minister of Finance, following a relevant recommendation by the Governor of the Bank of Greece, of a restructuring plan of the Bank in accordance with the Minister of Economy and Finance decision 54201/B/2884/26-11-2008 and Law 3723/2008.

It is clarified that the above rights of the Hellenic Republic are in effect as added reference to the relevant clauses of the Articles of Incorporation and depending on the case, the suitable provisions of articles 1 and/or 2 of Law 3723/2008 will be applied.

sec. f) The Articles of Incorporation contain no restrictions on voting rights and the deadlines for exercising the same, save as otherwise provided for in the law.

sec. h) There are no rules for the appointment and replacement of the Board of Directors, as well as for the amendment of the Articles of Incorporation, which are at variance with those stipulated by Laws 3601/2007, 3016/2002 and Codified Law 2190/1920 as in effect.

sec. i) The Bank may increase its share capital by virtue of a resolution of the General Meeting of Shareholders or of the Board of Directors, in accordance with the Articles of Incorporation and the statutory provisions then in force. By virtue of a resolution in accordance with article 13 of Codified Law 2190/1920, the General Meeting of the Shareholders of the Bank may assign to the Board of Directors, the authority to cause an extraordinary increase of the share capital of the Bank. If such authority is exercised and without prejudice to the provisions of article 13 par. 4 of Codified Law 2190/1920, the share capital may be increased by an amount up to the issued and paid-in share capital on the date the above authority was granted. By virtue of a resolution of the General Meeting of Shareholders and subject to the publicity requirements of article 7b of Codified Law 2190/1920, this authority of the Board of Directors may be renewed for a period not to exceed five (5) years per each renewal, such renewal to take effect upon the expiration of each five-year period.

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

The Bank does not hold any of its own shares.

E. General Meeting of Shareholders

The General Meeting of Shareholders is the supreme governing body of the Bank and may resolve on all corporate matters, apart from those that fall within the 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 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, provided that these resolutions do not contravene with any provision of the Articles of Incorporation;

(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-up 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 issued and paid-in share capital have the right to request the inclusion of items on the agenda of the General Meeting, if the application is received by the Bank's Board of Directors at least fifteen (15) days prior to the General Meeting. The Board of Directors is required to include the additional items on the agenda and the request must be accompanied by a justification or a draft resolution for approval by the General Meeting.

(b) Shareholders representing at least one twentieth (1/20) of the issued and paid-in share capital have the right to request the posting on the Bank's website (www.alpha.gr), six (6) days prior to the General Meeting, of draft resolutions on matters included in the initial or revised agenda, through an application which will have been delivered to the Board of Directors at least seven (7) days prior to the General Meeting.

(c) Any Shareholder may request, through an application to the Board of Directors which will have been delivered to the Bank at least five (5) days prior to the General Meeting, information on Bank issues, if deemed useful for the appraisal of the items on the agenda.

(d) Shareholders representing at least one twentieth (1/20) of the issued and paid-in share capital have the right to request from the Board of Directors to provide to the General Meeting information on the state of corporate affairs and assets of the Bank, through an application which will have been delivered to the Bank's Board of Directors at least five (5) days prior to the General Meeting.

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 may resolve on all issues concerning the Bank. It performs any action for which the relevant authority is bestowed upon it in accordance with the provisions of the law, 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 Shareholders, the Employees of the Bank and other interested parties. 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.

Bord of Directors - Committees

The **Audit Committee** convenes at least once every quarter and supervises and evaluates the procedures followed in drawing-up and publishing the Financial Statements of the Bank and of the Group along with the conduct of internal and external audits in the Bank.

The **Risk Management Committee** defines the principles of managing risk with regard to identifying, forecasting, measuring, monitoring, controlling and handling it in line with the adequacy of the available resources. The Committee convenes monthly.

Remuneration Committee

The Bank has established a Remuneration Committee since 1995 which operates based on a policy and its responsibilities are amended accordingly based on the requirements of the regulatory framework. It is constituted by non executive and independent members of the Board of Directors to which it reports. The Committee expresses a specialized and independent opinion.

The Committee's objectives in the conformation, review and consistent application is supported by the Chief Financial Officer, and the related Divisions of the Bank which are the Risk Management, Regulatory Compliance, Internal Audit, Human Resources, Strategic Planning, and Training and Development.

Remuneration Policy

The Remuneration Policy is in line with the values, the business strategy, the goals and generally the long term interests of the Bank and the Group Companies. In details in the context of the effective risk management, all those risk related to the staff remuneration are taken into consideration.

For the determination of the fixed salary, further to the provisions of the prevailing labor legislation and the collective labor agreements, market practices, the significance of each position, and the individual performance displayed in the course of the execution of the individual duties are taken into account. The performance evaluation systems motivate the achievement of specific results without encouraging excessive risk taking. More specifically, the evaluation of the performance of an individual takes into account the achievement of predefined goals, which include, operational results, adherence to procedures, client relations and subordinates management, but also includes qualitative criteria relating to their personality demonstrated in the performance of their duties.

In the context of the economic and regulatory developments of recent years, no variable salaries are granted since 2008.

During 2011 the composition of the Board of Directors and the Board of Directors' Committees was as follows, after taking into consideration the resignations of Mrs Sofia G. Eleutheroudaki and Mr Pavlos A. Apostolides :

	Audit Committee	Risk Management Committee	Remuneration Committee
Chairman (Executive Member) Yannis S. Costopoulos			
Vice Chairman (Non-Executive Independent Member) Minas G. Tanes Chairman, Ericsson Hellas S.A.		●	
EXECUTIVE MEMBERS			
Managing Director – CEO Demetrios P. Mantzounis			
Executive Directors and General Managers			
Spyros N. Filaretos		○	
Artemis Ch. Theodoridis			
George C. Aronis (as of 22.3.2011)			
NON-EXECUTIVE MEMBERS			
Sofia G. Eleftheroudaki (until 23.11.2011) Managing Director, Bookstore and publishing company G.C. ELEFTHEROUDAKIS S.A.			
Paul G. Karakostas Chairman and Managing Director, GENKA COMMERCIAL S.A.	●		
Nicholaos I. Manessis Chairman and Managing Director, Hellenic Halyvourgia S.A.			○
Ioanna E. Papadopoulou President and Managing Director, E.J. PAPADOPOULOS S.A. BISCUIT AND FOODWARE INDUSTRY			
NON-EXECUTIVE INDEPENDENT MEMBERS			
George E. Agouridis Lawyer	○		
Pavlos A. Apostolides (until 18.11.2011) Ambassador			●
Thanos M. Veremis Professor Emeritus, University of Athens			
Evangelos J. Kaloussis Chairman, NESTLE HELLAS S.A.	○	○	
Ioannis K. Lyras President, PARALOS MARITIME CORPORATION S.A.			○
NON-EXECUTIVE MEMBER in accordance with Law 3723/2008			
THE GREEK STATE, via its appointed representative, Mr. Sarantis-Evangelos Lolos, Professor of Economics, Panteion University			

● Committee Chairman ○ Committee Member

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) and the Operational Risk Committee. The Executive Committee carries out a review of the domestic and international economy and market developments, and examines issues of business planning and policy along with issues relating to the development of the Group. The Operations Committee undertakes a review of the market and the sectors of the economy, examines the course of business and new products. It approves the policy on Network and Group development and determines the credit policy. The Assets – Liabilities Management Committee (ALCO) examines issues referring to results, budget and management of Assets – Liabilities, the total limits of the undertaken risks and is responsible for managing the interest rate risk of the investment portfolio and the trading book. Finally, it is responsible for the capital adequacy ratio and for the liquidity risk and the funding of assets on the balance sheet. The Operational Risk Committee ensures that the appropriate processes, methodologies and infrastructure to manage the operational risk of the Group exist and approves recommendations to limit operational risk.

Athens, April 20, 2012

THE CHAIRMAN
OF THE BOARD OF DIRECTORS

YANNIS S. COSTOPOULOS
I.D. No X 661480

Independent Auditors' Report

(Translated from the original in Greek)

To the Shareholders of
ALPHA BANK A.E.

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 2011 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 2011 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 1.28.1 to the consolidated financial statements, which refer to the impact of the impairment losses resulting from the Greek sovereign debt restructuring on the Bank's regulatory capital, the planned actions to restore the capital adequacy of the Bank and the existing uncertainties that could adversely affect the going concern assumption until the completion of the recapitalisation process.

Report on Other Legal and Regulatory Requirements

(a) The Board of Directors' Report includes a corporate governance statement, which provides the information set by paragraphs 3d of article 43a and 3f of article 107 of C.L. 2190/1920.

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

Athens, 20 April 2012

KPMG Certified Auditors A.E.

AM SOEL 114

Nikolaos Vouniseas Certified Auditor Accountant AM SOEL 18701	Harry Sirounis Certified Auditor Accountant AM SOEL 19071

Group Financial Statements as at 31.12.2011

Consolidated Income Statement

(Thousands of Euro)

		From 1 January to	
	Note	31.12.2011	31.12.2010
Interest and similar income	2	3,719,298	3,543,386
Interest expense and similar charges	2	(1,935,606)	(1,724,756)
Net interest income	2	1,783,692	1,818,630
Fee and commission income		345,408	383,475
Commission expense		(51,193)	(50,938)
Net fee and commission income	3	294,215	332,537
Dividend income	4	3,618	2,678
Gains less losses on financial transactions	5	142,251	35,139
Other income	6	59,721	60,427
		205,590	98,244
Total income		**2,283,497**	**2,249,411**
Staff costs	7	(535,806)	(548,839)
General administrative expenses	8	(462,146)	(497,396)
Depreciation and amortization expenses	21, 22, 23	(93,043)	(93,286)
Other expenses	9	(5,297)	(8,937)
Total expenses		**(1,096,292)**	**(1,148,458)**
Impairment losses and provisions to cover credit risk	10	(1,130,317)	(884,754)
Impairment losses of Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI	11	(4,788,866)	
Share of profit/(loss) of associates	20	294	172
Profit/(Loss) before income and additional tax		**(4,731,684)**	**216,371**
Income tax	11,12	921,735	(68,531)
Additional tax (Law 3845/2010)	12		(61,801)
Profit/(loss) after income tax		**(3,809,949)**	**86,039**
Profit/(loss) attributable to:			
Equity owners of the Bank		**(3,810,169)**	**85,649**
Non-controlling interests		220	390
Basic and diluted (€ per share)	13	(7.27)	0.05

Consolidated Balance Sheet

(Thousands of Euro)

	Note	31.12.2011	31.12.2010
ASSETS			
Cash and balances with Central Banks	14	2,103,588	4,124,283
Due from banks	15	1,807,079	2,397,664
Securities held for trading	16	13,960	41,268
Derivative financial assets	17	624,447	441,082
Loans and advances to customers	18	44,875,706	49,304,745
Investment securities			
- Available for sale	19a	3,078,918	2,375,964
- Held to maturity	19b	2,747,072	5,282,498
Investments in associates	20	44,855	49,617
Investment property	21	64,688	71,729
Property, plant and equipment	22	1,220,949	1,240,658
Goodwill and other intangible assets	23	181,512	193,191
Deferred tax assets	24	1,466,974	427,554
Other assets	25	817,751	666,984
		59,047,499	66,617,237
Non-current assets held for sale	26	100,546	181,078
Total Assets		**59,148,045**	**66,798,315**
LIABILITIES			
Due to banks	27	22,521,200	16,461,381
Derivative financial liabilities	17	1,578,143	1,105,433
Due to customers (including debt securities in issue)	28	29,399,461	38,292,501
Debt securities in issue held by institutional investors and other borrowed funds	29	2,188,545	3,561,188
Liabilities for current income tax and other taxes	30	51,560	136,520
Deferred tax liabilities	24	360,993	263,510
Employee defined benefit obligations	31	58,473	52,592
Other liabilities	32	927,107	1,058,511
Provisions	33	96,315	82,745
Total Liabilities		**57,181,797**	**61,014,381**
EQUITY			
Equity attributable to equity owners of the Bank			
Share capital	34	1,100,281	3,451,067
Share premium	35	2,757,653	406,867
Reserves	36	218,893	104,441
Retained earnings	37	(2,659,574)	1,248,496
		1,417,253	**5,210,871**
Non-controlling interests		**11,700**	**13,413**
Hybrid Securities	38	**537,295**	**559,650**
Total Equity		**1,966,248**	**5,783,934**
Total Liabilities and Equity		**59,148,045**	**66,798,315**

The attached notes (pages 39 to 127) form an integral part of the consolidated financial statements

Consolidated Statement of Comprehensive Income

(Thousands of Euro)

		From 1 January to	
	Note	31.12.2011	31.12.2010
Profit/(Loss), after income tax, recognized in the income statement		**(3,809,949)**	**86,039**
Other comprehensive income recognized directly in Equity:			
Change in available for sale securities' reserve	12	(12,994)	(145,174)
Change in available for sale securities reserve due to the impairment of Greek Government bonds	12	156,218	
Change in cash flow hedge reserve	12	9,506	(38,206)
Exchange differences on translating and hedging the net investment in foreign operations	12	413	(13,259)
Income tax	12	(40,761)	41,455
Total of other comprehensive income recognized directly in Equity, after income tax	12	**112,382**	**(155,184)**
Total comprehensive income for the year, after income tax		**(3,697,567)**	**(69,145)**
Total comprehensive income for the year attributable to:			
Equity owners of the Bank		**(3,697,252)**	**(69,992)**
Non-controlling interests		(315)	847

Consolidated Statement of Changes in Equity

(Thousands of Euro)

	Note	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Hybrid securities	Total
Balance 1.1.2010		**3,451,067**	**406,867**	**239,253**	**1,274,961**	**5,372,148**	**17,424**	**583,787**	**5,973,359**
Changes for the period 1.1 - 31.12.2010									
Profit for the year, after income and additional tax					85,649	85,649	390		86,039
Other comprehensive income, after income tax recognized directly in Equity	12			(155,641)		(155,641)	457		(155,184)
Total comprehensive income for the year, after income tax				**(155,641)**	**85,649**	**(69,992)**	**847**		**(69,145)**
Expenses relating to the share capital increase, after income tax					(607)	(607)			(607)
Purchases/sales and change of ownership interests in subsidiaries					(11,241)	(11,241)	(4,528)		(15,769)
Purchases, redemptions/sales of hybrid securities, after income tax					6,315	6,315		(24,137)	(17,822)
Dividend paid for preference shares					(57,945)	(57,945)			(57,945)
Dividends distributed to non-controlling interests							(330)		(330)
Dividends paid to hybrid securities owners					(28,173)	(28,173)			(28,173)
Appropriation to reserves				20,829	(20,829)				
Other					366	366			366
Balance 31.12.2010		**3,451,067**	**406,867**	**104,441**	**1,248,496**	**5,210,871**	**13,413**	**559,650**	**5,783,934**

(Thousands of Euro)

	Note	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Hybrid securities	Total
Balance 1.1.2011		**3,451,067**	**406,867**	**104,441**	**1,248,496**	**5,210,871**	**13,413**	**559,650**	**5,783,934**
Changes for the period 1.1 - 31.12.2011									
Loss for the year, after income tax					(3,810,169)	(3,810,169)	220		(3,809,949)
Other comprehensive income, after income tax recognized directly in Equity	12			112,917		112,917	(535)		112,382
Total comprehensive income for the year, after income tax				**112,917**	**(3,810,169)**	**(3,697,252)**	**(315)**		**(3,697,567)**
Reduction in the nominal value of ordinary shares	34, 35	(2,350,786)	2,350,786						
Purchases/sales and change of ownership interests in subsidiaries					(77)	(77)	(1,398)		(1,475)
Purchases/sales of hybrid securities, after income tax					12,548	12,548		(22,355)	(9,807)
Dividend paid for preference shares, after income tax	37				(75,200)	(75,200)			(75,200)
Dividends paid to hybrid securities owners					(33,275)	(33,275)			(33,275)
Appropriation to reserves	36			1,535	(1,535)				
Other					(362)	(362)			(362)
Balance 31.12.2011		**1,100,281**	**2,757,653**	**218,893**	**(2,659,574)**	**1,417,253**	**11,700**	**537,295**	**1,966,248**

~~The attached notes (pages __ to __) form an integral part of the consolidated financial statements~~

Consolidated Statement of Cash Flows

(Thousands of Euro)

	Note	From 1 January to 31.12.2011	31.12.2010
Cash flows from operating activities			
Profit/(loss) before income and additional tax		(4,731,684)	216,371
Adjustments for:			
Depreciation of fixed assets	21, 22	63,458	64,156
Amortization of intangible assets	23	29,585	29,130
Impairment losses of Greek Government bonds and loans guaranteed by the Hellenic Republic	11	4,788,866	
Impairment losses of loans and provisions		1,179,093	921,594
(Gains)/losses on investing activities		(63,889)	30,607
(Gains)/losses on financing activities		(10,152)	98,141
Share of (profit)/loss of associates	20	(294)	(172)
		1,254,983	**1,359,827**
Net (increase)/decrease in assets relating to operating activities:			
Due from banks		656,894	(636,002)
Securities held for trading and derivative financial assets		(156,057)	(64,573)
Loans and advances to customers		1,286,339	1,074,073
Other assets		(50,383)	(23,122)
Net increase/(decrease) in liabilities relating to operating activities:			
Due to banks		6,059,819	3,225,942
Derivative financial liabilities		482,214	464,147
Due to customers		(9,962,761)	(6,226,365)
Other liabilities		(161,433)	(160,431)
Net cash flows from operating activities before taxes		**(590,385)**	**(986,504)**
Income taxes and other taxes paid		(131,962)	(143,915)
Net cash flows from operating activities		**(722,347)**	**(1,130,419)**
Cash flows from investing activities			
Investments in subsidiaries and associates and capital return from associates		3,790	(14,499)
Dividends received	4	3,618	2,678
Purchases of fixed and intangible assets		(61,975)	(106,382)
Disposals of fixed and intangible assets		4,740	11,209
Net (increase)/decrease in investment securities		(742,333)	(1,539,679)
Net cash flows from investing activities		**(792,160)**	**(1,646,673)**
Cash flows from financing activities			
Expenses relating to the share capital increase			(799)
Dividends paid		(96,377)	(59,217)
Repayment of debt securities		(302,170)	(135,739)
(Purchases)/Sales of hybrid securities		(6,568)	(14,309)
Dividends paid to hybrid securities owners		(33,275)	(28,173)
Net cash flows from financing activities		**(438,390)**	**(238,237)**
Effect of exchange rate fluctuations on cash and cash equivalents		7,692	(20,566)
Net increase /(decrease) in cash and cash equivalents		**(1,945,205)**	**(3,035,895)**
Cash and cash equivalents at the beginning of the year		**3,151,288**	**6,187,183**
Cash and cash equivalents at the end of the year	14	**1,206,083**	**3,151,288**

~~The attached notes (pages __ to __) form an integral part of the consolidated financial statements~~

Notes to the Group Financial Statements

GENERAL INFORMATION

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

The parent company of the Group is ALPHA BANK A.E. which operates under the brand name of ALPHA BANK. The Bank's registered office is 40 Stadiou Street, Athens and it is listed as a societé anonyme with registration number 6066/06/B/86/05. The Bank's duration is until 2100 which can 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 Geneal Meeting of Shareholders on 22.6.2010 expires in 2014.

The Board of Directors as at 31.12.2011, according to the minutes of its meeting held on 22.3.2011, and after the resignation of Sophia G. Eleftheroudaki on 23.11.2011 and Pavlos A. Apostolides on 18.11.2011, from non-executive member and non-executive independent member respectively, consists of:

CHAIRMAN (Executive Member)

Yannis S. Costopoulos

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 C. Aronis (from 22.3.2011)

NON-EXECUTIVE MEMBERS

Paul G. Karakostas *

Nicholaos I. Manessis **

Ioanna E. Papadopoulou

NON-EXECUTIVE INDEPENDENT MEMBERS

George E. Agouridis *

Thanos M. Veremis

Evangelos J. Kaloussis */***

Ioannis K. Lyras **

* *Member of the Audit Committee*

** *Member of the Remuneration Committee*

*** *Member of the Risk Management Committee*

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

Sarantis – Evangelos G. Lolos

SECRETARY

Hector P. Verykios

The Ordinary General Meeting of Shareholders, held on 21.6.2011, has appointed as auditors of the semi annual and annual financial statements for the year 2011 the following:

Principal Auditors:	Nikolaos E. Vouniseas
	Charalambos G. Sirounis
Substitute Auditors:	Nikolaos Ch. Tsiboukas
	John A. Achilas

of KPMG Certified Auditors A.E.

The Bank's shares have been listed in the Athens Stock Exchange since 1925 and is ranked constantly between the companies with the higher market capitalization. Additionally, the Bank's share is included in a series of international indices, such as S&P Europe 350, FTSE Med 100 and FTSE4Good.

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 at December 31, 2011 the Bank has 534,269,648 ordinary and 200,000,000 preference shares in issue.

During the year of 2011 an average of 2,660,176 shares have been traded daily.

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

- Moody's: Caa2
- Fitch Ratings: B-
- Standard & Poor's: CCC

The financial statements have been approved by the Board of Directors on April 20, 2012.

ACCOUNTING POLICIES APPLIED

1.1 Basis of presentation

These consolidated financial statements relate to the fiscal year 1.1 – 31.12.2011 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 except for the following assets and liabilities which were measured at fair value:

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

The 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 2010 and 2011, after taking into account the following amendments of International Accounting Standards as well as the new or amended Interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union and which are effective for annual periods beginning on 1.1.2011:

- **Amendment of International Financial Reporting Standard 1** «Limited Exemption from Comparative IFRS7 Disclosures for First-time Adopters» (Regulation 574/30.6.2010)

  On 28.1.2010, a new amendment of IFRS 1 was issued, with which first-time adopters are permitted to use the same transition provisions, permitted for existing preparers of financial statements prepared in accordance with IFRSs, with regards to additional disclosures required by the amendment of IFRS 7, issued on 5.3.2009.

  The amendment does not apply to the Group financial statements.

- **Amendment of International Accounting Standard 24** «Related Party Disclosures» (Regulation 632/19.7.2010)

  The revised IAS 24 amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.

  The adoption of the above revision did not have any impact on the financial statements of the Group.

- **Amendment of International Accounting Standard 32** «Classification of Rights Issues» (Regulation 1293/23.12.2009)

  According to the above amendment, which was issued on 8.10.2009, financial instruments that give their holder the right to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency should be classified as equity instruments, provided the entity offers this right pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

  The adoption of the above amendment did not have any impact on the financial statements of the Group.

- **Improvements to International Accounting Standards** (Regulation 149/18.2.2011)

  As part of the annual improvements project, the International Accounting Standards Board issued, on 6 May 2010, certain amendments to various standards.

  The adoption of the above improvements did not have a substantial impact on the financial statements of the Group.

- **Amendment of Interpretation 14** «Prepayment of a Minimum Funding Requirement» (Regulation 633/19.7.2010)

  The aim of this amendment is to remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement, which in some cases do not lead to the recognition of an asset but to the recognition of an expense.

  The adoption of the above amendment did not have any impact on the financial statements of the Group.

- **Interpretation 19** «Extinguishing Financial Liabilities with Equity Instruments» (Regulation 662/23.7.2010)

  According to IFRIC 19, which was issued on 26.11.2009, the issue of an entity's equity instruments to a creditor to extinguish all or part of a financial liability is consideration paid in accordance with IAS 39. The equity instruments issued to a creditor to extinguish all or part of a financial liability should be measured, at initial recognition, at the fair value, unless that fair value cannot be reliably measured in which case they are measured at the fair value of the financial liability extinguished. If only part of the financial liability is extinguished, the entity shall assess whether some of the consideration paid relates to a modification of the terms of the liability that remains outstanding. If part of the consideration paid does relate to a modification of the terms of the remaining part of the liability, the entity shall allocate the consideration paid between the part of the liability extinguished and the part of the liability that remains outstanding. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the consideration paid shall be recognised in profit or loss. It should be noticed that the above Interpretation should be applied only in cases of renegotiation of the terms of the contract and not in the cases that the possibility to settle financial liabilities through the issuance of equity instruments is available in the original contact.

The adoption of the above interpretation did not have any impact on the financial statements of the Group.

Apart from the above Standards and Interpretations, the European Union adopted the following standard, which is effective for annual periods beginning after 1.1.2011 and which has not been early adopted by the Group.

- **Amendment of International Financial Reporting Standard 7** «Disclosures – Transfers of financial assets» (Regulation 1205/22.11.2011)

  Effective for annual periods beginning on or after 1.7.2011

  On 7.10.2010, the International Accounting Standards Board issued an amendment of IFRS 7 regarding the disclosures that are required when financial assets are transferred. With the above amendment the existing disclosures are revised in order to achieve greater transparency in the reporting of transfer transactions, particularly those that involve securitisation of financial assets.

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

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

- **Amendment of International Financial Reporting Standard 1** «Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters»

  Effective for annual periods beginning on or after 1.7.2011

  On 20.12.2010 the International Accounting Standards Board issued an amendment of IFRS 1 according to which:

  i. In cases of an entity that has a functional currency that was or is the currency of a hyperinflationary economy, then it should be determined whether the currency was subject to severe hyperinflation before the date of transition to IFRSs. When an entity's date of transition to IFRSs is on or after the functional currency "normalization" date, the entity may elect to measure assets and liabilities held before the functional currency "normalization" date at fair value on the date of transition to IFRSs and use the fair value as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. When the functional currency "normalization" date falls within the comparative period, the comparative period presented in the first IFRS financial statements may be less than 12 months.

  ii. The fixed dates (1.1.2004 and 25.10.2002) defined by the existing standard regarding the exceptions for first-time adopters for the derecognition and the initial fair value measurement of financial instruments are abolished. Those dates are replaced by the phrase "the date of transition to IFRSs".

The above amendment does not apply to the Group financial statements.

- **Amendment of International Financial Reporting Standard 1** «Government loans»

  Effective for annual periods beginning on or after 1.1.2013

  On 13.3.2012 the International Accounting Standards Board issued an amendment of IFRS 1 according to which, a first-time adopter shall not apply retrospectively the requirements in IFRS 9 (or IAS 39) and IAS 20 regarding government loans existing at the date of transition to IFRSs and shall not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Consequently, if a first-time adopter did not, under its previous GAAP, recognise and measure a government loan at a below-market rate of interest on a basis consistent with IFRS requirements, it shall use its previous GAAP carrying amount of the loan in the opening IFRS statement of financial position. However, an entity may apply the requirements in IFRS 9 (or IAS 39) and IAS 20 retrospectively to any government loan originated before the date of transition to IFRSs, provided that the information needed to do so had been obtained at the time of initially accounting for that loan.

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

- **International Financial Reporting Standard 9** «Financial Instruments»

  Effective for annual periods beginning on or after 1.1.2015

  On 12.11.2009, IFRS 9: «Financial Instruments» was issued by the International Accounting Standards Board. The new standard was issued as part of the first phase of the project for the replacement of IAS 39; therefore, the scope of the first phase is the classification and measurement of financial assets. According to the new standard, financial instruments should 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 should 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.

In addition, on 28.10.2008, the International Accounting Standards Board issued the revised requirements regarding the classification and measurement of financial liabilities. According to the new requirements, which were included in IFRS 9, in the case of financial liabilities that are initially designated at fair value through profit or loss, the change in the fair value of the liability should be recognised in profit or loss with the exception of the effect of change in the liability's credit risk which should be recognised directly in other comprehensive income.

Furthermore, on 16.12.2011 the International Accounting Standard Board, with a new amendment of IFRS 9, transferred the effective date of the standard from 1.1.2013 to 1.1.2015.

Finally, it should be noted that for the completion of IFRS 9 the finalization of the texts relating to amortised cost and impairment calculation as well as to hedge accounting is pending.

The Group is evaluating the potential impact from the adoption of this standard on its financial statements.

- **Amendment of International Financial Reporting Standard 7** «Financial Instruments – Disclosures»

  Effective for annual periods beginning on or after 1.1.2015

  On 16.12.2011, the International Accounting Standards Board issued the amendment of IFRS 7. With this amendment, disclosures were added relating to the transition to IFRS 9.

  The Group is evaluating the potential impact from the adoption of the amendment on its financial statements.

- **International Financial Reporting Standard 10 «**Consolidated Financial Statements»

  Effective for annual periods beginning on or after 1.1.2013

  On 12 May 2011, the IASB issued IFRS 10 "Consolidated Financial Statements". The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.The major change brought by IFRS 10 is the new definition of the principle of control. Control is the basis for determining which entities are consolidated, regardless of the type of entity. IFRS 10 supersedes the requirements relating to consolidated financial statements in IAS 27 "Consolidated and Separate Financial Statements" and also supersedes SIC 12 "Consolidation – Special Purpose Entities".

According to the new control definition, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, an investor controls an investee if and only if the investor has all the following:

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

Power arises from existing rights that give the investor the current ability to direct the relevant activities, ie the activities that significantly affect the investee's returns. An investor is exposed, or has rights, to variable returns from its involvement with the investee when the investor's returns from its involvement have the potential to vary as a result of the investee's performance. Although only one investor can control an investee, more than one party can share in the returns of an investee. Control must be reassessed if facts and circumstances indicate that there are changes to one or more of the three elements of control.

IFRS 10 sets out requirements on how to apply the control principle in various circumstances, i.e. when voting or similar rights give an investor power, when voting rights are not the dominant factor in deciding who controls the investee, in circumstances involving agency relationships or when the investor has control over specified assets of an investee.

IFRS 10 also includes the accounting principles for the preparation and presentation of consolidated financial statements which are substantially the same as the ones that currently apply according to IAS 27 "Consolidated and Separate Financial Statements".

The Group is evaluating the potential impact from the adoption of this standard on its financial statements.

- **International Financial Reporting Standard 11** «Joint Arrangements»

  Effective for annual periods beginning on or after 1.1.2013

  On 12 May 2011, the IASB issued IFRS 11 which establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly. *Joint control* is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the *relevant activities* require the unanimous consent of the parties sharing control. There are two types of joint arrangements according to IFRS 11, ie *joint operations* and *joint ventures.* The classification depends upon the rights and obligations of the parties to the arrangement. Specifically, in *joint operations*, the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement, while in *joint ventures*, they have rights to the net assets of the arrangement.

The parties that have joint control of a joint operation recognise in their consolidated and separate financial statements the assets, liabilities and income or expenses that they own or are entitled do from the joint operation. The same accounting principles apply for parties to joint operations that do not have joint control but have rights to the assets and obligations for the liabilities relating to the joint operation. The parties that have joint control of a joint venture recognise their interest as an investment using the equity method in accordance with IAS 28 "Investments in associates and joint ventures". The alternative of proportionally consolidating joint ventures is no longer provided. A party to a joint venture that does not have joint control of the joint venture accounts for its interest in accordance IFRS 9, unless it has significant influence over the joint venture, in which case it shall account for it using the equity method.

IFRS 11 supersedes IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non Monetary Contributions by Venturers".

The Group is evaluating the potential impact from the adoption of this standard on its financial statements.

- **International Financial Reporting Standard 12** «Disclosure of Interests in Other Entities»

  Effective for annual periods beginning on or after 1.1.2013

  On 12 May 2011, the IASB issued IFRS 12 which establishes the information that the reporting entity must disclose concerning its interests in other entities. An interest in another entity refers to contractual or non-contractual involvement that exposes an entity to variability of returns from the performance of another the entity. IFRS 12 lists the disclosures required depending on the nature of the interest to other entities, i.e. a) subsidiaries, b) joint arrangements, c) associates and d) unconsolidated structured entities.

  Structured entities are those that have been designed so that voting or similar rights are not a dominant factor in deciding who controls the entity (ie. the relevant activities are directed by means of contractual arrangements).

  IFRS 12 does not apply to separate financial statements to which IAS 27 "Separate financial statements" applies. However, an entity with interests in unconsolidated structured entities that only prepares separate financial statements will include the IFRS 12 disclosure requirements concerning unconsolidated structured entities in those financial statements.

  The Group is evaluating the potential impact from the adoption of this standard on its financial statements.

- **International Financial Reporting Standard 13** «Fair Value Measurement»

  Effective for annual periods beginning on or after 1.1.2013

  On 12.5.2011, the International Accounting Standards Board issued IFRS 13 which:

  i. Defines fair value
  ii. Sets out in a single IFRS a framework for measuring fair value and
  iii. Requires disclosures about fair value measurements

  The Group is evaluating the potential impact from the adoption of this standard on its financial statements.

- **Amendment of International Accounting Standard 1** «Presentation of Items of Other Comprehensive Income»

  Effective for annual periods beginning on or after 1.7.2012

  On 16.6.2011, the International Accounting Standards Board issued an amendment of IAS 1 regarding the presentation of items of other comprehensive income. Based on the amendment, items of other comprehensive income should be grouped in those that will not be reclassified subsequently to profit or loss and in those that will be reclassified subsequently to profit or loss when specific conditions are met. In case items of other comprehensive income are presented before tax, tax should be presented separately for each of the above groups.

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

- **Amendment of International Accounting Standard 12** «Deferred Tax: Recovery of Underlying Assets»

  Effective for annual periods beginning on or after 1.1.2012

  On 20.12.2010, the International Accounting Standards Board issued an amendment of IAS 12 regarding the way with which deferred taxation should be calculated when it is difficult to determine the expected manner of recovery of the underlying assets and the manner of recovery affects the determination of the tax base and the tax rate. In the revised IAS 12, it is clarified that when an asset is classified either as «Investment Property» measured using the fair value model or as «Property, plant and equipment» measured using the revaluation model, there is a rebuttable presumption that its carrying amount will be recovered entirely by sale; therefore, for the calculation of deferred taxation the respective tax rate and tax base should be used. However, it also clarified that for the cases of investment property only, this presumption is rebutted if the asset is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the asset over time, rather than through sale.

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

- **Amendment of International Accounting Standard 19** «Employee Benefits»

  Effective for annual periods beginning on or after 1.1.2013

  The International Accounting Standards Board issued on 16.6.2011 the revised IAS 19. The revised standard introduces significant changes regarding the accounting of defined benefit plans.

  The main changes are the following:

  - Immediate recognition of changes in net defined benefit liability. Therefore, the option to defer actuarial gains and losses (corridor approach) and past service cost when benefits are not vested is abolished.
  - The new standard clearly defines the recognition of each defined benefit cost component. In particular:
    i. Service cost is recognized in profit or loss
    ii. Net interest on the net defined benefit liability (asset) is recognized in profit or loss
    iii Remeasuremets of the net defined benefit liability (asset) are recognized in other comprehensive income. They are not reclassified in profit or loss in a subsequent period.

- Disclosures required for defined benefit plans are revised so that to align with the developments in other standards and particularly in IFRS 7.

In addition the new standard changes the timing for the recognition of the liability arising from termination benefits.

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

- **International Accounting Standard 27** «Separate Financial Statements»

  Effective for annual periods beginning on or after 1.1.2013

  On 12 May 2011 the IASB amended and retitled IAS 27 "Separate Financial Statements". The amended IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The above investments shall be accounted for either at cost or in accordance with IAS 39 (or IFRS 9 if applied) in the investor's separate financial statements. The amended standard does not substantially change the respective accounting requirements that are currently applicable under IAS 27 "Consolidated and Separate Financial Statements".

  The Group is evaluating the potential impact from the adoption of this amendment on its financial statements.

- **International Accounting Standard 28** «Investments in Associates and Joint Ventures»

  Effective for annual periods beginning on or after 1.1.2013

  On 12 May 2011, the IASB amended and retitled IAS 28 "Investments in Associates and Joint Ventures" which prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. All entities that have joint control of,or significant influence over, an investee shall account for the joint venture or associate using the equity method, except from venture capital organizations, mutual funds, unit trusts or similar entities including investment linked insurance funds, which may elect to measure investments in associates and joint ventures at fair value through profit or loss in accordance with IFRS 9.

  Apart from making the equity method compulsory for joint ventures, the amended IAS 28 has not substantially changed the accounting for associates and the application of the equity method.

  The Group is evaluating the potential impact from the adoption of this amendment on its financial statements.

- **Amendment of International Accounting Standard 32** «Offsetting Financial Assets and Financial Liabilities» and of **International Financial Reporting Standard 7** «Disclosures – Offsetting Financial Assets and Financial Liabilities»

  Amendment of IAS 32: Effective for annual periods beginning on or after 1.1.2014

  Amendment of IFRS 7: Effective for annual periods beginning on or after 1.1.2013

  On 16.12.2011, the International Accounting Standards Board issued the amendment of IAS 32 and IFRS 7 regarding offsetting of financial assets and financial liabilities. The amendment of IAS 32 relates to the addition of application guidance concerning the right to offset while the amendment of IFRS 7 relates to additional disclosure requirements regarding the same issue.

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

- **Interpretation 20** «Stripping costs in the production phase of a surface mine»

  Effective for annual periods beginning on or after 1.1.2013

  On 19.10.2011, the International Accounting Standards Board issued IFRIC 20 which clarifies issues relating to the recognition of production stripping costs as an asset as well as to its initial and subsequent measurement.

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

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 of 31.12.2011 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, directly or indirectly, by the Bank. The Group assesses control based on voting rights which are presently excercisable and the power to govern the financial and operating policies of the entities. The financial statements of subsidiaries are fully consolidated from the date that control commences until the date that control ceases.

Special purpose entities are consolidated when the substance of the relationship between the Bank or its subsidiaries and the entity indicates that the entity is controlled by the Bank or its subsidiaries. In assessing control, besides voting rights and the power to govern the financial and operating policies, the following circumstances may indicate a relationship in which, in substance, the Group controls the SPE:

i. the activities of the SPE are being conducted on behalf of the Group according to its specific business needs so that the Group obtains benefits from the SPE's operation,

ii. the Group has the decision-making powers to obtain the majority of the benefits of the activities of the SPE,

iii. the Group has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incident to the activities of the SPE.

iv. the Group retains the majority of the residual or ownership risk related to the SPE or its assets in order to obtain benefits from its activities.

The Group, based on voting rights or the above mentioned circumstances, controls special purposes entities which were set up to accommodate the securitization of financial assets and the issuance of debt.

The acquisition method is applied when the Group obtains control of other companies. 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. 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 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.

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.

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, between 20% and 50% of the voting rights.

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.

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

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

In the consolidated financial statements the Group's interests in joint ventures are accounted for using the proportionate consolidation method.

Inter company 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.

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 40.

1.3 Segment reporting

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 recourses 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 41.

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-monetar 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 subsidiary 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 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.

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, so that the present value of cash flows is equal to the carrying amount of the financial instrument including fees or transaction costs.

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 present value of the estimated future cash flows discounted at the original effective interest rate, 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 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 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 Group had not designated any financial assets as at fair value through profit and 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. 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 1.7. 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 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 that financial asset until maturity.

Reclassification out of the held-to-maturity category to other categories is not permitted. Any sale or reclassification of a more than insignificant amount of held-to-maturity investment would result in the reclassification of all held-to-maturity investments as available-for-sale. This would prohibit the classification of any securities as held for maturity for the current and the following two financial years.

Permitted reclassifications of the above category iv (further analyzed in notes 19) have been made by the Group.

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 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 1.19 and 1.20.

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).

The Group has not designated, upon initial recognition, any financial liabilities as at fair value through profit or loss.

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.

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.

Determination of fair value

For financial instruments traded in active markets, the determination of their fair values is based on quoted market prices. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing services or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If the market for a financial instrument is not active, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The valuation technique makes maximum use of market inputs and relies as little as possible on Group-specific inputs.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. In these cases, the difference between the transaction price and the fair value is directly 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 with a simultaneous forward purchase of JPY to cover the foreign exchange exposure.

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

b. FX Swaps

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

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

The result arising from these derivatives is recognized as interest, foreign exchange differences in order to match with the interest element and foreign exchange differences resulting from the deposits and loans, and 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 hedge 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 hedge relationship no longer exists, the hedged items are remeasured 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 hedge 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) to hedge risks relating to borrowings, bonds, loans and fixed rate term deposits.

b. Cash flow hedge

A cash flow hedge changes the cash flows of a financial instrument form 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.

During the reporting period of 2010, the Group applied cash flow hedge accounting for a specific group of term deposits. The hedging relationship was revoked during the previous reporting period. The amount recognized in equity 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 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: 3 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.

1.9 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.

1.10 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. Goodwill on acquisitions of associates is included in "Investment in associates".

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

Negative goodwill is recognized in profit or loss.

Other intangible assets

The Group has included in this caption:

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

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

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

b) Software, which is measured at cost less accumulated amortization. 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 3 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. The amortization is charged over the estimated useful life which the Group has estimated to 5 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.

1.11 Leases

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

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

All other lease agreements are classified as operating leases.

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

a) When the Group is the lessor

i. Finance leases:

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

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

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

The finance lease 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 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.

1.12 Insurance activities

a) Insurance reserves

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

i. Mathematical reserves

The insurance reserves for the term life contracts (e.g. term, comprehension, investment) are calculated on actuarial principles using the present value of future liabilities less the present value of premiums to be received.

The calculations are based on technical assumptions (mortality tables, interest rates) in accordance with the respective supervisory authorities on the date the contract was signed.

If the carrying amount of the insurance reserves is inadequate, the entire deficiency is provided for.

ii. Unearned premiums reserves

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. Group contract services provided for which the Group acts as intermediate (e.g. motor assistance and accident care).

e) Liability adequacy test

In accordance with IFRS 4 an insurer shall assess at each reporting date whether its recognized insurance reserves 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.

1.13 Impairment losses on loans and advances

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

Specifically, the steps performed are the following:

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

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

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

i. procedures for forced recovery have commenced against the borrower by other creditors or when the settlement of debts, with more burdensome conditions for the Group, have been initiated or

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

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

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

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

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

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

c. Establishment of groups of assets with similar risk characteristics

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

i. buckets arising from ageing analysis of loans and advances to customers.

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

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

d. Methodology in determining future cash flows from impaired loans

The Group has accumulated a significant amount of historical data of the last six years, which includes the loss given default for loans after the completion of forced recovery, or other measures taken to secure collection of loans, including the realization of collaterals.

On the basis of this data the amount of the impairment is determined on both an individual and collective basis taking into account the time value of money.

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

e. Interest income recognition

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

f. Impairment recognition

Amounts of impaired loans are recognized on allowance accounts until the Group decides to write off these amounts.

g. 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 Accounting for 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 expect when it relates to items recognized directly in equity. In such cases, the respective income tax is also recognized in equity.

1.15 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 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 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.

1.16 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 annually based on actuarial valuation performed by independent actuaries using the projected unit credit method.

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

The amount determined by the above comparison may be negative, a receivable. The amount of the receivable recognised in the financial statements cannot exceed the total of

a) any cumulative unrecognized net actuarial losses and past service cost, and
b) the present value of any economic benefits available to the Group entity 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.

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

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

In case of a curtailment or settlement of a defined benefit plan, the gain or loss that arises from:

a) the change in the present value of the defined benefit obligation
b) the change in the fair value of the plan assets and
c) the related actuarial gains and losses and past service cost that have not previously recognised in profit or loss

is directly recognised in profit or loss.

Before determining the effect of a curtailment or settlement, the obligation from the defined benefit plan is remeasured based on current actuarial assumptions. In cases a curtailment relates to only some of the employees covered by the plan, or only part of an obligation is settled, the gain or loss includes a proportionate share of the previously unrecognised past service cost and actuarial gains and losses. The proportionate share is determined on the basis of the present value of the obligations before and after the curtailment or settlement, unless another basis is more rationale in the circumstances.

1.17 Share options granted to employees

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

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

1.18 Provisions

A provision is recognized if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable 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.

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

Provisions are not recognized for future operating losses.

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

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

1.19 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.

1.20 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.

1.21 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 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 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.

1.22 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.

As at the reporting date no borrowing costs have been capitalised.

1.23 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 method over the life of the financial instrument.

1.24 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.

1.25 Gains less losses on financial transactions

Gains less losses on financial transactions include the fair value changes of financial assets measured at fair value through profit and loss, 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 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 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.

1.27 Comparatives

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

1.28 Estimates, decision making criteria and significant sources of uncertainty

The estimates and judgments applied by the Group companies 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 to take into account current conditions, and the effect of any changes is recognized in the period in which the estimates are revised. The main sources of uncertainty relating to estimations used in the preparation of the 2011 annual financial statements relate to the following issues:

1.28.1 Going concern principle

The Group, for the preparation of the annual financial statements for the year 2011 and for the application of the measurement basis for their individual items, as specifically described in note 1, was based on the going concern principle. The main factors that create uncertainties regarding the assessment of the Group for the confirmation of this principle relate mainly to the unfavorable economic environment in Greece and internationally, which in turn creates significant challenges to the Greek financial system in terms of capital adequacy, access to capital markets and the ability of the Greek banks to obtain liquidity. The financial position of the Bank was adversely affected by the participation in the program for the exchange of bonds and loans guaranteed by the Hellenic Republic (PSI) as well as by the long recession of the Greek economy which, in combination with the increase in unemployment, led to the increase in impairment losses on corporate and individual loans. Furthermore, the loss of deposits and the credit rating downgrade of the Hellenic Republic and by extension of the Greek banks, which in turn had an impact on the ability of financing by the European Central Bank with the use of collaterals eligible for refinancing, had a negative impact on obtaining sources of liquidity.

The Bank's Board of Directors taking into account:

- The financial support of Greece by the European Commission, the European Central Bank and the International Monetary Fund as well as the enactment of L. 4046/14.2.2012 with which the Greek Parliament approved the Draft Financial Assistance Facility Agreements between the European Financial Stability Fund, the Hellenic Republic and the Bank of Greece and the Draft Memorandum of Understanding between the

Hellenic Republic, the European Commission and the Bank of Greece, which, among others, prescribe the provision for financing the voluntary bond exchange program and the recapitalization of credit institutions

- The successful completion of the bonds and loans guaranteed by the Hellenic Republic exchange program through which a substantial reduction of public debt was achieved
- The fact that the Group's business plan that was submitted to the Bank of Greece was evaluated as viable and reliable and based on it the capital needs that must be met within the following period to comply with the regulatory capital adequacy ratios were estimated and specifically the 8% capital adequacy ratio
- The fact that the Bank of Greece recognised the Bank's importance to the stability of the Greek banking system and that the Financial Stability Fund provided certification through which it is committed to participate in a share capital increase of the Bank or/and in the coverage of a convertible bond, to the extent necessary in the context of Law 3864/2010, up to the amount of € 1,9 billion, so that the minimum requirement of an 8% capital adequacy ratio is satisfied and, after the capital increase, the EBA Core Tier I ratio reaches 7,3%, which by September 2012 should be 9%.
- The actions that have been planned to enhance the capital adequacy through raising capital from capital markets and actively managing assets and liabilities,
- The Bank's ability to access, through adequate collaterals, eligible for refinancing, the refinancing mechanisms provided by the Eurosystem and the Bank of Greece which are expected to cover the short term and medium term financing needs of the Group, an ability which is enforced by the aforementioned certification of the Financial Stability Fund and by the actions taken for the capital enforcement of the Bank.

considers that the conditions required to confirm the ability of the Bank to continue as a going concern are met and therefore, prepared the financial statements of the Group on a going concern basis.

1.28.2 Estimate of the value of the Greek Government Bonds and loans guaranteed by the Hellenic Republic held by the Group

During the current year the Group recognised an impairment loss on the value of Greek Government Bonds and loans guaranteed by the Hellenic Republic, as it is described in detail in note 11. The calculation of the impairment loss was based on estimations concerning the present value of the securities that were obtained through the program for the private sector involvement in the restructuring of the greek debt (PSI). Furthermore, it was estimated, based on assumptions concerning the sustainability of the greek debt and the achievement of goals set in the context of the program for the support of the greek economy by the European Commission, the European Central Bank and the International Monetary Fund, factors which in turn affect the credit rating of the Hellenic Republic and the returns of the securities that it issues, that it is not required to recognise an impairment loss for bonds and loans guaranteed by the Hellenic Republic held by the Group which were not eligible for the exchange program.

The main sources of uncertainty regarding the estimations for the recoverability of the total exposure of the Group to the credit risk of the Hellenic Republic, following the completion of the PSI, are related to the development of the macroeconomic environment in Greece and internationally, the evolution of the crisis in the eurozone, the achievement of the goals set within the context of the program for the support of the greek economy and the verification of the assumptions on which it has been based. The Group, in the context of the periodical reassessment of the estimations made for the preparation of the financial statements, will re-estimate at each balance sheet date , taking into account market conditions, the recoverability of the value of the Greek Government Bonds and loans guaranteed by the Hellenic Republic that it holds.

1.28.3 Recoverability of deferred tax assets

The Group recognizes deferred tax assets to the extent that it is probable that the Bank or/and the Group companies will have future taxable profit available against which deductible temporary differences can be utilized (see note 1.14).

The recognition, during the period of 2011, of significant impairment losses on Greek Government bonds and on loans guaranteed by the Hellenic Republic, that participated in the program for the exchange of bonds (PSI) which was completed in 2012, of a total amount of €4.8 billion before tax, led to the creation or offsetting of an equal amount of temporary differences for which a deferred tax of € 0.96 billion was recognized. Temporary differences created or offset and the related deferred tax are analysed as follows:

I. An amount of € 3.2 billion relates to losses that will also be recognized for tax purposes during the period of 2012. According to the tax legislation applicable on the balance sheet date, unused tax losses can be carried forward to be used against future profit for a period not exceeding five years. The Group, for the aforementioned losses, recognized a deferred tax asset of € 0.64 billion, taking into account the Management's estimates concerning the existence of taxable profit in the future, which was based on the business plan which was drawn up in the context of the recapitalization process and the tax legislation applicable as at 31.12.2011. In addition, the enactment of Law 4046/14.2.2012, which in article 3 states that the debit amount, arising against legal entities from their participation in the program for the restructuring of the Greek debt, is deductible in equal installments, until the maturity of the new bonds and regardless of the time period of holding them, beginning from the period of 2012, within which the exchange of the bonds and the loans held by the Group took place, further strengthens the Management's estimates regarding the ability to recover the aforementioned deferred tax asset.

II. An amount of € 1.6 billion relates to valuation losses for which a deferred tax of € 0.32 billion arose either by offsetting existing deferred tax liabilities or by recognizing a deferred tax asset which is expected to be recovered in the future, until the maturity or the sale of the new bonds. The ability to recover any tax losses that will arise from the sale of the new bonds will be assessed at the time that such sales will take place.

The remaining deferred tax assets of the Group are expected to be recovered in the future through their offsetting with profit, while in most of the cases there are no time restrictions as to their recovery.

INCOME STATEMENT

2. Net interest income

	From 1 January to	
	31.12.2011	31.12.2010
Interest and similar income		
Due from banks	36,268	42,861
Loans and advances to customers	2,505,287	2,321,501
Securitized loans	372,416	468,081
Securities held for trading	8,450	6,589
Available for sale securities	176,170	144,961
Held to maturity securities	175,572	133,192
Securitized instruments		16,567
Derivative financial instruments	427,288	389,014
Other	17,847	20,620
Total	**3,719,298**	**3,543,386**
Interest expense and similar charges		
Due to banks	(316,145)	(159,592)
Due to customers	(823,465)	(828,482)
Debt securities in issue and other borrowed funds	(231,355)	(171,578)
Derivative financial instruments	(481,292)	(471,749)
Other	(83,349)	(93,355)
Total	**(1,935,606)**	**(1,724,756)**
Net interest income	**1,783,692**	**1,818,630**

3. Net fee and commission income

	From 1 January to	
	31.12.2011	31.12.2010
Loans	78,921	80,207
Letters of guarantee	45,848	46,684
Imports-Exports	10,659	11,443
Credit cards	44,262	50,618
Fund transfers	58,096	62,657
Mutual funds	20,714	27,560
Advisory fees and securities transaction fees	717	3,084
Brokerage services	8,653	13,916
Other	26,345	36,368
Total	**294,215**	**332,537**

4. Dividend income

	From 1 January to	
	31.12.2011	31.12.2010
Available for sale securities	3,618	2,678
Total	**3,618**	**2,678**

5. Gains less losses on financial transactions

	From 1 January to	
	31.12.2011	31.12.2010
Foreign exchange differences	30,987	38,258
Securities held for trading		
- Bonds	(4,590)	(2,031)
- Shares	(852)	1,434
- Other securities		(19)
Investment securities:		
- Bonds	69,918	(8,447)
- Shares	(13,896)	965
- Other securities	593	448
Loan portfolio	3,750	(2,791)
Derivative financial instruments	70,681	8,298
Other financial instruments	(14,340)	(976)
Total	**142,251**	**35,139**

6. Other income

	From 1 January to	
	31.12.2011	31.12.2010
Insurance activities	5,940	6,408
Hotel activities	30,093	30,681
Operating lease income	6,750	8,591
Sale of fixed assets	866	742
Other	16,072	14,005
Total	**59,721**	**60,427**

Income from insurance activities is analyzed as follows:

	From 1 January to	
	31.12.2011	31.12.2010
Non-life Insurance		
Premiums and other related income	11,938	15,908
Less:		
- Reinsurance premiums ceded	(4,843)	(5,627)
- Commissions	(787)	(365)
- Claims from policyholders	(7,368)	(6,918)
Reinsurers' participation	761	910
Net income from non-life insurance	**(299)**	**3,908**
Life Insurance		
Premiums and other related income	26,629	33,152
Less:		
- Reinsurance premiums ceded	(2,309)	(2,477)
- Commissions	(2,220)	(2,655)
- Claims from policyholders	(17,210)	(26,354)
Reinsurers' participation	1,349	834
Net income from life insurance	**6,239**	**2,500**
Total	**5,940**	**6,408**

7. Staff costs

	From 1 January to	
	31.12.2011	31.12.2010
Wages and salaries	379,924	391,103
Social Security contributions	93,155	96,093
Common Insurance Fund of Bank Empoloyees	14,414	16,496
Employee defined benefit obligation (note 31)	16,378	11,168
Other	31,935	33,979
Total	**535,806**	**548,839**

The total employees of the Group as at 31.12.2011 were 14,337 (31.12.2010: 14,765) of which 7,721 (31.12.2010: 8,010) are employed in Greece and 6,616 (31.12.2010: 6,755) are employed abroad.

Defined contribution plans

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

a. The supplementary pension plan for employees of the former Ionian and Popular Bank of Greece is 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 the fund does not have sufficient assets to pay employee benefits. Therefore the Bank considers that the fund is a defined contribution plan and it is accounted for as such. The Bank has applied for membership in the Common Insurance Fund of Bank Employees (E.T.A.T.) for it's employees who are insured in Pension Plan for employees of Ionian – Popular Bank and other Banks (T.A.P.I.L.T.A.T.).

b. Employees of former Ioniki and Popular Bank of Greece 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.

c. All employees of the Bank receive medical benefits from the Bank Employee and Companies Common Benefit Plan (T.A.Y.T.E.K.O.). This plan has been accounted for as a defined contribution plan.

d. Employees of former Alpha Credit Bank are insured, for supplementary pension, in the Common Insurance Fund of Bank Employees (E.T.A.T.) after the absorption of TAP, since 1.1.2008 according to article 10, Law 3620/2007. The Bank pays to E.T.A.T. fixed contribution percentage over employee salaries in addition to the annual installment that relates to the total cost of joining E.T.A.T. which amounts to € 543 million, which was calculated with the reference date being 31.12.2006, in accordance with a special economic study as stipulated by Law 3371/2005.

e. The Bank, in collaboration with AXA Insurance, has created a new group savings plan for its employees that were hired and insured for the first time in 1.1.1993 and onwards. The plan's effective date is on January 1, 2011 and its aim is to provide a lump sum monetary benefit to retiring employees. The plan's assets, which is formed by the fixed monthly contributions of the Bank and its employees, is invested in low risk mutual funds. In particular, for employees hired by the Bank and insured from 1.1.1993 until 31.12.2004 the final lump sum benefit to be received upon retirement will have as a minimum the amount as defined in Law 2084/1992.

Defined benefit plans

An analysis of liabilities arising from defined benefit plans are set out in note 31.

8. General administrative expenses

	From 1 January to	
	31.12.2011	31.12.2010
Rent of buildings	49,976	57,683
Rent and maintenance of EDP equipment	21,073	27,970
EDP expenses	33,311	44,152
Marketing and advertisement expenses	25,201	34,126
Telecommunications and postage	29,001	36,116
Third party fees	65,272	55,386
Consultants fees	7,086	8,679
Contribution to Deposit Guarantee Fund	22,988	20,423
Insurance	8,373	8,979
Consumables	7,013	8,465
Electricity	11,150	12,128
Agency fees	395	2,164
Taxes (VAT, real estate etc)	70,176	60,533
Services from collection agencies	16,074	24,098
Other	95,057	96,494
Total	**462,146**	**497,396**

9. Other expenses

	From 1 January to	
	31.12.2011	31.12.2010
Impairment losses on property, plant and equipment	2,678	2,983
Provisions for operational restructuring program (Note 33)		7,381
Other provisions (Note 33)	2,619	(1,427)
Total	**5,297**	**8,937**

The Group during 2010 decided to carry out an operational restructuring program of total expenditure amounting to € 11.7 million and performed a provision of € 7.4 million. In this context, proceeded to the restructuring of the branch networks in Greece and Southeastern Europe as well as, the change in certain operations in order to achieve general cost reduction. Total provision used during 2011 amounts to € 6 million.

10. Impairment losses and provisions to cover credit risk

	From 1 January to	
	31.12.2011	31.12.2010
Impairment losses on loans and advances to customers (note 18)	1,127,182	901,877
Impairment losses from due from bank (note 15)	8,965	
Provisions to cover credit risk relating to off balance sheet items (note 33)	8,699	(91)
Recoveries	(14,529)	(17,032)
Total	**1,130,317**	**884,754**

11. Exposure to credit risk from debt issued by peripheral countries in the Eurozone

a. Exposure to Greek Government debt

Analysis of impairment losses on Greek Government bonds is depicted below:

	Available for sale	Held to maturity	Loans guaranteed by the Hellenic Republic	Total
Impairment losses of Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI	156,218	2,624,169	2,008,479	4,788,866
Deferred tax	(30,972)	(524,834)	(401,696)	(957,502)
Impairment losses of Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI after income tax	**125,246**	**2,099,335**	**1,606,783**	**3,831,364**

In the context of the program for the restructuring of the Greek Economy, a Financial Proposal was formed at the European Summit of the 21st of July 2011 for a voluntary exchange program for existing securities issued by the Greek Government, maturing up to 2020, with new securities of extended maturities issued by the Greek State. Based on this proposal, the Group, considering that the participation in the above program constituted objective evidence of impairment of the value of the bonds eligible to the program, recognized, in its interim financial statements as at 30.6.2011, impairment losses amounting to € 673.3 million before tax. In addition, in the third quarter of 2011 an impairment loss amounting to € 86.8 million before tax was recognised for the above mentioned securities.

In the European Summit held on 26 October 2011, the implementation of a new plan for the reduction of Greek debt was agreed, which superseded the terms of the above Financial Proposal, and provided for the development of a program for the voluntary exchange of Greek Government bonds aiming at a reduction of the Greek debt to 120% of GDP by 2020. The terms of the new plan were defined on the 24th of February 2012 with the corresponding invitation sent by the Hellenic Republic to the holders of the bonds that fell within the new program.

Specifically, based on the terms of the invitation, the holders of the bonds that fall within the new restructuring program, in which specific loans guaranteed by the Hellenic Republic were also included, were asked to agree to the following exchange terms:

Each of the bonds and loans (eligible to the program) to be exchanged with:

a. twenty new bonds issued by the Hellenic Republic, with a total nominal value equal to 31.5% of the nominal value of the bonds that are exchanged.

b. two payment notes issued by EFSF, maturing in one and two years, with a total nominal value equal to 15% of the nominal value of the bonds that are exchanged.

c. GDP-linked security issued by the Hellenic Republic. This security will pay annual interest of 1% on a notional amount equal the nominal value of the new bonds issued by the Hellenic Republic, provided that the increase in Greek GDP would reach specific goals. The payment of the additional interest will begin in 2015.

Based on the above, the impairment of the existing bonds, in nominal value terms, amounted to 53.5%.

In addition, the invitation clarifies the following:

- Accrued interest on existing bonds and loans until 24.2.2012 will be paid through six month zero coupon bonds issued by EFSF.
- The new bonds issued by the Hellenic Republic will have a maturity from 11 to 30 years, while their coupon, with the interest rate period beginning on 24.2.2012, will be as follows: 2% up to 2015, 3% up to 2020, 3.65% in 2021 and 4.3% thereafter.
- The new bonds will be governed by English law.

On 12 March 2012, the first phase of the restructuring of the Greek public debt was completed successfully with the exchange of bonds governed by Greek law, while the second phase was completed on 11 April 2012 with the exchange of bonds governed by foreign law as well as of loans guaranteed by the Hellenic Republic. With a new invitation, the holders of bonds and loans governed by foreign law, that did not participate in the initial phases of the exchange, were also invited to participate, (this phase, in which the Group does not participate as it does not hold such securities, has not been completed yet).

The Group participated in the aforementioned restructuring program by exchanging the total of the eligible Greek Government bonds and loans guaranteed by the Hellenic Republic that it held with new bonds, in accordance with the terms described above.

Taking into account that the participation in this program with terms unfavourable to the holders of the eligible bonds and loans is an objective evidence of impairment of the value of the specific securities and considering that this event, although it took place during 2012, is an adjusting event for the results of 2011, the Group recognised, in the fourth quarter of 2011, an additional impairment loss. The impairment loss was recognised for all bonds and loans eligible to this program, and it was calculated based on the difference between the carrying amount of the eligible securities and the present value of the new securities that were acquired. In this way, for those loans that fair value hedge accounting had been applied, the relative valuation difference was recognised in the profit or loss of the period. The total impairment losses that were recognised in profit or loss amounted to €4.8 billion before tax (€3.8 billion after tax), an amount which accounts for 79.2% of the nominal value of the eligible securities.

The table below presents the Group's total exposure to Greek Government securities and loans guaranteed by the Hellenic Republic eligible to PSI, as at 31.12.2011. Treasury bills amounting to €2 billion, the bond received by the Bank in exchange for the preference shares it has issued in favour of the Greek State in the context of L. 3723/2008 and the bond issued by the National Fund for Entrepreneurship and Development (ETEAN) did not participate in PSI.

Portfolio	Nominal value	Book value after impairment (1)/ Fair value (2)
Available for sale	233,428	88,375 (2)
Held to maturity	3,656,406	1,022,904 (1)
Trading	8,572	3,496 (2)
Loans and receivables (Loans guaranteed by the Hellenic Republic)	2,145,564	652,978 (1)
Total	**6,043,970**	**1,767,753**

The table that follows presents the hierarchy of all Greek Government securities measured at fair value, based on the quality of inputs used for the estimation of the fair value.

	31.12.2011		31.12.2010	
	Available for sale portfolio	Trading portfolio	Available for sale portfolio	Trading portfolio
Level 1	2,127,990	3,496	1,377,775	27,561
Level 2	260		536	
Level 3				
Total	**2,128,250**	**3,496**	**1,378,311**	**27,561**

In addition, the Bank's exposure to Greek Government risk from financial instruments other than securities is depicted in the table below:

Balance sheet items	Book value	Fair value
Derivative financial instruments – assets	208,605	208,605
Derivative financial instruments – liabilities	(211,016)	(211,016)
Off balance sheet items	**Nominal value**	**Fair value**
Bonds accepted as guarantees for funding purposes	67,660	26,570

b. Exposure to the peripheral Eurozone countries debt

As at 31.12.2011, the Group had no exposure to bonds issued by Spain, Portugal, Ireland and Italy.

12. Income tax

According to Law 3697/2008 the tax rate for 2010 is 24%.

According to article 14 of law 3943/2011 "Combating tax evasion, staffing of the tax auditing department and other provisions under the responsibility of the Ministry of Finance" a 20% tax rate is effective for legal entities from 1.1.2011 and thereon. For the profit distribution, a withholding tax is imposed with a 25% tax rate. For financial statements up to 31.12.2010 a tax rate of 21% was imposed on distributed profits.

The nominal tax rates of years 2010 and 2011 of the subsidiaries and the Bank's branches operating abroad are as follows:

Cyprus	10	
Bulgaria	10	
Serbia	10	
Romania	16	
FYROM	10 [(1)]	
Albania	10	
Ukraine	23 [(2)]	(from 1.4.2011)
Jersey	10	
United Kingdom	26 [(3)]	(from 1.4.2011)

In accordance with article 5 of Law 3845/6.5.2010 "Measures for the implementation of the supporting mechanism of the Greek economy through the Eurozone Member-States and the International Monetary Fund" an additional tax was imposed to legal entities for social responsibility purposes calculated on the total net income for fiscal year 2010 provided that it exceeds €100,000. The additional tax was imposed on profits before income tax as reported under International Financial Reporting Standards (IFRS), only if these were greater than the total taxable profits.

The additional tax recognized in the Consolidated Financial Statements as at 31.3.2010 amounted to €61.8 million which was paid in January 2011.

According to Law 84/29.4.2011 additional tax was imposed in credit institutions operating in Cyprus, which is calculated at a rate of 0.095% on their total deposits as at 31.12.2010 and 31.12.2011 and shall be paid in four installments commencing from 31.5.2011.

In accordance with article 82 paragraph 5 of Law 2238/94, for the year 2011 and thereafter, the certified auditors and audit firms conducting compulsory audits to societé anonyme (AE), are obliged to issue an annual tax certificate on the implementation of tax legislation requirements. The above mentioned tax certificate is submitted to the company under audit within 10 days from the submission of the corporate income tax return, as well as, to the Ministry of Finance, electronically, no later than ten days following the date of the approval of the financial statements from the General Meeting of the Shareholders.

The income tax expense is analyzed as follows:

	From 1 January to	
	31.12.2011	**31.12.2010**
Current	63,653	103,870
Deferred	(27,886)	(36,507)
Additional tax audit charge		1,168
	35,767	68,531
Deferred tax due to impairment of Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI [(note 11)]	(957,502)	
Total	**(921,735)**	**68,531**
Additional tax (Law 3845/2010)		61,801

The current tax for the year 2011 includes an additional tax arising from the Bank's tax audit for the years 2008 and 2009 as well as an additional tax of Cyprus credit institutions.

[(1)] *From 1.1.2009 non distributable profits are not subject to tax. When distributed they are taxed at the rate applicable on the date of distribution.*

[(2)] *For the year 2010 up to 31.3.2011 the tax rate was 25%.*

[(3)] *For the year 2010 up to 31.3.2011 the tax rate was 28%.*

Deferred tax recognized in the income statement is attributable to the temporary differences the effects of which are analyzed as follows:

	From 1 January to	
	31.12.2011	31.12.2010
Depreciation and fixed assets write-offs	5,160	4,284
Valuation of loans	38,767	20,307
Suspension of interest accruals	53,402	50,233
Loans impairment	(106,144)	(99,267)
Employee defined benefit obligations	12,569	11,898
Valuation of derivatives	(30,807)	(8,543)
Application of effective interest rate	(5,523)	(19,099)
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	1,002	(4,194)
Valuation of bonds	14,468	17,328
Valuation of other securities	710	(10,737)
Tax losses carried forward	(6,544)	(614)
Other temporary differences	(4,946)	1,897
	(27,886)	**(36,507)**
Impairment of Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI (note 11)	(957,502)	
Total	**(985,388)**	**(36,507)**

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

	From 1 January to			
	31.12.2011		31.12.2010	
	%		%	
Profit/(loss) before income and additional tax		**(4,731,684)**		**216,371**
Income tax (nominal tax rate)	19.95	(944,172)	20.29	43,900
Increase/(decrease) due to:				
Additional tax on income of fixed assets	(0.03)	1,305	0.36	770
Non taxable income	0.08	(3,715)	(1.61)	(3,481)
Non deductible expenses	(0.14)	6,407	16.10	34,859
Additional tax audit charge			0.54	1,168
Effect of change of tax rates used for deferred tax	(0.06)	2,938		
Other temporary differences	(0.32)	15,502	(4.01)	(8,685)
Income tax (effective tax rate)	**19.48**	**(921,735)**	**31.67**	**68,531**

The tax rate of 19.95% for 2011 and 20.29% for 2010 is the weighted average nominal tax rate based on the nominal income tax rate and the profit/loss before tax of the Group's companies.

Income tax of other comprehensive income recognized directly in Equity

	From 1 January to					
	31.12.2011			31.12.2010		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Change in available for sale securities' reserve	(12,994)	(8,173)	(21,167)	(145,174)	31,019	(114,155)
Change in available for sale securities' reserve due to impairment of Greek Government bonds	156,218	(30,973)	125,245			
Change in cash flow hedge reserve	9,506	(3,047)	6,459	(38,206)	8,787	(29,419)
Exchange differences on translating and hedging the net investment in foreign operations	413	1,432	1,845	(13,259)	1,649	(11,610)
Total	**153,143**	**(40,761)**	**112,382**	**(196,639)**	**41,455**	**(155,184)**

The deferred tax recognized in 2011 in equity includes a tax rate adjustment amounting to € 9.3 million of Law 3943/2011.

In 2011, a deferred tax debit resulting from hybrid securities and amounting to € 2,747 is included in retained earnings. The respective amount for 2010 was a deferred tax credit of the amount of € 3,710.

In addition, in 2011, credit income tax relating to the return on preference shares, amounting to € 18.8 million, was included in retained earnings.

Finally, in 2010, current tax relating to expenses of share capital increase, amounting to € 192 was included in retained earnings.

13. 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 ordinary shares outstanding, after deducting the weighted average number of treasury shares held by the Group companies, 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 the 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 preference dividends on non-cumulative preference shares declared in respect of the period and

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

The Bank has issued non-cumulative preference shares, according to L.3723/2008.

b. Diluted

Diluted earnings/(losses) per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Group does not have dilutive potential ordinary shares and additionally, based on the preference shares' terms of issuance, basic and dilutive earnings/(losses) per share should not differ.

	From 1 January to	
	31.12.2011	31.12.2010
Profit/(losses) attributable to equity owners of the Bank	**(3,810,169)**	**85,649**
Less preference dividends paid	(75,200)	(57,945)
Profit/(losses) attributable to ordinary equity owners of the Bank	**(3,885,369)**	**27,704**
Weighted average number of outstanding ordinary shares	534,269,648	534,269,648
Basic and diluted earnings/(losses) per share (in €)	(7.27)	0.05

Basic and diluted earnings/(losses) per share for the period 2010 have been adjusted (published basic and diluted earnings per share for the period 2010: € 0.02) so that their calculation is based on the amount of the preference dividend declared during the period of 2010 and not on the related return of the period.

ASSETS

14. Cash and balances with Central Banks

	31.12.2011	31.12.2010
Cash	319,545	310,158
Cheques receivable	23,804	63,894
Placements with the European Central Bank		1,816,013
Balances with Central Banks	1,760,239	1,934,218
Total	**2,103,588**	**4,124,283**
Less: Deposits pledged to Central Banks	(1,159,092)	(1,932,475)
Total	944,496	2,191,808

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

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

On 18 January 2012, according to the Governing Council of the ECB the above percentage decreased to 1%.

These deposits bear interest same as the refinancing rate as set by the European Central Bank which as at 31.12.2011 and 31.12.2010 was 1%.

The subsidiaries that operate abroad and offer banking services, maintain pledged deposits as established by the respective central banks.

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

	31.12.2011	31.12.2010
Cash and balances with Central Banks	944,496	2,191,808
Receivables from sale and repurchase agreements (Reverse Repos)		356,611
Short-term placements with other banks	261,587	602,869
Cash and cash equivalents	**1,206,083**	**3,151,288**

15. Due from banks

	31.12.2011	31.12.2010
Placements with other banks	720,030	1,024,289
Guarantees for derivative securities coverage	1,089,586	886,932
Sale and repurchase agreements (Reverse Repos)		356,611
Loans to credit institutions	15,272	138,458
Less:		
Allowance for impairment losses	(17,809)	(8,626)
Total	**1,807,079**	**2,397,664**

Allowance for impairment losses

Balance 1.1.2010	7,649
Changes for the period 1.1. - 31.12.2010	
Foreign exchange differences	977
Balance 31.12.2010	**8,626**
Changes for the period 1.1. - 31.12.2011	
Impairment losses from due from banks (note 10)	8,965
Foreign exchange differences	218
Balance 31.12.2011	**17,809**

16. Securities held for trading

	31.12.2011	31.12.2010
Greek government	3,496	27,561
Other securities issued by other states	6,221	9,213
Other issuers:		
- Listed	3,619	1,648
Shares		
- Listed	624	2,101
Other variable yield securities		745
Total	**13,960**	**41,268**

17. Derivative financial instruments (assets and liabilities)

	31.12.2011		
	Contract nominal amount	Fair value	
		Assets	Liabilities
<u>**Derivatives held for trading**</u>			
a. Foreign exchange derivatives			
Currency forwards	716,748	12,625	8,452
Currency swaps	1,217,158	7,276	7,507
Cross currency swaps	10,500,516	286,156	656,571
Currency options	31,999	817	806
Currency options embedded in customer products	3,596	13	
Total non-listed	**12,470,017**	**306,887**	**673,336**
b. Interest rate derivatives			
Interest rate swaps	10,040,509	300,584	299,924
Interest rate options (caps & floors)	898,213	8,469	8,502
Total non-listed	**10,938,722**	**309,053**	**308,426**
Futures	15,000		400
Total listed	**15,000**		**400**
c. Commodity derivatives			
Commodity swaps	197,048	498	
Total non-listed	**197,048**	**498**	
d. Index derivatives			
Futures	1,408	7	27
Total listed	**1,408**	**7**	**27**
e. Credit derivatives			
Credit default swaps embedded in debt securities	219,096		22,964
Total non-listed	**219,096**		**22,964**
<u>**Derivatives for hedging**</u>			
a. Foreign exchange derivatives			
Fx swaps	75,014		2,801
Cross currency swaps	80,000	832	
Total non-listed	**155,014**	**832**	**2,801**
b. Interest rate derivatives			
Interest rate swaps	4,643,972	7,170	570,183
Interest rate options (caps & floors)	3,766		6
Total non-listed	**4,647,738**	**7,170**	**570,189**
Grand Total	**28,644,043**	**624,447**	**1,578,143**

	31.12.2010		
	Contract nominal amount	Fair value	
		Assets	Liabilities
Derivatives held for trading			
a. Foreign exchange derivatives			
Currency forwards	965,478	10,873	12,496
Currency swaps	1,833,920	22,115	13,001
Cross currency swaps	5,299,552	86,603	439,591
Currency options	29,473	538	571
Currency options embedded in customer products	3,803	10	
Total non-listed	**8,132,226**	**120,139**	**465,659**
b. Interest rate derivatives			
Interest rate swaps	14,793,182	227,993	250,207
Interest rate options (caps & floors)	883,290	7,107	7,216
Total non-listed	**15,676,472**	**235,100**	**257,423**
Futures	300,000		8
Total listed	**300,000**		**8**
c. Index derivatives			
Futures	2,440	80	126
Total listed	**2,440**	**80**	**126**
d. Credit derivatives			
Credit default swaps embedded in debt securities	246,484		22,964
Total non-listed	**246,484**		**22,964**
Derivatives for hedging			
a. Foreign exchange derivatives			
Currency swaps	75,599		1,448
Cross currency swaps	376,116	66,975	706
Total non-listed	**451,715**	**66,975**	**2,154**
b. Interest rate derivatives			
Interest rate swaps	5,504,991	18,788	357,063
Interest rate options (caps & floors)	3,766		36
Total non-listed	**5,508,757**	**18,788**	**357,099**
Grand Total	**30,318,094**	**441,082**	**1,105,433**

18. Loans and advances to customers

	31.12.2011	31.12.2010
Individuals:		
Mortgages	14,185,475	14,288,457
Consumer:		
- Non-securitized	2,906,913	2,701,235
- Securitized	1,599,358	1,958,435
Credit cards:		
- Non-securitized	306,566	466,927
- Securitized	684,851	724,027
Other	60,948	68,541
Total	**19,744,111**	**20,207,622**
Companies:		
Corporate loans:		
- Non-securitized	26,397,885	27,494,817
- Securitized	1,542,694	1,562,067
Leasing:		
- Non-securitized	691,813	736,627
- Securitized	401,447	460,872
Factoring	493,124	612,211
Total	**29,526,963**	**30,866,594**
Receivables from insurance and re-insurance activities	11,503	11,197
Other receivables	464,915	439,324
	49,747,492	**51,524,737**
Less:		
Allowance for impairment losses [1]	(2,863,307)	(2,219,992)
Allowance for impairment losses of loans guaranteed by the Hellenic Republic eligible to PSI (note 11)	(2,008,479)	
Total	**44,875,706**	**49,304,745**

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

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

The Bank has proceeded with the direct issuance of covered bonds, covered by mortgage loans. As at 31.12.2011, the balance of the covered bonds amounts to € 3.7 billion and the value of mortgage loans provided as coverage for the above mentioned bonds amounts to € 4.7 billion.

(1) *In addition to the allowance for impairment losses, a provision of € 9,130 (31.12.2010: € 438) has been recorded to cover credit risk relating to off balance sheet items. The total provision recorded to cover credit risk amounts to € 4,880,916 (31.12.2010: € 2,220,430).*

Allowance for impairment losses

Balance 1.1.2010	**1,642,808**
Changes for the period 1.1. - 31.12.2010	
Impairment losses for the year (note 10)	901,877
Change in present value of the allowance account	129,278
Foreign exchange differences	10,107
Loans written-off during the year	(464,078)
Balance 31.12.2010	**2,219,992**
Changes for the period 1.1. - 31.12.2011	
Impairment losses for the year (note 10)	1,127,182
Impairment losses of loans guaranteed by the Hellenic Republic eligible to PSI (note 11)	2,008,479
Change in present value of the allowance account	185,966
Foreign exchange differences	(1,075)
Loans written-off during the year	(668,758)
Balance 31.12.2011	**4,871,786**

The finance lease receivables by duration are as follows:

	31.12.2011	31.12.2010
Up to 1 year	410,423	392,531
From 1 year to 5 years	494,860	557,665
More than 5 years	463,926	515,750
	1,369,209	**1,465,946**
Non accrued finance lease income	(275,949)	(268,447)
Total	**1,093,260**	**1,197,499**

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

	31.12.2011	31.12.2010
Up to 1 year	371,068	353,345
From 1 year to 5 years	361,083	429,892
More than 5 years	361,109	414,262
Total	**1,093,260**	**1,197,499**

19. Investment securities

a. Available for sale

	31.12.2011	31.12.2010
Greek government:		
- Bonds	89,456	506,585
- Treasury bills	2,038,794	871,726
Other states:		
- Bonds	268,498	196,270
- Treasury Bills	325,070	358,541
Other issuers:		
- Listed	254,497	322,777
- Non-listed	3,110	3,707
Shares		
- Listed	28,824	25,063
- Non-listed	43,093	41,005
Other variable yield securities	27,576	50,290
Total	**3,078,918**	**2,375,964**

The Group, in the context of its participation in the exchange program for bonds issued by the Hellenic Republic has recognized impairment for Greek Government bonds in its results of 2011 amounting to € 156,218 (note 11).

In addition, during 2011 an impairment loss for other securities amounting to € 43,797 (2010: € 26,376) was recognized which is included in "Gains less losses on financial transactions".

b. Held to maturity

	31.12.2011	31.12.2010
Greek government:		
- Bonds	4,590,260	4,054,427
- Treasury bills	19,283	13,533
Other states:		
- Bonds	15,073	43,312
Other issuers:		
- Listed	808,450	1,200,429
- Non-listed	2,120	4,454
	5,435,186	**5,316,155**
Less:		
Allowance for impairment losses	(2,688,114)	(33,657)
Total	**2,747,072**	**5,282,498**

The held to maturity portfolio includes Greek Government bonds amounting to € 0.9 billion which relates to the bonds transferred to the Bank's ownership for the issuance of the preference shares in the name of the Greek State according to the Law 3723/2008.

The Bank, during 2011, reclassified Greek Government bonds from the "available for sale" to "the held to maturity" portofolio, with a book value that amounted to € 561.5 million as at 30.06.2011. The impairment loss transferred to the "held to maturity" portfolio amounted to € 53.7 million.

Allowance for impairment losses

Balance 1.1.2010	**19,626**
Changes for the period 1.1 - 31.12.2010	
Impairment charge for the year	21,854
Change in present value of the allowance account	516
Foreign exchange differences	660
Securities written-off during the year	(8,999)
Balance 31.12.2010	**33,657**
Changes for the period 1.1 - 31.12.2011	
Change in present value of the allowance account	111
Impairment losses of Greek Government bonds	2,624,169
Impairment losses of other bond issuers (1)	33,355
Securities written-off during the year	(53,335)
Recycling of reserve due to reclassification of securities from the available for sale portfolio to held to maturity	(3,542)
Reclassification of impairment allowance from the available for sale portfolio to held to maturity	53,699
Balance 31.12.2011	**2,688,114**

(1) *Impairment losses for the year of other issuers are included in "Gains less losses on financial transactions".*

20. Investments in associates

	From 1 January to	
	31.12.2011	31.12.2010
Opening balance	49,617	50,715
Purchase/Recognition and increase of participation	981	267
Returns of capital (note 46n)	(6,037)	(1,099)
Dividends received		(438)
Share of profit/(loss)	294	172
Closing balance	**44,855**	**49,617**

The purchase/recognition relates to companies Dipyrites Chandakos S.A. and Piraiki Mikrobrewery S.A. and the increase in the participation relates to Biokid A.E.

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

		Group ownership interest %	
Name	**Country of incorporation**	31.12.2011	31.12.2010
a. Evisak A.E.	Greece	27.00	27.00
b. AEDEP Thessalias & Stereas Ellados [1]	Greece	50.00	50.00
c. A.L.C Novelle Investments Ltd	Cyprus	33.33	33.33
d. EL.P.ET. Balcan A.E..	Greece	26.71	26.71
e. Kritis Gi – Tsatsakis A.V.E.E.	Greece	22.95	22.95
f. Biokid A.E.	Greece	34.53	27.22
f. Dipyrites Chandakos S.A.	Greece	22.55	
g. Piraiki Mikrobrewery S.A.	Greece	28.07	

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

	Group's share on equity		Share of profit/ (loss) From 1 January to	
Name	31.12.2011	31.12.2010	31.12.2011	31.12.2010
a. Evisak A.E.	932	932		
Less: Impairment of Evisak A.E.	(932)	(932)		(17)
b. AEDEP Thessalias & Stereas Ellados	74	74		
c. A.L.C. Novelle Investments Ltd	1,275	1,946	(671)	250
d. EL.P.ET Balcan A.E.	42,258	46,826	1,469	(61)
e. Kritis Gi – Tsatsakis A.V.E.E.	504	504		
Less: Impairment of Kritis Gi – Tsatsakis A.V.E.E.	(504)		(504)	
f. Biokid AE	484	267		
g. Dipyrites Chandakos S.A. (note 46p)	270			
h. Piraiki Mikrobrewery S.A. (note 46p)	494			
Total	**44,855**	**49,617**	**294**	**172**

[1] *It is a non profit company.*

21. Investment property

	Land - Buildings
Balance 1.1.2010	
Cost	79,570
Accumulated depreciation	(6,902)
1.1.2010 – 31.12.2010	
Net book value 1.1.2010	72,668
Foreign exchange differences	(124)
Depreciation charge for the year	(815)
Net book value 31.12.2010	**71,729**
Balance 31.12.2010	
Cost	79,426
Accumulated depreciation	(7,697)
1.1.2011 – 31.12.2011	
Net book value 1.1.2011	71,729
Additions	170
Disposals	(52)
Reclassification to “Property, plant and equipment"	(6,421)
Foreign exchange differences	5
Depreciation charge for the year	(743)
Net book value 31.12.2011	**64,688**
Balance 31.12.2011	
Cost	71,811
Accumulated depreciation	(7,123)

The fair value of investment property as at 31.12.2011 as determined by Alpha Astika Akinita A.E. doesn't differ substantially from its book value.

22. Property, plant and equipment

	Land and buildings	Leased equipment	Equipment	Total
Balance 1.1.2010				
Cost	1,404,715	12,191	471,015	1,887,921
Accumulated depreciation	(277,771)	(2,811)	(348,888)	(629,470)
1.1.2010 - 31.12.2010				
Net book value 1.1.2010	1,126,944	9,380	122,127	1,258,451
Foreign exchange differences	(3,954)	(20)	(410)	(4,384)
Additions	30,257	367	26,952	57,576
Disposals/ Impairments	(3,425)	(3,807)	(412)	(7,644)
Reclassification	(18)	77	(59)	-
Depreciation charge for the year	(29,508)	(1,551)	(32,282)	(63,341)
Net book value 31.12.2010	**1,120,296**	**4,446**	**115,916**	**1,240,658**
Balance 31.12.2010				
Cost	1,425,109	7,419	491,675	1,924,203
Accumulated depreciation	(304,813)	(2,973)	(375,759)	(683,545)
1.1.2010 - 31.12.2011				
Net book value 1.1.2011	1,120,296	4,446	115,916	1,240,658
Foreign exchange differences	208	(42)	(96)	70
Additions	13,149	211	17,431	30,791
Disposals/ Impairments	(6,273)	(761)	(622)	(7,656)
Reclassification	6,221	(118)	13,698	19,801
Depreciation charge for the year	(29,952)	(960)	(31,803)	(62,715)
Net book value 31.12.2011	**1,103,649**	**2,776**	**114,524**	**1,220,949**
Balance 31.12.2011				
Cost	1,432,399	6,119	518,352	1,956,870
Accumulated depreciation	(328,750)	(3,343)	(403,828)	(735,921)

The book value of owned land and buildings included in the above balances amounts to € 1,006,435 as at 31.12.2011 (31.12.2010: € 1,003,126).

23. Goodwill and other intangible assets

	Goodwill	Software	Other intangible	Total
Balance 1.1.2010				
Cost	48,811	260,424	51,718	360,953
Accumulated amortization		(165,810)	(17,034)	(182,844)
Balance 1.1.2010				
Net book value 1.1.2010	48,811	94,614	34,684	178,109
Foreign exchange differences	(3,980)	(394)	(205)	(4,579)
Additions		47,896	911	48,807
Disposals		(16)		(16)
Amortization charge for the year		(23,656)	(5,474)	(29,130)
Net book value 31.12.2010	**44,831**	**118,444**	**29,916**	**193,191**
Balance 31.12.2010				
Cost	44,831	307,642	51,252	403,725
Accumulated amortization		(189,198)	(21,336)	(210,534)
Balance 1.1.2011				
Net book value 1.1.2011	44,831	118,444	29,916	193,191
Foreign exchange differences	253	(26)	45	272
Additions		28,780	2,234	31,014
Reclassification to "Property, plant and equipment"		(13,380)		(13,380)
Amortization charge for the year		(25,700)	(3,885)	(29,585)
Net book value 31.12.2011	**45,084**	**108,118**	**28,310**	**181,512**
Balance 31.12.2011				
Cost	45,084	318,800	53,566	417,450
Accumulated amortization		(210,682)	(25,256)	(235,938)

The annual impairment test performed on the goodwill arising from the acquisition of Alpha Bank Srbija A.D. confirmed that no adjustment to the carrying amount is necessary. Specifically, the recoverable amount of the investment which is the highest amount between the value in use and the fair value less costs to sell, were determined to be higher than the carrying amount of the subsidiary presented in the consolidated financial statements and therefore no impairment loss exists to the goodwill which had risen even after the recognition of other intangible assets.

Other intangible assets which were recognized upon acquisition of the above mentioned bank have been fully depreciated within the fiscal year 2010.

24. Deferred tax assets and liabilities

	31.12.2011	31.12.2010
Assets	1,466,974	427,554
Liabilities	(360,993)	(263,510)
Total	**1,105,981**	**164,044**

Deferred tax assets and liabilities arise from:

	1.1.2011 - 31.12.2011				
		Recognized in			
	Balance 1.1.2011	Income statement	Equity	Foreign exchange differences	Balance 31.12.2011
Depreciation and fixed assets write-offs	(7,297)	(5,160)			(12,457)
Tax revaluation of fixed assets	8,236				8,236
Valuation of loans	(84,312)	(38,767)			(123,079)
Suspension of interest accruals	(175,557)	(53,402)			(228,959)
Impairment of loans	172,339	106,144			278,483
Employee defined benefit obligations	58,779	(12,569)			46,210
Valuation of derivative financial instruments	71,272	30,807	(3,047)		99,032
Effective interest rate	(6,131)	5,523			(608)
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(3,569)	(1,002)			(4,571)
Valuation of bonds	25,957	(14,468)	(51,848)		(40,359)
Valuation of other securities	16,898	(710)	9,955		26,143
Tax losses carried forward	5,078	6,544			11,622
Other temporary differences	81,467	4,946		57	86,470
Exchange differences on translating foreign operations	884		1,432		2,316
	164,044	**27,886**	**(43,508)**	**57**	**148,479**
Impairment of Greek Government Bonds and Loans guaranteed by the Hellenic Republic eligible to PSI (note 11)		957,502			957,502
Total	**164,044**	**985,388**	**(43,508)**	**57**	**1,105,981**

	1.1.2010 - 31.12.2010				
		Recognized in			
	Balance 1.1.2010	Income statement	Equity	Foreign exchange differences	Balance 31.12.2010
Depreciation and fixed assets write-offs	(3,013)	(4,284)			(7,297)
Tax revaluation of fixed assets	8,236				8,236
Valuation of loans	(64,005)	(20,307)			(84,312)
Suspension of interest accruals	(125,324)	(50,233)			(175,557)
Impairment of loans	73,072	99,267			172,339
Employee defined benefit obligations	70,677	(11,898)			58,779
Valuation of derivative financial instruments	53,942	8,543	8,787		71,272
Effective interest rate	(25,230)	19,099			(6,131)
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(7,763)	4,194			(3,569)
Valuation of bonds	12,266	(17,328)	31,019		25,957
Valuation of other securities	2,451	10,737	3,710		16,898
Tax losses carried forward	4,464	614			5,078
Other temporary differences	91,357	(1,897)		(7,993)	81,467
Exchange differences on translating foreign operations	(333)		1,649	(432)	884
Total	**90,797**	**36,507**	**45,165**	**(8,425)**	**164,044**

25. Other assets

	31.12.2011	31.12.2010
Tax advances and withholding taxes	177,618	176,223
Deposit and Investment Guarantee Fund	257,702	199,026
Foreclosed property (note 26)	88,436	
Investments on behalf of life insurance policyholders	21,658	24,734
Prepaid expenses	76,392	68,051
Accrued income	6,668	1,810
Receivables from employee defined benefit plan (note 31)	38,878	44,881
Other	150,399	152,259
Total	**817,751**	**666,984**

In accordance with article 6 of Law 3714/7.11.2008 the amount of deposits guaranteed by the deposit guarantee system increased from € 20,000 to € 100,000 per depositor. The percentages calculating the contribution paid by banks to Deposit and Investment Guarantee Fund also increased. According to the Ministry decision 23384/27.5.2011 the Law's validity was extended until 31.12.2015.

In accordance with article 6 of Law 3746/2009 further to Finance Minister's decision on 21.7.2010, the criteria for calculating the regular annual contribution relating to investment coverage of credit institutions, to the Deposit and Investment Guarantee Fund were defined.

The Law 3746/16.2.2009 concerning the "Hellenic Deposit and Investment Guarantee Fund" provides that the contribution amount 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 assets group whose elements are jointly included in the proportion of each participant in the credit institutions.

26. Non current assets held for sale

During 2011, foreclosed property not qualified as held for sale were transferred to "other assets".

As at 31.12.2011 "Non-current assets held for sale" include land and buildings amounting to € 100,541 (31.12.2010: € 181,035) and office equipment amounting to € 5 (31.12.2010: € 43).

LIABILITIES

27. Due to banks

	31.12.2011	31.12.2010
Deposits:		
- Current accounts	39,574	49,725
- Term deposits:		
Central Banks	20,209,013	14,242,970
Other credit institutions	56,684	994,563
Sale and repurchase agreements (Repos)	1,755,849	597,260
Borrowing funds	460,080	576,863
Total	**22,521,200**	**16,461,381**

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

	31.12.2011	31.12.2010
Deposits:		
- Current accounts	4,857,793	5,686,225
- Saving accounts	6,014,996	7,689,783
- Term deposits	17,420,192	23,521,586
Dept securities in issue	979,701	1,238,779
Sale and repurchase agreements (Repos)	3,433	3,226
	29,276,115	**38,139,599**
Cheques payables	123,346	152,902
Total	**29,399,461**	**38,292,501**

29. Debt securities in issue and other borrowed funds

Long term

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

According to Law 3723/2008 for the enhancement of the Greek economy's liquidity program, the Bank proceeded in 2011 with the issuance of senior debt securities guaranteed by the Greek State which are analyzed as follows:

- On 15.2.2011 an amount of €950 million with a three year duration and bearing an interest rate of three month Euribor plus a spread of 8.5%.
- On 3.6.2011 an amount of €400 million with a three year duration and bearing an interest rate of three month Euribor plus a spread of 12%.
- On 7.11.2011 an amount of €3.1 billion, with a three month duration and bearing an interest rate of 13.5%.

After these issuances, the outstanding balance of the above mentioned issues as at 31.12.2011 amounts to €14 billion.

On 23.5.2011 the spread of all the existing issues guaranteed by the Greek State was amended to 12% effective from the immediately prior date from the beginning of the interest bearing period for every issue.

The above mentioned securities are not presented in the "Debt securities in issue and other borrowed funds", as they are held by the Bank.

ii. Covered bonds

According to the covered bond program, which provides direct issuance from the Bank up to the amount of € 8 billion, the Bank proceeded on 25.8.2011 with the issuance of an amount of € 250 million maturing on 23.1.2014, bearing an interest rate of three month Euribor plus a spread of 1.45%.

The total balance of covered bonds issued by the Bank as at 31.12.2011 amounts to € 3.7 billion.

The covered bonds are not included in the "Debt securities in issue and other borrowed funds" as they are held by the Bank [1].

iii. Senior debt securities

Balance 1.1.2011	**3,959,162**
Changes for the period 1.1 - 31.12.2011	
New issues	680,541
(Purchases)/Sales by Group companies	(715,694)
Maturities/Redemptions	(1,280,196)
Fair value change due to hedging	655
Accrued interest	(14,727)
Foreign exchange differences	621
Balance 31.12.2011	**2,630,362**

The following securities are included in the amount of "new issues":

- nominal value of € 5 million maturing on 11.3.2013, bearing a fixed three month interest rate of 4.25%.
- nominal value of USD 5 million maturing on 11.3.2013, bearing a fixed three month interest rate of 3%.
- nominal value of € 2 million maturing on 11.4.2018, bearing a fixed annual interest rate of 6%.
- nominal value of USD 5 million maturing on 14.4.2014, bearing a fixed three month interest rate of 3.5%.
- nominal value of € 5 million maturing on 14.4.2014, bearing a fixed three month interest rate of 4.5%.
- nominal value of € 100 million maturing on 20.6.2013, bearing a fixed annual interest rate of 5.5%.
- nominal value € 100 million maturing on 20.6.2014, bearing a fixed annual interest rate of 6%.
- nominal value of € 5 million maturing on 21.6.2013, bearing a fixed three month interest rate of 4.5%.
- nominal value of USD 5 million maturing on 21.6.2013, bearing a fixed three month interest rate of 3%.
- nominal value of € 100 million maturing on 3.9.2013, bearing a floating interest rate of three month Euribor plus a spread of 2.75%.
- nominal value of € 350 million maturing on 9.12.2013, bearing a floating interest rate of three month Euribor plus a spread of 1.5%.
- nominal value of € 3 million maturing on 29.7.2020, bearing a fixed annual interest rate of 6%.

Additionally, the amount of maturities/redemptions includes maturities of issues amounting to € 1,098 million.

iv. Subordinated debt

Balance 1.1.2011	**840,805**
Changes for the period 1.1 - 31.12.2011	
(Purchases)/Sales by Group companies	(17,215)
Maturities/Redemptions	(262,375)
Fair value change due to hedging	(7,285)
Accrued interest	(2,537)
Foreign exchange differences	(13,509)
Balance 31.12.2011	**537,884**

[1] *Financial disclosure regarding covered bond issues, as determined by the 2620/28.8.2009 act of Bank of Greece, will be published at the Bank's website.*

- On 1.2.2011 an amount of € 25 million was repaid from the issue maturing on 1.2.2017 and with a call option on 1.2.2012 that was held by the Group.
- On 1.2.2011 an amount of € 15 million was repaid from the issue maturing on 8.3.2017 and with a call option on 8.3.2012 that was held by the Group.
- On 24.3.2011 the issue of JPY 30 billion (equivalent in € 262.4 million) maturing on 4.3.2035, was repaid.

Total of debt securities in issue and other borrowed funds	**3,168,246**

From the above debt securities amounting to € 3,168,246 an amount of € 979,701 (31.12.2010: € 1,238,779) held by Bank customers, has been reclassified to "Due from customers". Therefore, the balance of "Debt securities in issue held by institutional investors and other borrowed funds" as at 31 December 2011, amounts to € 2,188,545 (31.12.2010: € 3,561,188).

In addition, bonds of € 4.5 billion from the securitization of consumer and corporate loans, credit cards and finance lease loans are not presented in "Debt securities in issue and other borrowed funds" since these securities, issued by Group companies established for this purpose, are held by the Group.

30. Liabilities for current income tax and other taxes

	31.12.2011	31.12.2010
Current income tax	25,161	108,928
Other taxes	26,399	27,592
Total	**51,560**	**136,520**

31. Employee defined benefit obligations

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

	Balance Sheet Assets/Liabilities	
	31.12.2011	31.12.2010
TAP – Lump sum benefit	38,878	44,881
Total Assets	**38,878**	**44,881**
Savings program guarantee	380	
Alpha Bank Cyprus Ltd	53,298	48,002
Other Companies	4,795	4,590
Total liabilities	**58,473**	**52,592**

	Income statement Expenses/(Income) From 1 January to	
	31.12.2011	31.12.2010
TAP – Lump sum benefit	8,275	3,607
Savings program guarantee	380	
Alpha Bank Cyprus Ltd	7,368	7,316
Other Companies	355	245
Total	**16,378**	**11,168**

Balance sheet and income statement amounts are analyzed per fund and type of benefits as follows:

i. Bank

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

The obligation of 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.

Amounts included in income statement are as follows:

	From 1 January to	
	31.12.2011	31.12.2010
Current service cost	3,764	2,804
Interest cost	5,158	7,791
Expected return on plan assets	(4,119)	(7,675)
Actuarial losses recognized during the year	1,374	687
Total expense	**6,177**	**3,607**
Benefit termination cost	2,098	
Total (included in staff costs)	**8,275**	**3,607**

The termination cost is due to the recognition of part of the unrecognized actuarial loss as well as, the payment of funds in excess of the expected liability relating to employees that departed from the Fund within the period.

Amounts included in the current year balance sheet as well as, the four prior year balance sheets are as follows:

	31.12.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
Present value of defined benefit obligations	115,823	122,438	129,848	128,895	127,035
Fair value of plan assets	(114,694)	(135,448)	(151,969)	(156,268)	(162,031)
Deficit/(Surplus)	**1,129**	**(13,010)**	**(22,121)**	**(27,373)**	**(34,996)**
Unrecognized actuarial losses	(40,007)	(31,871)	(23,784)	(19,938)	(14,193)
Asset in balance sheet	**(38,878)**	**(44,881)**	**(45,905)**	**(47,311)**	**(49,189)**

The movement in the present value of accrued liabilities is as follows:

	2011	2010
Opening balance	**122,438**	**129,848**
Current service cost	3,764	2,804
Interest cost	5,158	7,791
Employee contributions	664	1,426
Benefits paid	(20,339)	(16,121)
Contributions paid directly by the Bank	(2,272)	(2,583)
Expenses	(10)	(4)
Additional costs	742	
Actuarial (gains)/ losses of the year	5,678	(723)
Closing balance	**115,823**	**122,438**

The movement in the fair value of Plan assets is as follows:

	2011	2010
Opening balance	**135,448**	**151,969**
Expected return	4,119	7,675
Employee contributions	664	1,426
Benefits paid	(20,339)	(16,121)
Expenses	(10)	(4)
Actuarial losses	(5,188)	(9,497)
Closing balance	**114,694**	**135,448**

The Plan assets include bonds issued by Alpha Credit Group Plc of €82.8 million, receivables from Alpha Bank of €28.6 million, deposits with Alpha Bank of €0.9 million, Alpha Bank's shares of €0.4 million and other receivables of €2 million.

The movement of the asset in balance sheet is as follows:

Balance 1.1.2010	**(45,905)**
Accrued expense	3,607
Benefits paid directly by the Bank	(2,583)
Balance 31.12.2010	**(44,881)**
Changes for the period 1.1 - 31.12.2011	
Accrued expense	8,275
Benefits paid directly by the Bank	(2,272)
Balance 31.12.2011	**(38,878)**

The principal actuarial assumptions used are as follows:

	31.12.2011	31.12.2010
Discount rate	5.0%	5.0%
Expected return on Plan assets	2.5%	3.5%
Future salary increases	2.0%	2.0%

b. Minimum benefit guarantee for employees insured after 1993 and hired by the Bank until 31.12.2004 jointed the new Bank's saving plan

The amounts in the balance sheet are analyzed as follows:

	31.12.2011
Present value of accrued liabilities	427
Unrecognized actuarial losses	(47)
Liability in Balance sheet	**380**

The amounts in the income statement are analyzed as follows:

	From 1 January to
	31.12.2011
Current service cost	22
Interest cost	15
Past service cost	343
Total (included in staff costs)	**380**

The movement in the defined benefit obligations is as follows:

	2011
Opening balance	
Current service cost	22
Interest cost	15
Past service cost	343
Unrecognized actuarial losses	47
Closing balance	**427**

The movement in the liability is as follows:

Balance 31.12.2010	
Changes for the period 1.1 - 31.12.2011	
Accrued expense	380
Balance 31.12.2011	**380**

The principal actuarial assumptions used are as follows:

	31.12.2011
Discount rate	5.0%
Expected return on plan assets	4.0%
Future salary increases	2.0%

ii. Group companies

a. Alpha Bank Cyprus Ltd

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

Amounts included in income statement are as follows:

	From 1 January to	
	31.12.2011	31.12.2010
Current service cost	4,252	4,420
Interest cost	2,992	2,684
Net actuarial losses recognized in the year	124	212
Total (included in staff costs)	**7,368**	**7,316**

Amounts included in the current year balance sheet as well as, the four prior year balance sheets, are as follows:

	31.12.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
Present value of defined benefit obligations	55,908	56,257	52,961	44,860	42,378
Unrecognized actuarial losses	(2,610)	(8,255)	(9,824)	(7,187)	(9,058)
Recognized liability	**53,298**	**48,002**	**43,137**	**37,673**	**33,320**

The movements of the present value of accrued benefit are as follows:

	2011	2010
Opening balance	**56,257**	**52,961**
Current service cost	4,252	4,420
Interest cost	2,992	2,684
Benefits paid	(2,072)	(2,452)
Actuarial losses/(gains)	(5,521)	(1,356)
Closing balance	**55,908**	**56,257**

The principal actuarial assumptions used are the following:

	31.12.2011	31.12.2010
Discount rate	5.12%	5.44%
Future salary increases	5.25%	6.25%

On 12 January 2012 the new Collective Agreement between the Cyprus Bankers Employers Association and the Cyprus Bank Employees Union was signed according to which the defined benefit scheme for the retirement of employees ceased to exist on 31 December 2011 and was replaced by a defined contribution scheme as of 1 January 2012. The employer contributions have been set at 14% of the gross salary of the employee whereas the employee contributions vary between 3-10%.

The introduction of the new scheme is not expected to adversely affect the results of the Company in 2012.

b. Other companies

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

	31.12.2011	31.12.2010
Liability in balance sheet	**4,795**	**4,590**

	From 1 January to	
	31.12.2011	31.12.2010
Expense (included in staff costs)	**355**	**245**

32. Other liabilities

	31.12.2011	31.12.2010
Dividends payable	5,726	8,104
Liabilities to third parties	133,076	107,671
Liabilities to Common Insurance Fund of Bank Employees [1]	365,963	418,830
Brokerage services	6,884	9,114
Deferred income	47,191	52,314
Accrued expenses	68,074	90,582
Liabilities from credit cards	137,437	210,058
Other	162,756	161,838
Total	**927,107**	**1,058,511**

33. Provisions

	31.12.2011	31.12.2010
Insurance provisions	78,357	67,446
Provisions to cover credit risk and other provisions	16,587	7,918
Restructuring program provisions (note 9)	1,371	7,381
Total	**96,315**	**82,745**

[1] *In accordance with article 10 of Law 3620/2007 TAP members joined the Common Insurance Fund of Bank Employees (ETAT) as of 1.1.2008,at a cost of the Bank amounting € 543 million. This amount plus interest is attributable in ten equal annual installments.*

a. Insurance provisions

	31.12.2011	31.12.2010
Non-life insurance		
Unearned premiums	5,729	5,743
Outstanding claim reserves	6,556	5,355
Total	**12,285**	**11,098**
Life insurance		
Mathematical reserves	41,948	28,979
Outstanding claim reserves	2,466	2,635
Total	**44,414**	**31,614**
Reserves for investments held on behalf and at risk of life insurance policy holders	**21,658**	**24,734**
Total	**78,357**	**67,446**

b. Provisions to cover credit risk and other provisions

Balance 1.1.2010	**9,748**
Changes for the period 1.1. - 31.12.2010	
Reversal of provisions to cover credit risk relating to off-balance sheet items (note 10)	(91)
Reversal of other provisions	(1,427)
Foreign exchange differences	(312)
Balance 31.12.2010	**7,918**
Changes for the period 1.1. - 31.12.2011	
Provisions to cover credit risk relating to off-balance sheet items (note 10)	8,699
Other provisions (note 9)	2,619
Reversal of other provisions	(2,335)
Provisions used during the period	(283)
Foreign exchange differences	(31)
Balance 31.12.2011	**16,587**

c. Restructuring program provisions

Balance 1.1.2010	-
Changes for the period 1.1. - 31.12.2010	
Provisions for the restructuring program (note 9)	7,381
Balance 31.12.2010	**7,381**
Changes for the period 1.1. - 31.12.2011	
Provisions used during the period	(6,010)
Balance 31.12.2011	**1,371**

The amount of other provisions charged to profit and loss account is included in the account "Other expenses" of the income statement.

EQUITY

34. Share capital

The Bank's share capital as at 31.12.2011 is analysed as follows:

	Number of Common Shares	Number of Preference Shares	Paid-in capital
Opening balance 1.1.2011	**534,269,648**	**200,000,000**	**3,451,067**
Reduction of nominal value of ordinary shares from € 4.70 to € 0.30			(2,350,786)
Balance 31.12.2011	**534,269,648**	**200,000,000**	**1,100,281**

The Second Repeat General Meeting of Shareholders held on 15.7.2011 decided the reduction of the Bank's paid-in ordinary share capital, through the reduction of the nominal value of the ordinary shares with voting rights and the creation of an equal (to the reduction) special reserve.

After the reduction, the Bank's share capital as at 31.12.2011 amounts to € 1,100,280,894.40 divided into 734,269,648 shares, of which 534,269,648 are ordinary, registered, with voting rights, non paper shares of nominal value € 0.30 each and 200,000,000 are preference, registered, non voting, paper and redeemable shares of nominal value € 4.70 each.

The preference shares have been issued since 21.5.2009, according to Law 3723/2008 for the enhancement of Greek economy's liquidity program.

According to article 39 of Law 3844/3.5.2010, which amended Law 3723/9.12.2008, the return on preference shares has a step up feature of 2% annually, if after five years following the issuance, the preference shares have not been redeemed.

The Bank has recognized the preference shares as part of its equity and the related return for the year 2011 amounts to € 75.2 million after income tax.

In addition, the Bank's Second Repeat General Meeting held on 15.7.2011 decided the following:

- The ability to raise funds by way of an increase of the share capital of the Bank, up to the amount of the current issued and paid-in common share capital, on the date of approval by the General Meeting, through a payment in cash and the issuance of ordinary, registered, non paper shares with voting rights.
- The ability to issue a bond, convertible to ordinary shares, with voting rights of an amount up to 10% of the current issued and paid-in share capital of the Bank, on the date of approval by the General Meeting, together with a disapplication of the preemption rights of ordinary and preferred shareholders.

Further to the above, the second Repeat General Meeting of the Bank's Shareholders on 15 November 2011 decided, among others, the suspension of the aforementioned decisions.

Finally, in note 45e is mentioned that the Extraordinary General Meeting of the Bank's Shareholders to be held on 26.4.2012, among other matters, will decide the suspension of all decisions made on November, 15 2011 by the second Repeat General Meeting of the Bank's Shareholders thus bringing into force the aforementioned decisions of the second Repeat General Meeting of 15.7.2011.

35. Share premium

Opening balance 1.1.2011	**406,867**
Reduction of nominal value of ordinary shares from € 4.70 to € 0.30	2,350,786
Balance 31.12.2011	**2,757,653**

36. Reserves

Reserves are analysed as follows:

a. Statutory reserve

	31.12.2011	31.12.2010
Statutory reserve	499,527	497,993

According to the Bank's articles of association (article 26) as in force, the Bank is required to transfer 5% of its annual net profit to the statutory reserve, until the reserve amounts to one third of share capital. This reserve can only be used to offset losses according to article 44 of Law 2190/1920.

For the remaining companies of the Group the statutory reserve is formed according to local regulations.

b. Available for sale securities reserve

	2011		2010	
Opening balance 1.1		**(231,008)**		**(116,659)**
Changes for the period 1.1 - 31.12				
Net change in fair value of available for sale securities, after income tax	(155,301)		(266,847)	
Fair value of available for sale securities transferred to profit and loss	259,929		152,498	
Total		**104,628**		**(114,349)**
Balance 31.12		**(126,380)**		**(231,008)**

c. Other reserves

	2011	2010
Opening balance 1.1	(29,419)	
Change in cash flow hedge reserve after income tax	6,459	(29,419)
Balance 31.12	**(22,960)**	**(29,419)**

d. Exchange differences on translating and hedging the net investment in foreign operations

	2011	2010
Opening balance 1.1	**(133,125)**	**(121,252)**
Exchange differences on translating and hedging the net investment in foreign operations	1,831	(11,873)
Balance 31.12	**(131,294)**	**(133,125)**

Total reserves (a+b+c+d)	**218,893**	**104,441**

37. Retained earnings

The Bank's Ordinary General Meeting of Shareholders held on 21.6.2011 decided the following:

- The payment to the Greek State of € 94 million regarding the accrued return on its preference shares for the year 2010, according to the Bank's Articles of Incorporation. Thus the account "Retained Earnings" has decreased by €75.2 million, after income tax.
- Not to distribute dividends to Bank's common shareholders for the year 2010, according to the provisions of article 19 of Law 3965/2011 and the decision 20708/B.1175/23.4.2009 of the Minister of Economy and Finance.

In accordance with the provisions of the fourth article of Law 4063/2012, Banks participating in the program for the enhancement of the economy's liquidity of Law 3723/2008 may only distribute dividend for the year 2011 in the form of shares.

The Bank's Board of Directors will not propose in the Ordinary General Meeting of Shareholders the distribution of profits to common shareholders, since no profits were performed for the year 2011.

Additionally, the Bank's Board of Directors suggests the non-payment to the Greek State of the accrued return on its preference shares for the year 2011.

38. Hybrid securities

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

- On 5.12.2002 an amount of € 200 million innovative securities with interest step up clause, which represent Lower Tier 1 capital for the Group.

  These are perpetual securities and may be redeemed by the issuer after the expiration of 10 years. The issuer has the discretion not to pay a dividend on the condition that the Bank does not pay a dividend to common Shareholders.

  They carry non cumulative interest at 3-month Euribor plus a margin of 2.65%. If redemption option is not exercised by the issuer, the margin is increased by 1.325% reaching 3.975% in total. The preferred securities are listed on the Luxembourg Stock Exchange.

- On 5.12.2003 an amount of € 100 million preferred securities were issued with the same characteristics as those issued on 5.12.2002.
- On 18.2.2005 an amount of € 600 million non-innovative securities without an interest step up clause, which also represent Lower Tier 1 capital for the Group since they fulfill the requirements of securities with interest step up clause as described above. The expenses of the issue amounted to € 12 million.

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

	31.12.2011	31.12.2010
Hybrid securities		
Perpetual with 1st call option in 2012	272,000	300,000
Perpetual with 1st call option in 2015	306,740	588,000
Repayments		(309,260)
Total	**578,740**	**578,740**
Securities held by Group companies	(41,445)	(19,090)
Total	**537,295**	**559,650**

On 20.1.2012 was announced the non payment of dividend due on 20.2.2012 for the CMS Hybrid security (ISIN: DE000A0DX3M2) without an interest step up clause which bears the characteristics of a preference share having the benefit of a subordinate guarantee from the Bank, since the requirement for non existence of sufficient distributable funds for 2011 is fulfilled. For the same reason as a result of the compulsory dividend payment mechanism for equally rated securities the non payment of dividend was also announced for the innovative hybrid security with an interest step up feature (ISIN: XS0159153823) on 5.3.2012.

ADDITIONAL INFORMATION

39. Contingent liabilities and commitments

a) Legal issues

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

There are no pending legal cases or issues in progress which may have a material impact on the financial statements or operations of the other companies of the Group. The Group recorded a provision amounting to € 1.8 million for pending legal cases.

b) Tax issues

On March 2011, the Bank's tax audit for the years 2008 and 2009 was completed. The Bank's branches in Albania, London and Bulgaria have been audited by the tax authorities for the years up to and including 2009, 2008 and 2007 respectively.

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)	2009
2. Alpha Bank Cyprus Ltd	2007
3. Alpha Bank Romania S.A.	2006
4. Alpha Bank AD Skopje (the years 1998-2006 have not been audited by the tax authorities)	2009
5. Alpha Bank Jersey Ltd (voluntary settlement of tax obligation)	2009
6. Alpha Bank Srbija A.D.	2004
7. JSC Astra Bank (commencement of operation 2008)	*
Leasing Companies	
1. Alpha Leasing A.E.	2007
2. Alpha Leasing Romania IFN S.A.	2007
3. ABC Factors A.E.	2008
4. Alpha Asset Finance C.I. Ltd (voluntary settlement of tax obligation)	2009
Investment Banking	
1. Alpha Finance A.E.P.E.Y.	***
2. SSIF Alpha Finance Romania S.A. (tax audit is in progress for years from 2003 – 2007)	2002
3. Alpha A.E. Ventures	***
4. Alpha A.E. Ventures Capital Management - AKES	***
Asset Management	
1. Alpha Asset Management A.E.D.A.K. (On March 2011, the tax audit for the years 2004-2008 was completed)	***
2. ABL Independent Financial Advisers Ltd (voluntary settlement of tax obligation)	2009
Insurance	
1. Alpha Insurance Agents A.E.	***
2. Alpha Insurance Ltd	2008
3. Alpha Insurance Brokers S.R.L.	2005
4. Alphalife A.A.E.Z. (commencement of operation 2007)	***

* *These companies have not been audited by the tax authorities since the commencement of their operations.*

*** *These companies have been audited by the tax authorities up to 2009 in accordance with N. 3888/2010 which relates to voluntary tax settlement for the unaudited tax years.*

Name	Year
Real Estate and Hotel	
1. Alpha Astika Akinita A.E.	2005
2. Ionian Hotel Enterprises A.E.	2005
3. Oceanos A.T.O.E.E.	***
4. Alpha Real Estate D.O.O. Beograd	2008
5. Alpha Astika Akinita D.O.O.E.L. Skopje	2007
6. Alpha Real Estate Bulgaria E.O.O.D.	2006
7. Chardash Trading E.O.O.D. (commencement of operation 2006)	*
8. Alpha Astika Akinita Romania S.R.L.	1998
Special purpose and holding entities	
1. Alpha Credit Group Plc (voluntary settlement of tax obligation)	2009
2. Alpha Group Jersey Ltd (voluntary settlement of tax obligation)	2009
3. Alpha Group Investments Ltd (commencement of operation 2007)	*
4. Ionian Holdings A.E.	***
5. Ionian Equity Participations Ltd (commencement of operation 2006)	*
6. ABL Holdings Jersey Ltd (voluntary settlement of tax obligation)	2009
7. Alpha Covered Bonds Plc (voluntary settlement of tax obligation)	2010
8. Katanalotika Plc (voluntary settlement of tax obligation)	2010
9. Epihiro Plc (voluntary settlement of tax obligation)	2010
10. Irida Plc (voluntary settlement of tax obligation)	2010
11. Pisti 2010 - 1 Plc (voluntary settlement of tax obligation)	2010
12. AGI – BRE Participations 1 Ltd (commencement of operation 2010)	*
13. AGI – RRE Participations 1 Ltd (commencement of operation 2010)	*
14. AGI – RRE Participations 1 S.R.L. (commencement of operation 2010)	*
15. AGI – BRE Participations 1 E.O.O.D. (commencement of operation 2010)	*
16. Stockfort Ltd (commencement of operation 2010)	*
Other companies	
1. Alpha Bank London Nominees Ltd	**
2. Alpha Trustees Ltd (commencement of operation 2002)	*
3. Flagbright Ltd	**
4. Kafe Alpha A.E.	***
5. Alpha Supporting Services A.E.	***
6. Real Car Rental A.E.	***

Additional taxes and penalties may be imposed for the unaudited years.

c) Operating leases

The Group's minimum future lease payments are:

	31.12.2011	31.12.2010
Less than one year	46,572	49,663
Between one year and five years	147,936	166,628
More than five years	174,525	235,527
Total	**369,033**	**451,818**

* *These companies have not been audited by the tax authorities since the commencement of their operations.*

** *These companies are not subject to tax audits.*

*** *These companies have been audited by the tax authorities up to 2009 in accordance with N. 3888/2010 which relates to declaration of taxable income for the unaudited tax years.*

The minimum future lease revenues are:

	31.12.2011	31.12.2010
Less than one year	4,390	4,764
Between one year and five years	8,090	12,423
More than five years	2,413	5,112
Total	**14,893**	**22,299**

d) Off balance sheet liabilities

The Group, pursuant 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 domestically or abroad, by undertaking the direct payment of the third party bind 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:

	31.12.2011	31.12.2010
Letters of credit	40,071	108,154
Letters of guarantee	4,537,427	5,032,985

Additionally, contingent liabilities for the Group arise from the 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.

The liability from limits that can not be recalled (committed) in the case where counterparties fail to meet their contractual obligations as at 31.12.2011 amounts to € 247.1 million (31.12.2010: € 594.8 million) and are included in the calculation of risk weighted assets.

Moreover, the Bank has guaranteed the fulfilment of liabilities of its subsidiary Alpha Leasing Romania IFN S.A., arising from open finance lease contracts amounting to € 371 thousand.

e) Assets pledged

The assets pledged amounting to € 32.9 billion as at 31.12.2011 include:

- Loans and advances to customers amounting to € 18.5 billion from which:
  i. an amount of € 17.6 billion has been pledged as collateral to Central Banks for liquidity purposes.
  ii. an amount of € 0.7 billion has been granted as collateral to the Greek State in order for the Bank to receive securities issued by the Greek State that amount to € 0.5 billion, in accordance with Law 3723/2008.
  iii. an amount of € 0.2 billion has been granted to the Cyprus State from Alpha Bank Cyprus Ltd in order for the Bank to receive securities issued by the Cyprus State in accordance with Law 118(I)/ 2009.
- Securities held for trading and investment securities portfolio as well as securities from Reverse Repos amounting to € 14.4 billion out of which:
  i. an amount of € 3.7 billion relates to the issuance of covered bonds secured by mortgage loans of € 4.7 billion.
  ii. an amount of € 6.2 billion relates to Greek Government bonds and other bonds.
  iii. an amount of € 4.5 billion relates to bonds issued as a result of the securitization of corporate, consumer loans, credit cards and finance lease receivables.

Additionally, the Group has pledged to Central Banks securities amounting to € 10.8 billion, issued with the Greek State's guarantee, according to Law 3723/2008. These securities are held by the Group.

The aforementioned securities are pledged as collateral to the European Central Bank in order to participate in main refinancing operations to the Bank of Greece for the participation in the Intra-Europe clearing of payments system on an ongoing time (TARGET), to the Athens Derivatives Exchange Clearing House, as well as to the European Investment Bank.

f) Other pledges:

On 7.5.2008 the Bank completed a Medium Term Notes Program amounting to USD 7.5 billion, according to Rule 144A of the American Law, which will be offered to institutional investors.

The issuer will be Alpha Group Jersey Limited, a wholly owned subsidiary of the Bank. The Notes will be guaranteed by the Bank and will be traded in Luxembourg's Stock Exchange. The program is currently inactive.

40. Group Consolidated Companies

The consolidated financial statements apart from the parent company ALPHA BANK include the following entities:

A. SUBSIDIARIES

Name	Country of incorporation	Group's ownership interest % 31.12.2011	31.12.2010
Banks			
1. Alpha Bank London Ltd	Unidted Kingdom	100.00	100.00
2. Alpha Bank Cyprus Ltd	Cyprus	100.00	100.00
3. Alpha Bank Romania S.A.	Romania	99.92	99.92
4. Alpha Bank AD Skopje	FYROM	100.00	100.00
5. Alpha Bank Jersey Ltd (46l)	Jersey		100.00
6. Alpha Bank Srbija A.D. (46k)	Serbia	100.00	100.00
7. JSC Astra Bank	Ukraine	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. Alpha Asset Finance C.I. Ltd	Jersey	100.00	100.00
Investment Banking			
1. Alpha Finance A.E.P.E.Y.	Greece	100.00	100.00
2. Alpha Finance US Corporation (46d)	USA		100.00
3. SSIF Alpha Finance Romania S.A.	Romania	100.00	100.00
4. Alpha A.E. Ventures	Greece	100.00	100.00
5. Alpha A.E. Ventures Capital Management – AKES	Greece	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	Cyprus	100.00	100.00
3. Alpha Insurance Brokers S.R.L. (46i)	Romania	100.00	99.92
4. Alphalife A.A.E.Z.	Greece	100.00	100.00
Real estate and hotel			
1. Alpha Astika Akinita A.E.	Greece	92.41	91.46
2. Ionian Hotel Enterprises A.E.	Greece	97.24	97.10
3. Oceanos A.T.O.E.E.	Greece	100.00	100.00
4. Alpha Real Estate D.O.O. Beograd	Serbia	92.41	91.46
5. Alpha Astika Akinita D.O.O.E.L. Skopje	FYROM	92.41	91.46
6. Alpha Real Estate Bulgaria E.O.O.D.	Bulgaria	92.41	91.46
7. Chardash Trading E.O.O.D. (46b)	Bulgaria	92.41	91.46
8. Alpha Astika Akinita Romania S.R.L.	Romania	92.41	91.46

Name	Country of incorporation	Group's ownership interest % 31.12.2011	31.12.2010
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	Cyprus	100.00	100.00
4. Ionian Holdings A.E.	Greece	100.00	100.00
5. Messana Holdings S.A. (46e)	Luxembourg		100.00
6. Ionian Equity Participations Ltd	Cyprus	100.00	100.00
7. ABL Holdings Jersey Ltd	Jersey	100.00	100.00
8. Alpha Covered Bonds Plc (46m and 47a)	United Kingdom	100.00	100.00
9. AGI – BRE Participations 1 Ltd	Cyprus	100.00	100.00
10. AGI – RRE Participations 1 Ltd	Cyprus	100.00	100.00
11. AGI – RRE Participations 1 S.R.L.	Romania	100.00	100.00
12. AGI – BRE Participations 1 E.O.O.D.	Bulgaria	100.00	100.00
13. Stockfort Ltd (46o)	Cyprus	100.00	100.00
14. Katanalotika Plc	United Kingdom		
15. Epihiro Plc	United Kingdom		
16. Irida Plc	United Kingdom		
17. Pisti 2010-1 Plc	United Kingdom		
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. Evremathea A.E. (46c)	Greece		100.00
5. Kafe Alpha A.E.	Greece	100.00	100.00
6. Alpha Supporting Services A.E.	Greece	100.00	100.00
7. Real Car Rental A.E.	Greece	100.00	100.00

B. JOINT VENTURES

1. Cardlink A.E.	Greece	50.00	50.00
2. APE Fixed Assets A.E. (46g)	Greece	60.10	60.10
3. APE Commercial Property A.E. (46h)	Greece	72.20	72.20
4. APE Investment Property A.E. (46f)	Greece	67.42	67.42
5. Alpha TANEO A.K.E.S.	Greece	51.00	51.00

C. ASSOCIATES

1. Evisak A.E.	Greece	27.00	27.00
2. AEDEP Thessalias & Stereas Ellados	Greece	50.00	50.00
3. A.L.C. Novelle Investments Ltd	Cyprus	33.33	33.33
4. EΛ.P.ET. Valkaniki A.E.	Greece	26.71	26.71
5. Kritis Gi – Tsatsakis A.V.E.E.	Greece	22.95	22.95
6. Biokid A.E.	Greece	34.53	27.22
7. Piraiki Mikrobrewery S.A. (46p)	Greece	28.07	
8. Dipyrites Chandakos S.A. (46p)	Greece	22.55	

The subsidiaries are fully consolidated, joint ventures are consolidated under the proportionate method, while the associates are accounted under the equity method.

The consolidated financial statements do not include the Commercial Bank of London Ltd, which is a dormant company and the company Prismatech Hellas S.A, which has been fully impaired and is in the process of liquidation.

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

41. Segment reporting

a. Analysis of operating segment

(Amounts in millions of Euro)

	1.1 - 31.12.2011						
	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Group
Net interest income	881.1	475.4	15.5	1.3	408.4	2.0	1,783.7
Net fee and commission income	117.7	84.1	28.8	1.9	62.0	(0.3)	294.2
Other income	7.5	6.6	3.2	126.7	33.3	28.6	205.9
Total income	**1,006.3**	**566.1**	**47.5**	**129.9**	**503.7**	**30.3**	**2,283.8**
Total expenses	**(544.1)**	**(130.8)**	**(30.6)**	**(26.9)**	**(307.0)**	**(56.9)**	**(1,096.3)**
Impairment losses	(466.3)	(410.0)			(254.1)	(4,788.8)	(5,919.2)
Profit/(losses) before income tax	**(4.1)**	**25.3**	**16.9**	**103.0**	**(57.4)**	**(4,815.4)**	**(4,731.7)**
Income tax							921.7
Profit/(losses) after income tax							**(3,810.0)**
Assets	20,076.1	16,440.7	924.2	10,153.0	9,651.1	1,902.9	59,148.0
Liabilities	22,525.6	1,835.1	1,531.2	24,803.0	5,612.0	874.9	57,181.8
Capital expenditure	26.8	7.6	1.0	1.2	15.9	9.5	62.0
Depreciation and Amortization	37.4	10.7	2.1	1.4	32.5	8.9	93.0

The amount of €4,788.8 million included in the operating segment as "Other" relates to impairment losses of Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI (note 11).

(Amounts in millions of Euro)

	1.1 - 31.12.2010						
	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Group
Net interest income	846.7	428.0	14.0	101.7	426.6	1.6	1,818.6
Net fee and commission income	114.5	85.3	39.0	25.0	69.3	(0.5)	332.6
Other income	7.0	9.0	2.1	(4.4)	45.1	39.5	98.3
Total income	**968.2**	**522.3**	**55.1**	**122.3**	**541.0**	**40.6**	**2,249.5**
Total expenses	**(576.5)**	**(130.3)**	**(36.9)**	**(33.7)**	**(303.4)**	**(67.7)**	**(1,148.5)**
Impairment losses	(304.0)	(387.1)			(193.6)		(884.7)
Profit/(losses) before income tax	**87.7**	**4.9**	**18.2**	**88.6**	**44.0**	**(27.1)**	**216.3**
Income tax							(130.3)
Profit/(losses) after income tax							**86.0**
Assets	23,162.8	18,519.5	1,027.3	12,435.4	10,832.0	821.3	66,798.3
Liabilities	29,895.4	2,521.0	1,684.3	18,763.9	7,273.0	876.7	61,014.3
Capital expenditure	51.6	15.6	2.7	2.5	34.4	12.3	119.1
Depreciation and Amortization	35.0	10.6	1.8	1.2	34.7	9.9	93.2

i. Retail Banking

Includes all individuals (retail banking customers), professionals, small and very small companies operating in Greece and 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 to the above customers.

ii. Corporate Banking

Includes all medium-sized and large companies, corporations with international activities, corporations managed by the Corporate Banking Division (Corporate) and shipping corporations operating in Greece and abroad except from South-Eastern Europe countries.

The Group offers working capital facilities, corporate loans, and letters of guarantee. This sector also includes the leasing products which are offered through Alpha Leasing A.E. and factoring services offered through the subsidiary company ABC Factors A.E.

iii. Asset Management / Insurance

Consists of a wide range of asset management services through the Group's Private Banking Units and Alpha Asset Management A.E.D.A.K. In addition, it includes commissions 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.E.E.Z.

iv. Investment Banking / Treasury

Includes stock exchange, advisory and brokerage services relating to capital markets, and also investment banking facilities, offered either by the Bank or specialized Group companies (Alpha Finance A.E.P.E.Y, Alpha Ventures A.E.). 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

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

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 activities.

b. Analysis by geographical segment

(Amounts in millions of Euro)

	1.1 - 31.12.2011		
	Greece	Other countries	Group
Net interest income	1,350.3	433.4	1,783.7
Net fee and commission income	226.9	67.3	294.2
Other income	171.3	34.6	205.9
Total income	**1,748.5**	**535.3**	**2,283.8**
Total expenses	**(781.1)**	**(315.2)**	**(1,096.3)**
Impairment losses	(5,665.1)	(254.1)	(5,919.2)
Profit/(losses) before income tax	**(4,697.7)**	**(34.0)**	**(4,731.7)**
Income tax			921.7
Profit/(losses) after income tax			**(3,810.0)**
Assets	48,976.0	10,172.0	59,148.0

(Amounts in millions of Euro)

	1.1 - 31.12.2010		
	Greece	Other countries	Group
Net interest income	1,369.1	449.5	1,818.6
Net fee and commission income	262.1	70.5	332.6
Other income	50.6	47.7	98.3
Total income	**1,681.8**	**567.7**	**2,249.5**
Total expenses	**(834.4)**	**(314.1)**	**(1,148.5)**
Impairment losses	(691.1)	(193.6)	(884.7)
Profit/(loss) before income tax	**156.3**	**60.0**	**216.3**
Income tax			(130.3)
Profit/(loss) after income tax			**86.0**
Assets	54,900.3	11,898.0	66,798.3

In geographical segment "Greece", the amount of €4,788.8 million relates to impairment losses of Greek Government Bonds and loans guaranteed by the Hellenic Republic eligible to PSI (note 11).

42. Financial risk management

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

The Board of Directors of the Bank has overall responsibility for the improvement and oversight of the Risk Management framework. Risk Management Committee meets on a monthly basis and reports to the Board of Directors. The Risk Management Committee is responsible for the implementation and monitoring compliance with the 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.

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.

42.1 Credit risk

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

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

The main tool for the measurement of credit risk is the credit risk grading system. Current systems use both quantitative and qualitative criteria of measurement and also criteria of transactional behavior in order to report customer probability of default and loss given default. Respective models are continuously improved in order for the total loan portfolio to be included in the new system of internal grading imposed by capital adequacy. The credit rating system consists of nine basic grades. Additionally, the Group uses ratings provided by External Credit Assessment Institutions (ECAI).

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

The grading systems are subject to continuous quality control to ensure at all times proactive ability.

At the same time the Group performs stress testing exercises concerning credit risk on a regular basis. Based on respective stress testing, an estimation is provided for the size of financial losses that could occur under extreme transactional behavior of the clients or because of the economic environment. On regular basis large exposures are monitored and Management and the Board of Directors are informed.

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

Specifically the above mentioned procedures include the following steps:

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

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

Collaterals

Collaterals (tangible and intangible) are received by the Group to mitigate credit risk that may arise from the obligor's inability to fulfill his contractual obligations.

The Group calculates the value of collaterals based on the potential revenue that could arise in case of liquidation. This value relates to the sale value of the collaterals provided to cover loan exposures.

For the calculation of the collateral value, characteristics such as the asset quality, their market value, their liquidity, the time required for liquidation, their liquidation costs, the current pledges on the assets, as well as, potential priority over liquidation proceeds are taken into account.

The above parameters are considered when determining the haircuts of each collateral, which are expressed as percentage of their market, nominal, or their weighted average value, depending on the nature of collaterals.

The value of collaterals received by the Group is often subject to fluctuations, which may affect the loan-collateral value relationship. For this reason, their value is assessed in regular time intervals and/ or even sooner in cases of extraordinary events/changes.

In cases where negative deviations are noted due to new valuations, the competent administrative unit is responsible for the loan to collateral relationship to return to the approved limits.

In order to better secure credit facilities granted, all mortgage and pledged assets are insured, while the proceeds of the insurance contracts are assigned to the Group.

FINANCIAL INSTRUMENTS CREDIT RISK

	31.12.2011			31.12.2010		
	Exposure before impairment	Impairment	Net exposure to credit risk	Exposure before impairment	Impairment	Net exposure to credit risk
A. Credit risk exposure relating to balance sheet items						
Balances with Central Banks	**1,760,239**		**1,760,239**	**3,750,231**		**3,750,231**
Due from banks	**1,824,888**	**17,809**	**1,807,079**	**2,406,290**	**8,626**	**2,397,664**
Loans and advances to customers:						
Individuals:						
- Mortgages	14,185,475	474,480	13,710,995	14,288,457	236,309	14,052,148
- Consumer	4,506,271	255,992	4,250,279	4,659,670	213,364	4,446,306
- Credit cards	991,417	50,429	940,988	1,190,954	65,302	1,125,652
- Other loans	60,948		60,948	68,541		68,541
Total	**19,744,111**	**780,901**	**18,963,210**	**20,207,622**	**514,975**	**19,692,647**
Corporate loans:						
- Companies	27,940,579	4,015,575	23,925,004	29,056,884	1,629,007	27,427,877
- Leasing	1,093,260	32,859	1,060,401	1,197,499	32,323	1,165,176
- Factoring	493,124	2,508	490,616	612,211	4,408	607,803
- Other receivables	476,418	39,943	436,475	450,521	39,279	411,242
Total	**30,003,381**	**4,090,885**	**25,912,496**	**31,317,115**	**1,705,017**	**29,612,098**
Derivative financial assets	**624,447**		**624,447**	**441,082**		**441,082**
Securities held for trading:						
- Government bonds	9,717		9,717	36,774		36,774
- Other debt securities	4,243		4,243	4,494		4,494
Total	**13,960**		**13,960**	**41,268**		**41,268**
Available for sale securities:						
- Available for sale (Government bonds)	2,824,337	102,519	2,721,818	1,933,122		1,933,122
- Available for sale (other)	365,021	7,921	357,100	497,482	54,640	442,842
Total	**3,189,358**	**110,440**	**3,078,918**	**2,430,604**	**54,640**	**2,375,964**
Held to maturity securities:						
- Held to maturity (Government bonds)	4,624,616	2,674,325	1,950,291	4,111,272		4,111,272
- Held to maturity (other)	810,570	13,789	796,781	1,204,883	33,657	1,171,226
Total	**5,435,186**	**2,688,114**	**2,747,072**	**5,316,155**	**33,657**	**5,282,498**
Total amount of balance sheet items exposed to credit risk (a)	**62,595,570**	**7,688,149**	**54,907,421**	**65,910,367**	**2,316,915**	**63,593,452**
Other balance sheet items not exposed to credit risk	4,240,624		4,240,624	3,204,863		3,204,863
Total Assets	**66,836,194**	**7,688,149**	**59,148,045**	**69,115,230**	**2,316,915**	**66,798,315**
B. Credit risk exposure relating to off balance sheet items:						
Letters of guarantee and letters of credit	4,577,498	9,130	4,568,368	5,141,139	438	5,140,701
Undrawn loan agreements and credit limits than can not be recalled (committed) [1]	247,114		247,114	594,765		594,765
Total amount of off balance sheet items exposed to credit risk (b)	**4,824,612**	**9,130**	**4,815,482**	**5,735,904**	**438**	**5,735,466**
Total credit risk exposure (a+b)	**67,420,182**	**7,697,279**	**59,722,903**	**71,646,271**	**2,317,353**	**69,328,918**

[1] *Undrawn loan agreements and credit limits that can not be recalled in cases where it becomes apparent that the counterparty will fail to meet their contractual obligations. The balancing figures of the prior period were restated to be comparable.*

LOANS AND ADVANCES TO CUSTOMERS – Analysis of past due amounts

	31.12.2011			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Loans and advances to individuals				
- Mortgage				
Performing loans	10,457,044			10,457,044
Past due 1 - 90 days		1,998,488		1,998,488
Past due > 90 days			1,729,943	1,729,943
	10,457,044	**1,998,488**	**1,729,943**	**14,185,475**
- Credit cards, consumer and other loans				
Performing loans	4,174,653			4,174,653
Past due 1 - 90 days		832,965		832,965
Past due > 90 days			551,018	551,018
	4,174,653	**832,965**	**551,018**	**5,558,636**
Corporate loans				
Performing loans	18,827,102		4,068,601	22,895,703
Past due 1 - 90 days		2,522,190	433,370	2,955,560
Past due > 90 days		408,852	3,743,266	4,152,118
	18,827,102	**2,931,042**	**8,245,237**	**30,003,381**
Total portfolio				
Performing loans	33,458,799		4,068,601	37,527,400
Past due 1 - 90 days		5,353,643	433,370	5,787,013
Past due > 90 days		408,852	6,024,227	6,433,079
Total	**33,458,799**	**5,762,495**	**10,526,198**	**49,747,492**

	31.12.2010			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Loans and advances to individuals				
- Mortgage				
Performing loans	11,624,122			11,624,122
Past due 1 - 90 days		1,607,856		1,607,856
Past due > 90 days			1,056,479	1,056,479
	11,624,122	**1,607,856**	**1,056,479**	**14,288,457**
- Credit cards, consumer and other loans				
Performing loans	4,660,099			4,660,099
Past due 1 - 90 days		845,356		845,356
Past due > 90 days			413,710	413,710
	4,660,099	**845,356**	**413,710**	**5,919,165**
Corporate loans				
Performing loans	24,591,355		1,084,050	25,675,405
Past due 1 - 90 days		2,471,493	283,269	2,754,762
Past due > 90 days		345,766	2,541,182	2,886,948
	24,591,355	**2,817,259**	**3,908,501**	**31,317,115**
Total portfolio				
Performing loans	40,875,576		1,084,050	41,959,626
Past due 1 - 90 days		4,924,705	283,269	5,207,974
Past due > 90 days		345,766	4,011,371	4,357,137
Total	**40,875,576**	**5,270,471**	**5,378,690**	**51,524,737**

LOANS AND ADVANCES TO CUSTOMERS – Neither past due nor impaired

	31.12.2011			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Low risk	10,457,044	4,174,653	16,312,633	30,944,330
Under surveillance			2,514,469	2,514,469
Total	**10,457,044**	**4,174,653**	**18,827,102**	**33,458,799**

	31.12.2010			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Low risk	11,624,122	4,660,099	22,411,057	38,695,278
Under surveillance			2,180,298	2,180,298
Total	**11,624,122**	**4,660,099**	**24,591,355**	**40,875,576**

LOANS AND ADVANCES TO CUSTOMERS – Past due but not impaired

	31.12.2011			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Past due 1-90 days	1,998,488	832,965	2,522,190	5,353,643
Past due > 90 days			408,852	408,852
Total	**1,998,488**	**832,965**	**2,931,042**	**5,762,495**

	31.12.2010			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Past due 1-90 days	1,607,856	845,356	2,471,493	4,924,705
Past due > 90 days			345,766	345,766
Total	**1,607,856**	**845,356**	**2,817,259**	**5,270,471**

LOANS AND ADVANCES TO CUSTOMERS - Impaired

	31.12.2011			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Carrying amount before impairment	1,729,943	551,018	8,245,237	10,526,198
Allowance of impairment	(474,480)	(306,421)	(4,090,885)	(4,871,786)
Carrying amount	**1,255,463**	**244,597**	**4,154,352**	**5,654,412**

	31.12.2010			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Carrying amount before impairment	1,056,479	413,710	3,908,501	5,378,690
Allowance of impairment	(236,309)	(278,666)	(1,705,017)	(2,219,992)
Carrying amount	**820,170**	**135,044**	**2,203,484**	**3,158,698**

BALANCES WITH CENTRAL BANKS -DUE FROM BANKS - DERIVATIVE FINANCIAL INSTRUMENTS AND DEBT SECURITIES - Analysis per rating

	31.12.2011						
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Securities held for trading	Available for sale securities	Held to maturity securities	Total
AAA	834,684				217,858	50,522	1,103,064
AA+ to AA-		1,261,720	161,264			20,211	1,443,195
A+ to A-		306,058	106,000		14,362	213,170	639,590
BBB+ to BBB-	699,528	94,707	2		433,456	95,402	1,323,095
Lower than BBB-	226,027	126,124	347,033	13,349	2,462,937	5,044,034	8,219,504
Unrated		36,279	10,148	611	60,745	11,847	119,630
Exposure before impairment	**1,760,239**	**1,824,888**	**624,447**	**13,960**	**3,189,358**	**5,435,186**	**12,848,078**

	31.12.2010						
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Securities held for trading	Available for sale securities	Held to maturity securities	Total
AAA	1,879,305				92,872	50,541	2,022,718
AA+ to AA-		748,684	167,170	3,020	35,361	49,407	1,003,642
A+ to A-	51,118	760,523	27,980		47,332	266,066	1,153,019
BBB+ to BBB-	1,604,572	701,307	111,892	30,480	1,962,505	4,450,729	8,861,485
Lower than BBB-	215,236	157,620	120,071	6,247	206,302	458,824	1,164,300
Unrated		38,156	13,969	1,521	86,232	40,588	180,466
Exposure before impairment	**3,750,231**	**2,406,290**	**441,082**	**41,268**	**2,430,604**	**5,316,155**	**14,385,630**

BALANCES WITH CENTRAL BANKS -DUE FROM BANKS - DERIVATIVE FINANCIAL INSTRUMENTS AND DEBT SECURITIES - Analysis of past due amounts

	31.12.2011						
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Securities held for trading	Available for sale securities	Held to maturity securities	Total
Neither past due nor impaired	1,760,239	1,807,079	624,447	13,960	2,990,934	1,580,329	8,776,988
Past due but not impaired					26		26
Impaired		17,809			198,398	3,854,857	4,071,064
Exposure before impairment	**1,760,239**	**1,824,888**	**624,447**	**13,960**	**3,189,358**	**5,435,186**	**12,848,078**
Less: Allowance for impairment losses		(17,809)			(110,440)	(2,688,114)	(2,816,363)
Net exposure	**1,760,239**	**1,807,079**	**624,447**	**13,960**	**3,078,918**	**2,747,072**	**10,031,715**

	31.12.2010						
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Securities held for trading	Available for sale securities	Held to maturity securities	Total
Neither past due nor impaired	3,750,231	2,397,664	441,082	41,268	2,350,858	5,265,993	14,247,096
Past due but not impaired					4		4
Impaired		8,626			79,742	50,162	138,530
Exposure before impairment	**3,750,231**	**2,406,290**	**441,082**	**41,268**	**2,430,604**	**5,316,155**	**14,385,630**
Less: Allowance for impairment losses		(8,626)			(54,640)	(33,657)	(96,923)
Net exposure	**3,750,231**	**2,397,664**	**441,082**	**41,268**	**2,375,964**	**5,282,498**	**14,288,707**

In the following tables are presented the financial instruments exposed to credit risk by industry sectors of the counterparties.

FINANCIAL INSTRUMENTS CREDIT RISK – Analysis by industry sector

	31.12.2011										
	Financial Institutions and other financial services	Manufacturing	Construction and real estate	Wholesale and retail trade	Public sector	Transportation	Shipping	Hotels -Tourism	Other sectors	Individuals	Total
Credit risk exposure relating to balance sheet items:											
Balances with Central Banks	1,760,239										1,760,239
Due from banks	1,824,888										1,824,888
Loans and advances to customers:											
Individuals:											
- Mortgages										14,185,475	14,185,475
- Credit cards and										5,497,688	5,497,688
- Other loans										60,948	60,948
Total										**19,744,111**	**19,744,111**
Corporate loans											
- Companies	351,994	5,879,470	6,185,870	5,954,901	450,327	2,875,619	1,528,028	1,677,313	3,513,475		28,416,997
- Leasing	25,230	129,062	322,671	311,268	38	18,666	18	33,883	252,424		1,093,260
- Factoring		261,676	7,665	108,740	6,279	6,878	3,799	1,955	96,132		493,124
Total	**377,224**	**6,270,208**	**6,516,206**	**6,374,909**	**456,644**	**2,901,163**	**1,531,845**	**1,713,151**	**3,862,031**		**30,003,381**
Derivative financial assets	266,837	9,179	71,323	9,229	208,605	332	21,764	15,540	21,638		624,447
Securities held for trading	4,079	13		1	9,718				149		13,960
Available for sale securities	304,491	7,314	34,427	18,487	2,824,337				302		3,189,358
Held to maturity securities	726,201	20,461	21,026	41,896	4,624,616				986		5,435,186
Total amount of balance sheet items exposed to credit risk (a)	**5,263,959**	**6,307,175**	**6,642,982**	**6,444,522**	**8,123,920**	**2,901,495**	**1,553,609**	**1,728,691**	**3,885,106**	**19,744,111**	**62,595,570**
Other balance sheet items not exposed to credit risk									4,240,624		4,240,624
Total assets	**5,263,959**	**6,307,175**	**6,642,982**	**6,444,522**	**8,123,920**	**2,901,495**	**1,553,609**	**1,728,691**	**8,125,730**	**19,744,111**	**66,836,194**
Credit risk exposure relating to off-balance sheet items											
Letters of guarantee and letters of credit	76,305	1,012,016	1,787,430	958,777	23,224	156,409	22,316	147,996	393,025		4,577,498
Undrawn loan agreements and credit limits that can not be recalled (committed)									247,114		247,114
Total amount of off balance sheet items exposed to credit risk(b)	**76,305**	**1,012,016**	**1,787,430**	**958,777**	**23,224**	**156,409**	**22,316**	**147,996**	**640,139**		**4,824,612**
Total credit risk exposure (a+b)	**5,340,264**	**7,319,191**	**8,430,412**	**7,403,299**	**8,147,144**	**3,057,904**	**1,575,925**	**1,876,687**	**4,525,245**	**19,744,111**	**67,420,182**

FINANCIAL INSTRUMENTS CREDIT RISK – Analysis by industry sector

	31.12.2010										
	Financial Institutions and other financial services	Manufacturing	Construction and real estate	Wholesale and retail trade	Public sector	Transportation	Shipping	Hotels -Tourism	Other sectors	Individuals	Total
Credit risk exposure relating to balance sheet items:											
Balances with Central Banks	3,750,231										3,750,231
Due from banks	2,406,290										2,406,290
Loans and advances to customers:											
Individuals:											
- Mortgages										14,288,457	14,288,457
- Credit cards and consumer loans										5,850,624	5,850,624
- Other loans										68,541	68,541
Total										**20,207,622**	**20,207,622**
Corporate loans											
- Companies	562,910	5,934,300	6,161,287	6,262,931	400,080	2,757,110	1,591,167	1,727,704	4,109,916		29,507,405
- Leasing	78,460	170,376	394,639	355,744	58	25,642	18	61,872	110,690		1,197,499
- Factoring		286,060	22,411	209,158		7,955		727	85,900		612,211
Total	**641,370**	**6,390,736**	**6,578,337**	**6,827,833**	**400,138**	**2,790,707**	**1,591,185**	**1,790,303**	**4,306,506**		**31,317,115**
Derivative financial assets	195,249	4,827	51,454	11,782	108,520	162	19,381	17,868	31,839		441,082
Securities held for trading	4,478	16			36,774						41,268
Available for sale securities	408,571		68,218	20,176	1,933,122				517		2,430,604
Held to maturity securities	1,073,811	21,179	50,867	59,026	4,111,272						5,316,155
Total amount of balance sheet items exposed to credit risk (a)	**8,480,000**	**6,416,758**	**6,748,876**	**6,918,817**	**6,589,826**	**2,790,869**	**1,610,566**	**1,808,171**	**4,338,862**	**20,207,622**	**65,910,367**
Other balance sheet items not exposed to credit risk									3,204,863		3,204,863
Total assets	**8,480,000**	**6,416,758**	**6,748,876**	**6,918,817**	**6,589,826**	**2,790,869**	**1,610,566**	**1,808,171**	**7,543,725**	**20,207,622**	**69,115,230**
Credit risk exposure relating to off-balance sheet items											
Letters of guarantee and letters of credit	24,542	870,405	2,227,671	1,276,183		113,915	12,465	50,507	565,451		5,141,139
Undrawn loan agreements and credit limits that can not be recalled (committed)									594,765		594,765
Total amount of off balance sheet items exposed to credit risk (b)	**24,542**	**870,405**	**2,227,671**	**1,276,183**		**113,915**	**12,465**	**50,507**	**1,160,216**		**5,735,904**
Total credit risk exposure (a+b)	**8,504,542**	**7,287,163**	**8,976,547**	**8,195,000**	**6,589,826**	**2,904,784**	**1,623,031**	**1,858,678**	**5,499,078**	**20,207,622**	**71,646,271**

42.2. 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 banking book.

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)

	2011					2010
	Foreign currency risk	Interest rate risk	Price risk	Covariance	Total	Total
31 December	175,639	269,743	748,858	(261,954)	932,286	1,047,944
Average daily value (annual)	146,118	310,329	1,000,260	(405,036)	1,051,671	1,401,069
Maximum daily value (annual)*	116,673	59,432	1,596,118	(143,722)	1,628,501	1,704,753
Minimum daily value (annual)*	74,962	258,688	537,855	(183,547)	687,958	1,047,944

* 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 rik effect deriving from these positions 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.

Within the scope of policy-making for financial risk management by the Asset and Liability Management Committee (ALCO), exposure limits and maximum loss (stop loss) for various products of the trading portfolio have been set.

In particular the following limits have been set for the following risks:

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

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

ii. Other financial instruments of assets and liabilities

Apart from the trading portfolio market risk may also arise from the Banking Book from the analysis. This risk is foreign currency risk and interest rate risk.

a. Foreign currency risk

Group companies take on the risk arising from the fluctuations in foreign exchange rates.

The General Management of the Bank sets limits on the level of exposure by currency and in total for both overnight and intra-day positions.

The total position arises from the net on balance sheet position and derivatives forward position as presented in the tables below:

	31.12.2011								
	USD	GBP	CHF	JPY	RON	RSD	Other F/C	Euro	Total
ASSETS									
Cash and balances with Central Banks	30,202	15,855	1,234	57	120,456	28,285	62,132	1,845,367	2,103,588
Due from banks	182,823	49,065	8,544	52,331	143,166		(60,295)	1,431,445	1,807,079
Securities held for trading					422		6,221	7,317	13,960
Derivative financial assets								624,447	624,447
Loans and advances to customers	1,704,430	606,032	2,378,486	46,650	316,703	135,665	260,987	39,426,753	44,875,706
Investment securities									
- Available for sale	72,649	46,580			264,530	20	134,063	2,561,076	3,078,918
- Held to maturity	1,585							2,745,487	2,747,072
Investments in associates								44,855	44,855
Investment property						851		63,837	64,688
Property, plant and equipment		2,074			50,069	47,067	61,255	1,060,484	1,220,949
Goodwill and other intangible assets		561			2,406	2,410	6,977	169,158	181,512
Deferred tax assets					4,438	4,059		1,458,477	1,466,974
Other assets	10,183	426	40		7,998	3,817	47,037	748,250	817,751
Non-current assets held for sale					2,227	1	560	97,758	100,546
Total Assets	**2,001,872**	**720,593**	**2,388,304**	**99,038**	**912,415**	**222,175**	**518,937**	**52,284,711**	**59,148,045**
LIABILITIES									
Due to banks and customers	2,186,615	240,327	30,216	350,789	660,408	121,175	596,190	47,734,941	51,920,661
Derivative financial liabilities								1,578,143	1,578,143
Debt securities in issue and other borrowed funds	42,576				42,896		21,486	2,081,587	2,188,545
Liabilities for current income tax and other taxes		235			2,142	169	87	48,927	51,560
Deferred tax liabilities		98			14,677	191	2,628	343,399	360,993
Employee defined benefit obligations						675		57,798	58,473
Other liabilities	786	659	407	708	5,690	3,958	2,862	912,037	927,107
Provisions	9				1,602	2,481	70	92,153	96,315
Total Liabilities	**2,229,986**	**241,319**	**30,623**	**351,497**	**727,415**	**128,649**	**623,323**	**52,848,985**	**57,181,797**
Net balance sheet position	(228,114)	479,274	2,357,681	(252,459)	185,000	93,526	(104,386)	(564,274)	1,966,248
Derivatives forward foreign exchange position	225,869	(458,912)	(2,378,914)	250,238	(2,722)	17,796	263,426	1,698,831	(384,388)
Total Foreign Exchange Position	**(2,245)**	**20,362**	**(21,233)**	**(2,221)**	**182,278**	**111,322**	**159,040**	**1,134,557**	**1,581,860**
Undrawn loan agreements and credit limits that can not be recalled (committed)	67,010	75			58,384			121,645	247,114

	31.12.2010								
	USD	GBP	CHF	JPY	RON	RSD	Other F/C	Euro	Total
ASSETS									
Cash and balances with Central Banks	26,859	22,259	708	39	392,654	23,743	104,333	3,553,688	4,124,283
Due from banks	275,494	82,281	14,416	3,847	164,149	4,715	29,817	1,822,945	2,397,664
Securities held for trading					618		6,193	34,457	41,268
Derivative financial assets								441,082	441,082
Loans and advances to customers	1,953,467	697,055	2,440,277	58,534	423,918	131,842	261,471	43,338,181	49,304,745
Investment securities									
- Available for sale	45,660	28,432			268,934	12,793	136,148	1,883,997	2,375,964
- Held to maturity	14,233							5,268,265	5,282,498
Investments in associates		39			64			49,514	49,617
Investment property						915		70,814	71,729
Property, plant and equipment	29	2,382			53,564	51,585	65,535	1,067,563	1,240,658
Goodwill and other intangible assets		684			2,644	3,070	8,058	178,735	193,191
Deferred tax assets		28			675	4,419		422,432	427,554
Other assets	86	1,888	1		5,474	4,200	56,041	599,294	666,984
Non-current assets held for sale							541	180,537	181,078
Total Assets	**2,315,828**	**835,048**	**2,455,402**	**62,420**	**1,312,694**	**237,282**	**668,137**	**58,911,504**	**66,798,315**
LIABILITIES									
Due to banks and customers	3,287,396	308,401	23,342	508,360	946,835	85,091	652,109	48,942,348	54,753,882
Derivative financial liabilities								1,105,433	1,105,433
Debt securities in issue and other borrowed funds	43,700	3,934		278,754	41,447		28,053	3,165,300	3,561,188
Liabilities for current income tax and other taxes		964			1,820	165	38	133,533	136,520
Deferred tax liabilities					9,845	240	1,978	251,447	263,510
Employee defined benefit obligations						607		51,985	52,592
Other liabilities	1,642	1,731	752	653	5,956	4,103	12,975	1,030,699	1,058,511
Provisions	9				1,106	4,100	10	77,520	82,745
Total Liabilities	**3,332,747**	**315,030**	**24,094**	**787,767**	**1,007,009**	**94,306**	**695,163**	**54,758,265**	**61,014,381**
Net balance sheet position	(1,016,919)	520,018	2,431,308	(725,347)	305,685	142,976	(27,026)	4,153,239	5,783,934
Derivatives forward foreign exchange position	1,018,003	(508,545)	(2,444,680)	719,976	(67,309)	(36,157)	153,616	875,190	(289,906)
Total Foreign Exchange Position	**1,084**	**11,473**	**(13,372)**	**(5,371)**	**238,376**	**106,819**	**126,590**	**5,028,429**	**5,494,028**
Undrawn loan agreements and credit limits that can not be recalled (committed)	214,654	75			67,571			312,465	594,765

The high exposure in other foreign currencies is due to our participation in Ukraine.

The net foreign exchange position as at 31.12.2011 presents the following sensitivity analysis:

Currency	Exchange rate variation scenario against Euro (%)	Impact on net income before tax	Impact on equity
USD	Appreciation of USD 5%	(119)	
	Depreciation of USD 5%	106	
GBP	Appreciation of GBP 5%	1,071	
	Depreciation of GBP 5%	(970)	
CHF	Appreciation of CHF 5%	(1,118)	
	Depreciation of CHF 5%	1,011	
RON	Appreciation of RON 5%		9,593
	Depreciation of RON 5%		(8,680)
MKD	Appreciation of MKD 5%		711
	Depreciation of MKD 5%		(644)
RSD	Appreciation of RSD 5%		5,858
	Depreciation of RSD 5%		(5,301)
UAH	Appreciation of UAH 5%		6,006
	Depreciation of UAH 5%		(5,435)

b. Interest rate risk

Gap analysis is performed in order to examine the interest rate risk of assets and liabilities. Assets and liabilities are allocated into time bands according to their repricing date for variable interest rate instruments, or according to their maturity date for fixed rate instruments.

In the context of the voluntary offer to exchange Greek Government Bonds and loans guaranteed by the Hellenic Republic eligible to PSI, it is considered that bonds and loans to be exchanged are repaid on the exchange implementation period (1-3 months) and then the acquisition cost of the new bonds, and their interest rate risk are reflected, with the assumption that EFSF bonds are included in the Available for Sale portfolio, and the new Greek Government bonds in the Held to maturity portfolio.

GAP Analysis of assets and liabilities is set out in the table below.

	31.12.2011							
	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	1,617,821						485,767	2,103,588
Due from banks	1,596,323	28,859		113	4,921	176,863		1,807,079
Securities held for trading	55	2,280	1,231	32	9,044	1,318		13,960
Derivative financial assets	624,447							624,447
Loans and advances to customers	32,498,332	6,352,066	1,403,097	1,483,853	2,379,563	758,795		44,875,706
Investment securities								
- Available for sale	683,151	110,832	1,098,705	75,698	1,013,048	25,019	72,465	3,078,918
- Held to maturity	235,049	579,341	919,204	58,363	69,809	885,306		2,747,072
Investments in associates							44,855	44,855
Investment property							64,688	64,688
Property, plant and equipment							1,220,949	1,220,949
Goodwill and other intangible assets							181,512	181,512
Deferred tax assets							1,466,974	1,466,974
Other assets							817,751	817,751
Non-current assets held for sale							100,546	100,546
Total Assets	**37,255,178**	**7,073,378**	**3,422,237**	**1,618,059**	**3,476,385**	**1,847,301**	**4,455,507**	**59,148,045**
LIABILITIES								
Due to banks	9,905,129	8,488,112	100,887	1,685	4,025,387			22,521,200
Derivatives financial liabilities	1,578,143							1,578,143
Due to customers	16,907,088	4,960,773	1,849,245	1,856,906	3,703,420	3,049	118,980	29,399,461
Debt securities in issue and other borrowed funds	782,776	1,129,590	57,632	50,034	168,513			2,188,545
Liabilities for current income tax and other taxes							51,560	51,560
Deferred tax liabilities							360,993	360,993
Employee defined benefit obligations							58,473	58,473
Other liabilities							927,107	927,107
Provisions							96,315	96,315
Total Liabilities	**29,173,136**	**14,578,475**	**2,007,764**	**1,908,625**	**7,897,320**	**3,049**	**1,613,428**	**57,181,797**
EQUITY								
Share capital							1,100,281	1,100,281
Share premium							2,757,653	2,757,653
Reserves							218,893	218,893
Retained earnings							(2,659,574)	(2,659,574)
Non-controlling interests							11,700	11,700
Hybrid securities		537,295						537,295
Total Equity		**537,295**					**1,428,953**	**1,966,248**
Total Liabilities and Equity	**29,173,136**	**15,115,770**	**2,007,764**	**1,908,625**	**7,897,320**	**3,049**	**3,042,381**	**59,148,045**
GAP	**8,082,042**	**(8,042,392)**	**1,414,473**	**(290,566)**	**(4,420,935)**	**1,844,252**	**1,413,126**	
CUMULATIVE GAP	**8,082,042**	**39,650**	**1,454,123**	**1,163,557**	**(3,257,378)**	**(1,413,126)**		

	31.12.2010							
	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	3,542,153				6,224		575,906	4,124,283
Due from banks	1,986,590	286,800	123,446	800	14	14		2,397,664
Securities held for trading		14,503	6,527	10,751	5,250	4,237		41,268
Derivative financial assets	441,082							441,082
Loans and advances to customers	34,549,421	7,224,753	3,140,227	2,031,077	1,559,877	799,390		49,304,745
Investment securities								
- Available for sale	338,327	565,696	1,080,017	97,464	206,122	25,925	62,413	2,375,964
- Held to maturity	409,714	2,086,691	1,037,171	76,087	799,509	873,275	51	5,282,498
Investments in associates							49,617	49,617
Investment property							71,729	71,729
Property, plant and equipment							1,240,658	1,240,658
Goodwill and other intangible assets							193,191	193,191
Deferred tax assets							427,554	427,554
Other assets							666,984	666,984
Non-current assets held for sale							181,078	181,078
Total Assets	**41,267,287**	**10,178,443**	**5,387,388**	**2,216,179**	**2,576,996**	**1,702,841**	**3,469,181**	**66,798,315**
LIABILITIES								
Due to banks	3,766,219	12,633,654	60,006	1,502				16,461,381
Derivatives financial liabilities	1,105,433							1,105,433
Due to customers	23,651,567	6,442,003	1,884,269	3,345,861	2,813,396	90	155,315	38,292,501
Debt securities in issue and other borrowed funds	939,240	1,621,870	345,056		655,022			3,561,188
Liabilities for current income tax and other taxes							136,520	136,520
Deferred tax liabilities							263,510	263,510
Employee defined benefit obligations							52,592	52,592
Other liabilities							1,058,511	1,058,511
Provisions							82,745	82,745
Total Liabilities	**29,462,459**	**20,697,527**	**2,289,331**	**3,347,363**	**3,468,418**	**90**	**1,749,193**	**61,014,381**
EQUITY								
Share capital							3,451,067	3,451,067
Share premium							406,867	406,867
Reserves							104,441	104,441
Retained earnings							1,248,496	1,248,496
Non-controlling interests							13,413	13,413
Hybrid securities		559,650						559,650
Total Equity		**559,650**					**5,224,284**	**5,783,934**
Total Liabilities and Equity	**29,462,459**	**21,257,177**	**2,289,331**	**3,347,363**	**3,468,418**	**90**	**6,973,477**	**66,798,315**
GAP	**11,804,828**	**(11,078,734)**	**3,098,057**	**(1,131,184)**	**(891,422)**	**1,702,751**	**(3,504,296)**	
CUMULATIVE GAP	**11,804,828**	**726,094**	**3,824,151**	**2,692,967**	**1,801,545**	**3,504,296**		

GAP Analysis allows an immediate calculation of changes in net interest income and equity for available for sale securities upon application of alternative scenarios, such as changes in market interest rates or changes in the Bank's base interest rates. EFSF bonds acquired in the context of PSI are considered to be classified in the available for sale portfolio.

Currency	Interest rate variation scenario (parallel fall or rise in yield curves)	Sensitivity for net interest income (annual)	Sensitivity of equity
EUR	+ 50 basis points	58,180	(16,560)
	- 50 basis points	(37,234)	16,924
USD	+ 50 basis points	2,995	(113)
	- 50 basis points	(2,403)	118
GBP	+ 50 basis points.	(497)	(40)
	- 50 basis points.	376	40
CHF	+ 50 basis points.	29	
	- 50 basis points.	662	

42.3 Liquidity risk

Liquidity risk relates to the Group’s ability to maintain sufficient funds to cover its planned or extraordinary obligations.

A substantial portion of the Group’s assets are funded with customer deposits and bonds issued by the Group. This type of funding comprises two categories:

a. Customer deposits for working capital purposes

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

b. Customer deposits and bonds issued for investment purposes

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

During the last years the European System of Central Banks has been used as an additional source of funding. The Group’s total borrowings amounted to € 21.9 billion on 31 December 2011 (2010: € 14.2 billion).

Compared to other large Greek Banks, Alpha Bank presents the lower usage of the funding mechanisms offered by the European Central Banking System.

Based on the Liquidity Gap Analysis, the cash flows arising from balance sheet items are calculated and classified into time periods based on the time that they occurred, excluding investment portfolios. These portfolios, which can immediately contribute to obtain liquidity, are classified in the first period after taking into account the relevant haircuts. More specifically, bonds included in the voluntary exchange program for Greek Government Bonds in accordance with the PSI terms, are considered to be classified in the held to maturity investment portfolio and the relevant liquidity that the Bank could raise is allocated in the exchange implementation period (1 – 3 months). The liquidity relating to loans guaranteed by the Hellenic republic eligible to PSI is allocated respectively with the liquidity of Greek Government Bonds subject to the agreement, in loans and advances to customers.

	31.12.2011					
	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	2,103,588					2,103,588
Due from banks	298,010	98,895		1,486	1,408,688	1,807,079
Securities held for trading	13,262				698	13,960
Derivative financial assets	624,447					624,447
Loans and advances to customers	1,929,173	2,987,570	2,270,268	2,933,583	34,755,112	44,875,706
Investment securities						
- Available for sale	2,921,376				157,542	3,078,918
- Held to maturity	1,209,792	791,135			746,145	2,747,072
Investments in associates					44,855	44,855
Investment property					64,688	64,688
Property, plant and equipment					1,220,949	1,220,949
Goodwill and other intangible assets					181,512	181,512
Deferred tax assets					1,466,974	1,466,974
Other assets	4,870		28,945	166,751	617,185	817,751
Non current assets held for sale					100,546	100,546
Total Assets	**9,104,518**	**3,877,600**	**2,299,213**	**3,101,820**	**40,764,894**	**59,148,045**
LIABILITIES						
Due to banks	9,717,630	8,289,253	96,078	6	4,418,233	22,521,200
Derivative financial liabilities	1,578,143					1,578,143
Due to customers	7,410,185	3,762,347	2,228,110	2,766,630	13,232,189	29,399,461
Debt securities in issue and other borrowed funds	702,721	179,992	57,813	539,109	708,910	2,188,545
Liabilities for current income tax and other taxes	51,560					51,560
Deferred tax liabilities					360,993	360,993
Employee defined benefit obligations					58,473	58,473
Other liabilities	771,479	9,168	13,596	32,919	99,945	927,107
Provisions					96,315	96,315
Total Liabilities	**20,231,718**	**12,240,760**	**2,395,597**	**3,338,664**	**18,975,058**	**57,181,797**
EQUITY						
Total Equity					**1,966,248**	**1,966,248**
Total Liabilities and Equity	**20,231,718**	**12,240,760**	**2,395,597**	**3,338,664**	**20,941,306**	**59,148,045**
Liquidity gap	**(11,127,200)**	**(8,363,160)**	**(96,384)**	**(236,844)**	**19,823,588**	

	31.12.2010					
	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	4,124,283					4,124,283
Due from banks	1,272,699	237,277	125,699	897	761,092	2,397,664
Securities held for trading	39,205				2,063	41,268
Derivative financial assets	441,082					441,082
Loans and advances to customers	1,874,108	2,416,658	2,352,170	3,398,802	39,263,007	49,304,745
Investment securities						
- Available for sale	2,293,067				82,897	2,375,964
- Held to maturity	3,713,046				1,569,452	5,282,498
Investments in associates					49,617	49,617
Investment property					71,729	71,729
Property, plant and equipment					1,240,658	1,240,658
Goodwill and other intangible assets					193,191	193,191
Deferred tax assets					427,554	427,554
Other assets	4,610	23	22,260	166,676	473,415	666,984
Non current assets held for sale					181,078	181,078
Total Assets	**13,762,100**	**2,653,958**	**2,500,129**	**3,566,375**	**44,315,753**	**66,798,315**
LIABILITIES						
Due to banks	3,471,782	12,401,410	8	155,895	432,286	16,461,381
Derivative financial liabilities	1,105,433					1,105,433
Due to customers (including debt securities in issue)	4,161,344	2,634,387	1,588,264	2,262,071	27,646,435	38,292,501
Debt securities in issue and other borrowed funds	5,503	120,187	640,534	180,721	2,614,243	3,561,188
Liabilities for current income tax and other taxes	136,520					136,520
Deferred tax liabilities					263,510	263,510
Employee defined benefit obligations					52,592	52,592
Other liabilities	827,354	63,066	19,306	46,715	102,070	1,058,511
Provisions					82,745	82,745
Total Liabilities	**9,707,936**	**15,219,050**	**2,248,112**	**2,645,402**	**31,193,881**	**61,014,381**
EQUITY					**5,783,934**	**5,783,934**
Total Liabilities and Equity	**9,707,936**	**15,219,050**	**2,248,112**	**2,645,402**	**36,977,815**	**66,798,315**
Liquidity gap	**4,054,164**	**(12,565,092)**	**252,017**	**920,973**	**7,337,938**	

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

	31.12.2011						
		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	22,521,200	(9,732,214)	(8,309,224)	(122,406)	(9,487)	(4,623,955)	(22,797,286)
Due to customers	29,399,461	(7,694,423)	(3,782,600)	(2,228,461)	(2,733,338)	(13,641,159)	(30,079,981)
Debt securities in issue held by institutional investors and other borrowed funds	2,188,545	(726,260)	(205,643)	(64,736)	(582,810)	(1,498,904)	(3,078,353)
Other liabilities	927,107	(718,327)	(9,064)	(13,596)	(32,919)	(153,201)	(927,107)
Derivatives held for assets fair value hedge	522,621						
- Outflows		(591)	(990)	(73,500)	(42,392)	(1,221,532)	(1,339,005)
- Inflows		3,355	17,485	25,142	40,691	1,142,654	1,229,327
Derivatives held for liabilities fair value hedge	22,886						
- Outflows		(125)	(2,090)	(2,412)	(7,645)	(139,336)	(151,608)
- Inflows		58	4,560	1,255	7,190	158,606	171,669
Derivatives held for trading	1,032,636						
- Outflows		(904,301)	(1,004,584)	(1,047,220)	(430,518)	(5,654,840)	(9,041,463)
- Inflows		807,055	871,730	910,553	434,916	5,410,105	8,434,359
Total	**56,614,456**	**(18,965,773)**	**(12,420,420)**	**(2,615,381)**	**(3,356,312)**	**(20,221,562)**	**(57,579,448)**
Off Balance sheet items							
Undrawn loan agreements and credit limits than can not be recalled (committed)		(247,114)					(247,114)
Financial guarantees		(17,334)	(20,320)	(17,504)	(44,183)	(110,683)	(210,024)
Total off Balance sheet items		**(264,448)**	**(20,320)**	**(17,504)**	**(44,183)**	**(110,683)**	**(457,138)**

		31.12.2010					
	Total Balance Sheet	Nominal inflows / (outflows)					TOTAL
		Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	
Non-derivative Liabilities							
Due to banks	16,461,381	(3,498,877)	(12,433,204)	(6,387)	(167,043)	(524,496)	(16,630,007)
Due to customers	38,292,501	(12,044,363)	(6,038,365)	(2,407,233)	(4,260,952)	(14,332,617)	(39,083,530)
Debt securities in issue held by institutional investors and other borrowed funds	3,561,188	(6,191)	(175,992)	(669,041)	(244,456)	(3,691,570)	(4,787,250)
Other liabilities	1,058,511	(776,808)	(62,388)	(19,306)	(46,715)	(153,294)	(1,058,511)
Derivatives held for assets fair value hedge	30,801						
- Outflows		(58)	(26,913)	(1,060)	(8,859)	(356,965)	(393,855)
- Inflows		5	28,676	1,118	11,099	435,112	476,010
Derivatives held for liabilities fair value hedge	326,968						
- Outflows		(77,211)	(3,130)	(73,719)	(42,309)	(1,349,443)	(1,545,812)
- Inflows		77,795	7,989	19,211	53,062	1,320,278	1,478,335
Derivatives held for trading	747,664						
- Outflows		(885,372)	(396,627)	(432,481)	(328,064)	(5,434,452)	(7,476,996)
- Inflows		796,682	391,301	387,868	296,584	5,108,996	6,981,431
Total off Balance sheet items	**60,479,014**	**(16,414,398)**	**(18,708,653)**	**(3,201,030)**	**(4,737,653)**	**(18,978,451)**	**(62,040,185)**
Undrawn loan agreements and credit limits than can not be recalled (committed)		(594,765)					(594,765)
Financial guarantees		(46,875)	(43,473)	(26,917)	(39,239)	(197,719)	(354,223)
Total off Balance sheet items		**(641,640)**	**(43,473)**	**(26,917)**	**(39,239)**	**(197,719)**	**(948,988)**

42.4 Fair value of financial assets and liabilities

The table below presents the carrying amounts and fair values of loans and advances to customers, held to maturity securities and due to customers. These financial assets and liabilities are carried at their amortized cost and not at fair value.

The fair value of loans relates to the assessment of market risks which is estimated based on the interbank market yield curves by keeping constant the spread of loans for the respective credit risk.

The fair value of deposits is estimated based on the interbank market yield curves and after the deduction of customers' spread depending on the type of the deposit.

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

The fair value of held to maturity securities is calculated based on market prices, as long as the market is active. In all other cases the discounting cash flows method is used where all significant variables are based on observable market data.

	31.12.2011	
	Carrying amount	Fair value
ASSETS		
Loans and advances to customers	44,875,706	48,811,325
Investment securities		
-Held to maturity	2,747,072	2,398,151 [(1)]
LIABILITIES		
Due to customers	29,399,461	29,394,690

	31.12.2010	
	Carrying amount	Fair value
ASSETS		
Loans and advances to customers	49,304,745	49,285,249
Investment securities		
-Held to maturity	5,282,498	4,188,572
LIABILITIES		
Due to customers	38,292,501	38,322,656

The fair value of the remaining financial assets and liabilities which are carried at amortized cost is not substantially different from the carrying amount.

Hierarchy of financial instruments measured at fair value

The table below analyses financial instruments measured at fair value by the level in fair value hierarchy based on the significance of the inputs used in making the fair value measurements as follows:

- Level 1 inputs: Quoted market price (unadjusted) in an active market,
- Level 2 inputs: Directly or indirectly observable inputs,
- Level 3 inputs: Not based on observable market data, but on the Group's estimations

	31.12.2011			
	Derivative financial assets	Securities held for trading	Available for sale securities	Derivative financial liabilities
Level 1	7	7,740	2,585,447	427
Level 2	621,920	6,220	443,530	1,571,983
Level 3	2,520		49,941	5,733
Total	**624,447**	**13,960**	**3,078,918**	**1,578,143**

	31.12.2010			
	Derivative financial assets	Securities held for trading	Available for sale securities	Derivative financial liabilities
Level 1	80	32,055	1,828,065	135
Level 2	437,887	9,213	485,423	1,101,977
Level 3	3,115		62,476	3,321
Total	**441,082**	**41,268**	**2,375,964**	**1,105,433**

[(1)] *The security transferred to the Bank's ownership in return for the issuance of preference shares in favour of the Greek Government in the context of Law 3723/2005, was valued at 50.5%.*

Financial assets and liabilities measured at fair value in Level 3

A reconciliation for financial instruments measured at fair value in Level 3 is as follows:

	31.12.2011		
	Assets		Liabilities
	Available for sale securities	Derivative financial assets	Derivative financial liabilities
Opening balance 1.1.2011	**62,476**	**3,115**	**(3,321)**
Total gain or loss recognized in profit or loss	163	(379)	483
Total gain or loss recognized in equity	6,745		
Purchases/ Issues	3,393		
Sales/ Repayments/ Settlements	(28,792)	(216)	285
Transfers in level 3 (from levels 1 and 2)	5,956		(3,180)
Balance 31.12.2011	**49,941**	**2,520**	**(5,733)**
Amounts included in the income statement for financial instruments held at the end of the reporting period	(11,450)	(380)	12,368

	31.12.2010		
	Assets		Liabilities
	Available for sale securities	Derivative financial assets	Derivative financial liabilities
Opening balance 1.1.2010	**59,868**	**4,567**	**(4,998)**
Total gain or loss recognized in profit or loss	(29,058)	(1,066)	1,215
Total gain or loss recognized in equity	25,764		
Purchases/ Issues	7,538		
Sales/ Repayments/ Settlements	(26,408)	(386)	462
Transfers in level 3 (from levels 1 and 2)	24,772		
Balance 31.12.2010	**62,476**	**3,115**	**(3,321)**
Amounts included in the income statement for financial instruments held at the end of the reporting period	(23,174)	(1,066)	1,215

43. Capital management - Capital adequacy

The policy of the Group is to maintain a strong capital base in order to maintain investors, creditor and market confidence and to sustain future development.

Share capital increases are performed through Shareholders' General Meeting or Board of Directors' decisions in accordance with articles of incorporation or relevant laws.

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

The capital adequacy is monitored by the Bank of Greece, via reports on a quarterly basis.

The minimum capital adequacy ratios (Tier I and Capital Adequacy ratio) which the Group must comply with, are set by Bank of Greece Governor's Acts.

From 1.1.2008, capital adequacy calculation is determined under the new regulatory framework (Basel II), which has been incorporated in the Greek legislation by Law 3601/2007. The new regulatory framework significantly amends the measurement of credit risk and introduces capital requirements for operational risk. There are no significant changes in the measurement of market risk. Specifically, credit risk of the investment portfolio and operational risk are measured based on the Standardized Approach.

The capital adequacy ratio compares the Group's regulatory capital with the risks that the Group undertakes (risk weighted assets). Regulatory capital includes Tier I capital (share capital, reserves), 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 the operational risk.

In 2011, the Group continued its efforts to improve its capital adequacy ratios through deleveraging its balance sheet by decreasing its loan portfolio, which led to the decrease of its risk weighted assets.

Alpha Bank participated in the attempts to ensure the long term sustainability of Greek Government debt through the Greek Bond exchange program (PSI). With the completion of the PSI and its final impact booked based on present value terms, the Bank of Greece (BoG) will assess the Group's capital needs. In order to assess the required capital, apart from PSI, the impact of the Blackrock project results will be considered. The Group has already submitted to the Bank of Greece a corporate plan which includes ways for capital enforcement so that the Tier I capital amounts to 9% of the risk weighted assets in the end of September 2012 and respectively 10% in June 2013.

	31.12.2011 (estimate)	31.12.2010
Tier I ratio	4.2%	11.9%
Capital adequacy ratio (Tier I + Tier II)	**5.5%**	**13.6%**

After receiving the certification from the Financial Stability Facility to participate in the Bank's share capital increase for an amount up to € 1.9 billion, the above ratios are as follows

	31.12.2011 (estimate)
Tier I ratio	8.5%
Capital adequacy ratio (Tier I + Tier II)	**9.8%**

Elements concerning the disclosure of regulatory information for capital adequacy and risk management (Basel II, Pilar III-P.D./BOG 2592/07) will be published in the Bank's website.

The Basel Committee on December 16th, 2010 published its final recommendations, as well as, the timetable for the implementation of the new capital adequacy framework – Basel III. Alpha Bank is in a preferable position in relation to its compliance with the above mentioned directive; the impact on the Bank's Core Tier I ratio is not expected to be significant. The relatively low impact is due to the minimum amounts of non controlling interest, goodwill and intangible assets included in its capital base. Furthermore, the fact that the group has not undertaken substantial risk arising from insurance related activities while at the same time the use of the standardized approach rather than the internal rating method for the calculation of capital requirements, discharge Alpha Bank from potential capital burdens due to the upcoming implementation of Basel III.

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 Group's committees.

a. The outstanding balances of the transactions with members of the Board of Directors, their close family members and the entities controlled by them as well as the results related to these transactions are as follows:

	31.12.2011	31.12.2010
Assets		
Loans and advances to customers	165,606	166,337
Liabilities		
Due to customers	72,328	98,973
Debt securities in issue	23,027	19,763
Total	**95,355**	**118,736**
Letters of guarantee	**6,044**	**4,806**

	From 1 January to	
	31.12.2011	31.12.2010
Income		
Interest and similar income	5,279	4,391
Other income	66	45
Total	**5,345**	**4,436**
Expenses		
Interest expense and similar charges	4,705	3,620

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 Group's committees.

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	31.12.2011	31.12.2010
Income		
Interest and similar income	5,279	4,391
Other income	66	45
Total	**5,345**	**4,436**
Expenses		
Interest expense and similar charges	4,705	3,620

The Group Companies' Board of Directors and Executive General Managers' fees recorded in the income statement of 2011 amounted to € 11,123 (31.12.2010: € 11,849).

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

	31.12.2011	31.12.2010
Assets		
Loans and advances to customers	1,214	24
Liabilities		
Due to customers	317	431

	From 1 January to	
	31.12.2011	31.12.2010
Income		
Income and similar income	70	1
Expenses		
Interest expenses and similar charges	4	24
Other expenses	2,086	2,173
Total	**2,090**	**2,197**

c. The Supplementary Fund of former Alpha Credit Bank's employees holds bonds of the subsidiary of the Bank Alpha Credit Group Plc of €82.8 million, while its receivables from Alpha Bank amount to €28.6 million and its deposits with Alpha Bank to €0.9 million. Additionally it holds Alpha Bank's shares of €0.4 million. The Bank has recognized in its income statement the amount of €1.6 million that relates to the accrued expense of the new group insurance plan in collaboration with AXA Insurance.

45. Auditor's fees

The total fees of "KPMG Certified Auditors A.E.", legal auditor of the Bank, are analyzed as follows as stipulated in Article 43a of Certified Law 2190/1920 and as amended by Article 30 of Law 3756/2009.

	From 1 January to	
	31.12.2011	31.12.2010
Fees for statutory audit	482	519
Fees for other audit related assignments	45	32
Fees for other non-audit assignments	31	72
Total	**558**	**623**

46. Corporate events

a. On 28.02.2011 the liquidation of HSO Europe B.V., was completed.

b. On 14.3.2011 the Bank's subsidiary Alpha Astika Akinita A.E. participated in the share capital increase of its 100% owned subsidiary Chardash Trading E.O.O.D by €9.3 million.

c. On 4.5.2011 the liquidation process of Evremthea A.E. was completed.

d. On 13.5.2011 the liquidation process of Alpha Finance US Corporation was completed.

e. On 23.6.2011 the Bank purchased 200 shares issued by its subsidiary Alpha Finance A.E.P.E.Y., for the amount of €12 thousand, due to the liquidation of its 100% owned subsidiary Messana Holdings S.A., a process which was completed on 30.6.2011.

f. On 29.6.2011 the Bank proceeded proportionally in the share capital increase of the joint venture APE Investment Property S.A. by €6.7 million.

g. On 12.7.2011 the Bank participated proportionally in the share capital increase of its joint venture APE Fixed Assets A.E. by €27 million.

h. On 12.7.2011 the Bank participated proportionally in the share capital increase of its joint venture APE Commercial Property A.E. by €45.6 million.

i. On 22.8.2011, the subsidiary of the Bank, Alpha Bank Romania S.A., transferred all of its shares in its 100% owned subsidiary, Alpha Insurance Brokers Srl., to another subsidiary of the Bank, Alpha Leasing Romania IFN S.A., at a total cost of €205 thousand.

j. On 29.8.2011 the Board of Directors of Alpha Bank and Eurobank EFG jointly announced that they have reached an agreement relating to the merger of the two credit institutions by way of absorption of Eurobank EFG by Alpha Bank. On 15.11.2011, the General Meetings of the Shareholders of the banks, approved the Draft Merger Agreement.

Pursuant to an announcement on 14.3.2012 relating to the process of the merger, Alpha Bank announced, following the restructuring of the Greek Debt (Private Sector Involvement – PSI) and its effects on the Greek banking sector, its intention to propose to its forthcoming Board of Directors (which took place on 03.04.2012) to convene a General Meeting of its Shareholders to resolve upon the revocation of the decisions of the General Meeting of its Shareholders dated on 15 November 2011, which was decided on 26.04.2012 (note 47e).

k. On 31.8.2011 the 100% owned subsidiary of the Bank, Alpha Bank Srbija A.D., proceeded with a share capital increase of € 20 million through the conversion of proportional amount of subordinated loans.

l. On 31.08.2011, the liquidation process of Alpha Bank Jersey Ltd was completed.

m. On 28.9.2011 the Bank's subsidiary Alpha Covered Bonds, which is under liquidation process, returned the amount of € 16.3 thousand of its share capital.

n. On 21.10.2011 the Extraordinary General Meeting of shareholders of EL.P.ET. Valkaniki A.E. decided the return of share capital that amounts to 22.6 million. The Bank's joint venture, APE Commercial Property A.E., received proportionally an amount ofs € 8.4 million.

o. On 26.12.2011, the Bank's subsidiary, Stockford Ltd acquired 100% of five companies established in Bulgaria (Sheynovo Offices E.O.OD., Sheynovo Apartments E.O.O.D., Sheynovo Residence E.O.O.D., Serdica 2009 E.O.O.D. and Perkin Logistics Park E.O.O.D.) at a total cost of € 19.9 million through liabilities capitalization.

p. The joint venture of the Bank, Alpha TANEO A.K.E.S., during 2011 participated proportionally in the initial and subsequent share capital increases of Piraiki Mikrobrewery S.A. and Dipyrites Chandakos S.A.

47. Events after the balance sheet date

a.On 8.2.2012 the liquidation process of the Bank's subsidiary Alpha Covered Bonds Plc, was completed.

b. On 12.2.2012 during the protest that took place in the center of Athens, two of the most beautiful preservable historic buildings of Alpha Bank where Central Divisions and the Athens' central branch are located suffered serious damages by a fire that was set on them. The estimated cost for the repair which has not been estimated will be covered at a major part by the insurance compensation.

c. According to Law 4046/ 14.2.2012 "Approval of the Draft Financial Assistance Facility Agreements between the European Financial Stability Facility (EFSF), the Hellenic Republic and the Bank of Greece, the Memorandum of Understanding between the Hellenic Republic, the European Commission and the Bank of Greece and other urgent measures for the reduction of public debt and the survival of the national economy among others approved:

- The Draft Financial Assistance Facility Agreement, for the provision of financing of up to the amount of € 30 billion in order to finance part of the voluntary exchange of Greek Bonds between private sector investors as described in the statement of the European Summit on 26 October 2011.
- The Draft Co-Financing Agreement in order to enforce the financial value of the new bond issued by the Hellenic Republic, by providing increased security for their repayment.
- The Draft Financial Assistance Facility Agreement, for the provision of financial aid up to the amount of €35 billion, in order to provide to the Hellenic Republic the ability to finance the potential repurchase of Government bonds which have been pledged as collateral to the Eurosystem, with bond issues of EFSF.
- The Draft Financial Assistance Facility Agreement of up to the amount of €5.7 billion in order to facilitate bond accrued interest prior to their exchange in the context of PSI.

  Furthermore, the Minister of Finance is granted the authority to sign the above mentioned approved draft agreements and their appendices, as well as, the Financial Assistance Agreement with the European Financial Stability Facility (EFSF) and the Bank of Greece, with which financial assistance will be provided from the EFSF for the recapitalization of Credit Institutions in Greece.

d. The European summit on 21 February 2012, in the context of the agreement of the second package of financial assistance for Greece, accepted the general terms of the program for the private sector participation in the restructuring of Greek debt with the replacement of Greek Government Bonds with new securities. The aforementioned agreement was achieved between the Greek State and the private sector.

For the implementation of the above mentioned agreement, on 24.2.2012 the Hellenic Republic proceeded with a public offer by disclosing the securities subject to the offer, the time frame and the terms of the exchange.

On 8 March 2012 the Bank's Board of Directors announced its unanimous decision for the Bank's participation (and its companies) to the exchange program, for bonds issued or guaranteed by the Greek State.

On 12 March 2012, the first stage of the exchange of bonds under Greek law was successfully completed and they were exchanged with securities under the English law, i.e. with:

- New long term bonds issued by the Greek State, with nominal value equal to 31.5% of initial securities,
- Securities of the European Financial Stability Fund (E.F.S.F), maturing up to 2 years with a nominal value equal to 15% of initial securities.

In addition GDP-linked Securities issued by the Hellenic Republic were acquired, which will yield an additional return linked to the future performance of the Greek Economy of an amount equal to the nominal amount of the new bonds received in case were the objectives set for the Greek economy are met.

The accrued interest of the exchanged bonds up to 24 February 2012, were repaid with six month E.F.S.F. bonds of zero coupon.

The second stage of the voluntary participation of the private holders of Greek Government bonds and some specific loans guaranteed by the Hellenic Republic was completed on 11 April 2012, where the exchange with the new securities occurred under British law.

Private holders of Greek Government bonds that have not participated in previous stages of PSI may participate in the voluntary exchange until 20 April 2012 for which the exchange date will be 25 April 2012.

The Bank recognized in the income statement of 2011 the effect of its participation in the public debt exchange offer as an adjusting event on balance sheet date (note 11).

e. On 3.4.2012, the Bank, following prior announcements in relation to the process of the merger with EFG Eurobank Ergasias SA, announced the invitation to the Extraordinary General Meeting of Shareholders as at 26 April 2012, with the following agenda among others:

- The cease of operations relating to the merger of "Alpha Bank SA" by way of absorption of "EFG Eurobank Ergasias SA".
- Its disengagement from all contractual commitments towards or in favour of "EFG Eurobank Ergasias SA".
- The revocation of all decisions made on 15.11.2011 by the second Repeat Extraordinary General Meeting of the Bank's Shareholders thus bringing into force the aforementioned decisions of the second Repeat General Meeting of 15.7.2011 regarding the ability to raise funds by way of an increase of the share capital and the ability to issue a bond loan convertible in common shares with voting rights (note 34).

f. Pursuant to the provisions of Law 3864/2010, the Financial Stability Fund on 20.4.2012 stated its commitment for the participation in the share capital increase of the Bank or/and the coverage of the convertible in common shares with voting rights bond for an amount up to € 1.9 billion in order to raise the Group's Capital Adequacy Ratio to the minimum of 8%. The Financial Stability Fund will participate for any uncovered amount of the share capital increase or the coverage of the convertible bond by existing shareholders or new investors, this commitment is valid up till 30.9.2012.

g. On 20.4.2012 the Bank announced the repurchase part or the whole hybrid securities and subordinated debt that have been issued by the group subsidiaries in order to enhance Core Tier I ratio.

Athens, 20 April 2012

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR	THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER	THE ACCOUNTING MANAGER
YANNIS S. COSTOPOULOS **I.D. NO. X 661480**	**DEMETRIOS P. MANTZOUNIS** **I.D. NO. I 166670**	**VASILEIOS E. PSALTIS** **I.D. NO. AI 666591**	**MARIANNA D. ANTONIOU** **I.D. NO. X 694507**

Independent Auditors' Report
(Translated from the original in Greek)

To the Shareholders of
ALPHA BANK A.E.

Report on the Financial Statements

We have audited the accompanying financial statements of ALPHA BANK A.E. (the "Bank") which comprise the balance sheet as of 31 December 2011 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 2011 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 1.26.1 to the financial statements, which refer to the impact of the impairment losses resulting from the Greek sovereign debt restructuring on the Bank’s regulatory capital, the planned actions to restore the capital adequacy of the Bank and the existing uncertainties that could adversely affect the going concern assumption until the completion of the recapitalisation process.

Athens, 20 April 2012

KPMG Certified Auditors A.E.

AM SOEL 114

Nikolaos Vouniseas Certified Auditor Accountant AM SOEL 18701	Harry Sirounis Certified Auditor Accountant AM SOEL 19071

Bank Financial Statements as at 31.12.2011

Income Statement

(Thousands of Euro)

		From 1 January to	
	Note	31.12.2011	31.12.2010
Interest and similar income	2	3,156,266	2,955,785
Interest expense and similar charges	2	(1,802,712)	(1,604,904)
Net interest income	2	1,353,554	1,350,881
Fee and commission income		262,488	283,012
Commission expense		(42,926)	(41,062)
Net fee and commission income	3	219,562	241,950
Dividend income	4	10,586	46,527
Gains less losses on financial transactions	5	117,302	9,161
Other income	6	14,491	12,326
		142,379	68,014
Total income		**1,715,495**	**1,660,845**
Staff costs	7	(390,992)	(403,212)
General administrative expenses	8	(359,340)	(389,426)
Depreciation and amortization expenses	21, 22, 23	(60,317)	(57,770)
Other expenses	9	(1,205)	(6,484)
Total expenses		**(811,854)**	**(856,892)**
Impairment losses and provisions to cover credit risk	10	(897,803)	(758,198)
Impairment losses on Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI	11	(4,787,657)	
Profit/(Loss) before income and additional tax		**(4,781,819)**	**45,755**
Income tax	11,12	939,153	(46,552)
Additional tax (Law 3845/2010)	12		(55,512)
Profit/(Loss) after income tax		**(3,842,666)**	**(56,309)**
Earnings/(Losses) per share:			
Basic and diluted (€ per share)	13	(7.33)	(0.21)

The attached notes (pages 137 to 216) form an integral part of these financial statements

Balance Sheet

(Thousands of Euro)

	Note	31.12.2011	31.12.2010
ASSETS			
Cash and balances with Central Banks	14	1,149,500	2,805,166
Due from banks	15	6,721,846	8,824,257
Securities held for trading	16	13,760	35,796
Derivative financial assets	17	639,968	442,013
Loans and advances to customers	18	36,152,015	39,919,035
Investment securities			
-Availabe for sale	19a	2,896,888	2,808,560
-Held to maturity	19b	2,681,447	5,181,136
Investments in subsidiaries, associates and joint ventures	20	1,954,335	1,853,042
Investment property	21	40,387	47,706
Property, plant and equipment	22	628,171	631,262
Goodwill and other intangible assets	23	86,875	98,520
Deferred tax assets	24	1,487,782	455,552
Other assets	25	743,975	582,163
		55,196,949	63,684,208
Non-current assets held for sale	26		86,687
Total Assets		**55,196,949**	**63,770,895**
LIABILITIES			
Due to banks	27	22,774,803	18,729,995
Derivative financial liabilities	17	1,584,153	1,106,591
Due to customers	28	23,749,193	31,233,710
Debt securities in issue and other borrowed funds	29	5,288,584	6,980,873
Liabilities for current income tax and other taxes	30	37,199	113,295
Deferred tax liabilities	24	326,140	234,819
Employee defined benefit obligations	31	380	
Other liabilities	32	833,093	931,867
Provisions	33	10,460	9,247
Total Liabilities		**54,604,005**	**59,340,397**
EQUITY			
Share Capital	34	1,100,281	3,451,067
Share premium	35	2,757,653	406,867
Reserves	36	73,770	(6,542)
Retained earnings	37	(3,338,760)	579,106
Total Equity		**592,944**	**4,430,498**
Total Liabilities and Equity		**55,196,949**	**63,770,895**

The attached notes (pages 137 to 216) form an integral part of these financial statements

Statement of Comprehensive Income

(Thousands of Euro)

		From 1 January to	
	Note	31.12.2011	31.12.2010
Profit/(Loss), after income tax, recognized in the income statement		**(3,842,666)**	**(56,309)**
Other comprehensive income recognized directly in Equity:			
Change in available for sale securities reserve	12	(43,270)	(256,915)
Change in available for sale securities reserve due to the impairment of Greek Government bonds	12	155,009	
Change in cash flow hedge reserve	12	9,506	(38,206)
Exchange differences on translating foreign operations	12	(83)	(32)
Income tax	12	(40,850)	64,940
Total of other comprehensive income recognized directly in Equity, after income tax	12	**80,312**	**(230,213)**
Total comprehensive income for the year, after income tax		**(3,762,354)**	**(286,522)**

Statement of Changes in Equity

(Thousands of Euro)

	Note	Share capital	Share premium	Reserves	Retained earnings	Total
Balance 1.1.2010		**3,451,067**	**406,867**	**202,391**	**715,247**	**4,775,572**
Changes for the period 1.1 - 31.12.2010						
Loss for the year, after income and additional tax					(56,309)	(56,309)
Other comprehensive income, recognized directly in Equity, after income tax	12			(230,366)	153	(230,213)
Total comprehensive income for the year, after income tax		**-**	**-**	**(230,366)**	**(56,156)**	**(286,522)**
Expenses relating to the share capital increase, after income tax					(607)	(607)
Appropriation to statutory reserve				21,433	(21,433)	-
Dividend paid for preference shares					(57,945)	(57,945)
Balance 31.12.2010		**3,451,067**	**406,867**	**(6,542)**	**579,106**	**4,430,498**

(Thousands of Euro)

	Note	Share capital	Share premium	Reserves	Retained earnings	Total
Balance 1.1.2011		**3,451,067**	**406,867**	**(6,542)**	**579,106**	**4,430,498**
Changes for the period 1.1 - 31.12.2011						
Loss for the year, after income tax					(3,842,666)	(3,842,666)
Other comprehensive income, recognized directly in Equity, after income tax	12			80,312		80,312
Total comprehensive loss for the year, after income tax				**80,312**	**(3,842,666)**	**(3,762,354)**
Dividend paid for preference shares, after income tax	37				(75,200)	(75,200)
Reduction in the nominal value of ordinary shares	34, 35	(2,350,786)	2,350,786			
Balance 31.12.2011		**1,100,281**	**2,757,653**	**73,770**	**(3,338,760)**	**592,944**

The attached notes (pages 137 to 216) form an integral part of these financial statements

Statement of Cash Flows

(Thousands of Euro)

		From 1 January to	
	Note	31.12.2011	31.12.2010
Cash flows from operating activities			
Profit/(loss) before income and additional tax		(4,781,819)	45,755
Adjustment for:			
Depreciation of fixed assets	21, 22	38,244	37,720
Amortization of intangible assets	23	22,073	20,050
Impairment losses from loans and provisions		905,226	778,655
Impairment losses on Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI	11	4,787,657	
(Gains)/losses from investing activities		(49,151)	(11,458)
(Gains)/losses from financing activities		1,296	158,032
Other adjustments		8,042	
		931,568	**1,028,754**
Net (increase)/decrease in assets relating to operating activities:			
Due from banks		855,400	(520,866)
Securities held for trading and derivative financial assets		(175,919)	(37,263)
Loans and advances to customers		871,573	1,131,426
Other assets		(60,532)	(48,474)
Net increase/(decrease) in liabilities relating to operating activities:			
Due to banks		4,044,808	3,438,567
Derivative financial liabilities		487,069	439,499
Due to customers		(8,972,846)	(6,858,246)
Other liabilities		(116,500)	(237,274)
Net cash flows from operating activities before taxes		**(2,135,379)**	**(1,663,877)**
Income taxes and other taxes paid		(102,047)	(114,321)
Net cash flows from operating activities		**(2,237,426)**	**(1,778,198)**
Cash flows from investing activities			
Investments in subsidiaries, associates and joint ventures		(80,920)	(93,300)
Dividends received		10,568	46,513
Purchases of fixed and intangible assets		(43,181)	(88,270)
Disposals of fixed and intangible assets		4,983	4,786
Net (increase)/decrease in investment securities		(218,171)	(1,015,592)
Net cash flows from investing activities		**(326,721)**	**(1,145,863)**
Cash flows from financing activities			
Expenses relating to share capital increase			(799)
Dividends paid to ordinary and preference shareholders		(96,377)	(58,887)
Liabilities from the securitization of consumer loans		135,699	(322,633)
Repayments of debt securities in issue and other borrowed funds		(350,461)	(474,297)
Net cash flows from financing activities		**(311,139)**	**(856,616)**
Effect of exchange rate fluctuations on cash and cash equivalents		1,574	1,827
Net increase/(decrease) in cash and cash equivalents		**(2,873,712)**	**(3,778,850)**
Cash and cash equivalents at the beginning of the year	14	**4,645,869**	**8,424,719**
Cash and cash equivalents at the end of the year	14	**1,772,157**	**4,645,869**

The attached notes (pages 137 to 216) form an integral part of these financial statements

Notes to the Financial Statements

GENERAL INFORMATION

At present the Bank operates under the brand name of ALPHA BANK A.E. and with the sign of ALPHA BANK. The Bank's registered office is 40 Stadiou Street, Athens and it is listed as a societe anonyme with registration number 6066/06/B/86/05. The Bank's duration is until 2100 which can 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.

Based on the decision of the Ordinary General Meeting of Shareholders, held on 22.6.2010, the tenure of the Bank's Board of Directors expires in 2014.

The Board of Directors as at 31.12.2011, according to the minutes of its meeting held on 22.3.2011, and after the resignation of Sophia G. Eleftheroudaki on 23.11.2011 and Pavlos A. Apostolides on 18.11.2011, from non-executive member and non-executive independent member respectively, consists of:

CHAIRMAN (Executive Member)

Yannis S. Costopoulos

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 C. Aronis (from 22.3.2011)

NON-EXECUTIVE MEMBERS

Paul G. Karakostas *
Nicholaos I. Manessis **
Ioanna E. Papadopoulou

NON-EXECUTIVE INDEPENDENT MEMBERS

George E. Agouridis *
Thanos M. Veremis
Evangelos J. Kaloussis */***
Ioannis K. Lyras **

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

NON-EXECUTIVE MEMBER
(in accordance with the requirements of Law 3723/2008)
Sarantis – Evangelos G. Lolos

SECRETARY
Hector P. Verykios

The Ordinary General Meeting of Shareholders, held on 21.6.2011, has appointed as auditors of the semi annual and annual financial statements for the year 2011 the following:

Principal Auditors: Nikolaos E. Vouniseas
Charalambos G. Sirounis

Substitute Auditors: Nikolaos Ch. Tsiboukas
John A. Achilas

of KPMG Certified Auditors A.E.

The Bank's shares have been listed in the Athens Stock Exchange since 1925 and is ranked constantly between the companies with the higher market capitalization. Additionally, the Bank's share is included in a series of international indices, such as among others S&P Europe 350, FTSE Med 100 and FTSE4Good.

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 at December 31, 2011 the Bank has 534,269,648 ordinary and 200,000,000 preference shares in issue.

During the year 2011 an average of 2,660,176 shares have been traded daily.

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

- Moody's: Caa2
- Fitch Ratings: B-
- Standard & Poor's: CCC

The financial statements have been approved by the Board of Directors on April 20, 2012.

ACCOUNTING POLICIES APPLIED

1.1 Basis of presentation

These financial statements relate to the fiscal year 1.1 - 31.12.2011 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 except for the following assets and liabilities which were measured at fair value:

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

The 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 2010 and 2011, after taking into account the following amendments of International Accounting Standards as well as the new or amended Interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union and which are effective for annual periods beginning on 1.1.2011:

- **Amendment of International Financial Reporting Standard 1** «Limited Exemption from Comparative IFRS7 Disclosures for First-time Adopters» (Regulation 574/30.6.2010)

  On 28.1.2010, a new amendment of IFRS 1 was issued, with which first-time adopters are permitted to use the same transition provisions, permitted for existing preparers of financial statements prepared in accordance with IFRSs, with regards to additional disclosures required by the amendment of IFRS 7, issued on 5.3.2009.

  The amendment does not apply to financial statements of the Bank.

- **Amendment of International Accounting Standard 24** «Related Party Disclosures» (Regulation 632/19.7.2010)

  The revised IAS 24 amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.

  The adoption of the above revision did not have any impact on the financial statements of the Bank.

- **Amendment of International Accounting Standard 32** «Classification of Rights Issues» (Regulation 1293/23.12.2009)

  According to the above amendment, which was issued on 8.10.2009, financial instruments that give their holder the right to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency should be classified as equity instruments, provided the entity offers this right pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

  The adoption of the above amendment did not have any impact on the financial statements of the Bank.

- **Improvements to International Accounting Standards** (Regulation 149/18.2.2011)

  As part of the annual improvements project, the International Accounting Standards Board issued, on 6 May 2010, certain amendments to various standards.

  The adoption of the above improvements did not have a substantial impact on the financial statements of the Bank.

- **Amendment of Interpretation 14** «Prepayment of a Minimum Funding Requirement» (Regulation 633/19.7.2010)

  The aim of this amendment is to remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement, which in some cases do not lead to the recognition of an asset but to the recognition of an expense.

  The adoption of the above amendment did not have any impact on the financial statements of the Bank.

- **Interpretation 19** «Extinguishing Financial Liabilities with Equity Instruments» (Regulation 662/23.7.2010)

  According to IFRIC 19, which was issued on 26.11.2009, the issue of an entity's equity instruments to a creditor to extinguish all or part of a financial liability is consideration paid in accordance with IAS 39. The equity instruments issued to a creditor to extinguish all or part of a financial liability should be measured, at initial recognition, at the fair value, unless that fair value cannot be reliably measured in which case they are measured at the fair value of the financial liability extinguished. If only part of the financial liability is extinguished, the entity shall assess whether some of the consideration paid relates to a modification of the terms of the liability that remains outstanding. If part of the consideration paid does relate to a modification of the terms of the remaining part of the liability, the entity shall allocate the consideration paid between the part of the liability extinguished and the part of the liability that remains outstanding. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the consideration paid shall be recognised in profit or loss. It should be noticed that the above Interpretation should be applied only in cases of renegotiation of the terms of the contract and not in the cases that the possibility to settle financial liabilities through the issuance of equity instruments is available in the original contact.

The adoption of the above interpretation did not have any impact on the financial statements of the Bank.

Apart from the above Standards and Interpretations, the European Union adopted the following standard, which is effective for annual periods beginning after 1.1.2011 and which has not been early adopted by the Bank.

- **Amendment of International Financial Reporting Standard 7** «Disclosures – Transfers of financial assets» (Regulation 1205/22.11.2011)

  Effective for annual periods beginning on or after 1.7.2011

  On 7.10.2010, the International Accounting Standards Board issued an amendment of IFRS 7 regarding the disclosures that are required when financial assets are transferred. With the above amendment the existing disclosures are revised in order to achieve greater transparency in the reporting of transfer transactions, particularly those that involve securitisation of financial assets.

  The Bank is examining the potential impact of the above amendment on its financial statements.

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

- **Amendment of International Financial Reporting Standard 1** «Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters»

  Effective for annual periods beginning on or after 1.7.2011

  On 20.12.2010 the International Accounting Standards Board issued an amendment of IFRS 1 according to which:

  i. In cases of an entity that has a functional currency that was or is the currency of a hyperinflationary economy, then it should be determined whether the currency was subject to severe hyperinflation before the date of transition to IFRSs. When an entity's date of transition to IFRSs is on or after the functional currency "normalization" date, the entity may elect to measure assets and liabilities held before the functional currency "normalization" date at fair value on the date of transition to IFRSs and use the fair value as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. When the functional currency "normalization" date falls within the comparative period, the comparative period presented in the first IFRS financial statements may be less than 12 months.

  ii. The fixed dates (1.1.2004 and 25.10.2002) defined by the existing standard regarding the exceptions for first-time adopters for the derecognition and the initial fair value measurement of financial instruments are abolished. Those dates are replaced by the phrase "the date of transition to IFRSs".

  The above amendment does not apply to the financial statements of the Bank.

- **International Financial Reporting Standard 9** «Financial Instruments»

  Effective for annual periods beginning on or after 1.1.2015

  On 12.11.2009, IFRS 9: «Financial Instruments» was issued by the International Accounting Standards Board. The new standard was issued as part of the first phase of the project for the replacement of IAS 39; therefore, the scope of the first phase is the classification and measurement of financial assets. According to the new standard, financial instruments should 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 should 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.

  In addition, on 28.10.2008, the International Accounting Standards Board issued the revised requirements regarding the classification and measurement of financial liabilities. According to the new requirements, which were included in IFRS 9, in the case of financial liabilities that are initially designated at fair value through profit or loss, the change in the fair value of the liability should be recognised in profit or loss with the exception of the effect of change in the liability's credit risk which should be recognised directly in other comprehensive income.

  Furthermore, on 16.12.2011 the International Accounting Standard Board, with a new amendment of IFRS 9, transferred the effective date of the standard from 1.1.2013 to 1.1.2015.

  Finally, it should be noted that for the completion of IFRS 9 the finalization of the texts relating to amortised cost and impairment calculation as well as to hedge accounting is pending.

The Bank is evaluating the potential impact from the adoption of this standard on its financial statements.

- **Amendment of International Financial Reporting Standard 7** «Financial Instruments – Disclosures»

  Effective for annual periods beginning on or after 1.1.2015

  On 16.12.2011, the International Accounting Standards Board issued the amendment of IFRS 7. With this amendment, disclosures were added relating to the transition to IFRS 9.

  The Bank is evaluating the potential impact from the adoption of the amendment on its financial statements.

- **International Financial Reporting Standard 10** «Consolidated Financial Statements»

  Effective for annual periods beginning on or after 1.1.2013

  On 12 May 2011, the IASB issued IFRS 10 "Consolidated Financial Statements". The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.The major change brought by IFRS 10 is the new definition of the principle of control. Control is the basis for determining which entities are consolidated, regardless of the type of entity. IFRS 10 supersedes the requirements relating to consolidated financial statements in IAS 27 "Consolidated and Separate Financial Statements" and also supersedes SIC 12 "Consolidation – Special Purpose Entities".

  According to the new control definition, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, an investor controls an investee if and only if the investor has all the following:

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

  Power arises from existing rights that give the investor the current ability to direct the relevant activities, ie the activities that significantly affect the investee's returns. An investor is exposed, or has rights, to variable returns from its involvement with the investee when the investor's returns from its involvement have the potential to vary as a result of the investee's performance. Although only one investor can control an investee, more than one party can share in the returns of an investee. Control must be reassessed if facts and circumstances indicate that there are changes to one or more of the three elements of control.

  IFRS 10 sets out requirements on how to apply the control principle in various circumstances, i.e. when voting or similar rights give an investor power, when voting rights are not the dominant factor in deciding who controls the investee, in circumstances involving agency relationships or when the investor has control over specified assets of an investee.

  IFRS 10 also includes the accounting principles for the preparation and presentation of consolidated financial statements which are substantially the same as the ones that currently apply according to IAS 27 "Consolidated and Separate Financial Statements".

  The Bank is evaluating the potential impact from the adoption of this standard on its financial statements.

- **International Financial Reporting Standard 11** «Joint Arrangements»

  Effective for annual periods beginning on or after 1.1.2013

  On 12 May 2011, the IASB issued IFRS 11 which establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. There are two types of joint arrangements according to IFRS 11, ie joint operations and joint ventures. The classification depends upon the rights and obligations of the parties to the arrangement. Specifically, in joint operations, the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement, while in joint ventures, they have rights to the net assets of the arrangement.

  The parties that have joint control of a joint operation recognise in their consolidated and separate financial statements the assets, liabilities and income or expenses that they own or are entitled do from the joint operation. The same accounting principles apply for parties to joint operations that do not have joint control but have rights to the assets and obligations for the liabilities relating to the joint operation. The parties that have joint control of a joint venture recognise their interest as an investment using the equity method in accordance with IAS 28 "Investments in associates and joint ventures". The alternative of proportionally consolidating joint ventures is no longer provided. A party to a joint venture that does not have joint control of the joint venture accounts for its interest in accordance IFRS 9, unless it has significant influence over the joint venture, in which case it shall account for it using the equity method.

IFRS 11 supersedes IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non Monetary Contributions by Venturers".

The Bank is evaluating the potential impact from the adoption of this standard on its financial statements.

- **International Financial Reporting Standard 12**
  «Disclosure of Interests in Other Entities»

  Effective for annual periods beginning on or after 1.1.2013

  On 12 May 2011, the IASB issued IFRS 12 which establishes the information that the reporting entity must disclose concerning its interests in other entities. An interest in another entity refers to contractual or non-contractual involvement that exposes an entity to variability of returns from the performance of another the entity. IFRS 12 lists the disclosures required depending on the nature of the interest to other entities, i.e. a) subsidiaries, b) joint arrangements, c) associates and d) unconsolidated structured entities.

  Structured entities are those that have been designed so that voting or similar rights are not a dominant factor in deciding who controls the entity (ie. the relevant activities are directed by means of contractual arrangements).

  IFRS 12 does not apply to separate financial statements to which IAS 27 "Separate financial statements" applies. However, an entity with interests in unconsolidated structured entities that only prepares separate financial statements will include the IFRS 12 disclosure requirements concerning unconsolidated structured entities in those financial statements.

  The Bank is evaluating the potential impact from the adoption of this standard on its financial statements.

- **International Financial Reporting Standard 13**
  «Fair Value Measurement»

  Effective for annual periods beginning on or after 1.1.2013

  On 12.5.2011, the International Accounting Standards Board issued IFRS 13 which:

  i. Defines fair value

  ii. Sets out in a single IFRS a framework for measuring fair value and

  iii. Requires disclosures about fair value measurements

  The Bank is evaluating the potential impact from the adoption of this standard on its financial statements.

- **Amendment of International Accounting Standard 1**
  «Presentation of Items of Other Comprehensive Income»

  Effective for annual periods beginning on or after 1.7.2012

  On 16.6.2011, the International Accounting Standards Board issued an amendment of IAS 1 regarding the presentation of items of other comprehensive income. Based on the amendment, items of other comprehensive income should be grouped in those that will not be reclassified subsequently to profit or loss and in those that will be reclassified subsequently to profit or loss when specific conditions are met. In case items of other comprehensive income are presented before tax, tax should be presented separately for each of the above groups.

  The Bank is examining the potential impact of the above amendment on its financial statements.

- **Amendment of International Accounting Standard 12**
  «Deferred Tax: Recovery of Underlying Assets»

  Effective for annual periods beginning on or after 1.1.2012

  On 20.12.2010, the International Accounting Standards Board issued an amendment of IAS 12 regarding the way with which deferred taxation should be calculated when it is difficult to determine the expected manner of recovery of the underlying assets and the manner of recovery affects the determination of the tax base and the tax rate. In the revised IAS 12, it is clarified that when an asset is classified either as «Investment Property» measured using the fair value model or as «Property, plant and equipment» measured using the revaluation model, there is a rebuttable presumption that its carrying amount will be recovered entirely by sale; therefore, for the calculation of deferred taxation the respective tax rate and tax base should be used. However, it also clarified that for the cases of investment property only, this presumption is rebutted if the asset is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the asset over time, rather than through sale.

  The Bank is examining the potential impact of the above amendment on its financial statements.

- **Amendment of International Accounting Standard 19**
  «Employee Benefits»

  Effective for annual periods beginning on or after 1.1.2013

  The International Accounting Standards Board issued on 16.6.2011 the revised IAS 19. The revised standard introduces significant changes regarding the accounting of defined benefit plans. The main changes are the following:

  - Immediate recognition of changes in net defined benefit liability. Therefore, the option to defer actuarial gains and losses (corridor approach) and past service cost when benefits are not vested is abolished.
  - The new standard clearly defines the recognition of each defined benefit cost component. In particular:

    i. Service cost is recognized in profit or loss

    ii. Net interest on the net defined benefit liability (asset) is recognized in profit or loss

iii. Remeasuremets of the net defined benefit liability (asset) are recognized in other comprehensive income. They are not reclassified in profit or loss in a subsequent period.

- Disclosures required for defined benefit plans are revised so that to align with the developments in other standards and particularly in IFRS 7.

In addition the new standard changes the timing for the recognition of the liability arising from termination benefits.

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

- **International Accounting Standard 27** «Separate Financial Statements»

  Effective for annual periods beginning on or after 1.1.2013

  On 12 May 2011 the IASB amended and retitled IAS 27 "Separate Financial Statements". The amended IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The above investments shall be accounted for either at cost or in accordance with IAS 39 (or IFRS 9 if applied) in the investor's separate financial statements. The amended standard does not substantially change the respective accounting requirements that are currently applicable under IAS 27 "Consolidated and Separate Financial Statements".

  The Bank is evaluating the potential impact from the adoption of this amendment on its financial statements.

- **International Accounting Standard 28** «Investments in Associates and Joint Ventures»

  Effective for annual periods beginning on or after 1.1.2013

  On 12 May 2011, the IASB amended and retitled IAS 28 "Investments in Associates and Joint Ventures" which prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. All entities that have joint control of,or significant influence over, an investee shall account for the joint venture or associate using the equity method, except from venture capital organizations, mutual funds, unit trusts or similar entities including investment linked insurance funds, which may elect to measure investments in associates and joint ventures at fair value through profit or loss in accordance with IFRS 9.

  Apart from making the equity method compulsory for joint ventures, the amended IAS 28 has not substantially changed the accounting for associates and the application of the equity method.

  The Bank is evaluating the potential impact from the adoption of this amendment on its financial statements.

- **Amendment of International Accounting Standard 32** «Offsetting Financial Assets and Financial Liabilities» and of **International Financial Reporting Standard 7** «Disclosures – Offsetting Financial Assets and Financial Liabilities»

  Amendment of IAS 32: Effective for annual periods beginning on or after 1.1.2014

  Amendment of IFRS 7: Effective for annual periods beginning on or after 1.1.2013

  On 16.12.2011, the International Accounting Standards Board issued the amendment of IAS 32 and IFRS 7 regarding offsetting of financial assets and financial liabilities. The amendment of IAS 32 relates to the addition of application guidance concerning the right to offset while the amendment of IFRS 7 relates to additional disclosure requirements regarding the same issue.

  The Bank is examining the impact from the adoption of the above amendments on its financial statements.

- **Interpretation 20** «Stripping costs in the production phase of a surface mine»

  Effective for annual periods beginning on or after 1.1.2013

  On 19.10.2011, the International Accounting Standards Board issued IFRIC 20 which clarifies issues relating to the recognition of production stripping costs as an asset as well as to its initial and subsequent measurement.

  The above Interpretation does not apply to the activities of the Bank.

1.2 Segment reporting

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 recourses 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 39.

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 entity 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 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.

This category is measured at amortized cost using the effective interest rate method and is periodically tested for impairment based the procedures described in note 1.12.

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, so that the present value of cash flows is equal to the carrying amount of the financial instrument including fees or transaction costs.

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 present value the of estimated future cash flows discounted at the original effective interest rate, 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 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. 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 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 that financial asset until maturity.

Reclassification out of the held-to-maturity category to other categories is not permitted. Any sale or reclassification of a more than insignificant amount of held-to-maturity investment would result in the reclassification of all held-to-maturity investments as available-for-sale. This would prohibit the classification of any securities as held-for-maturity for the current and the following two financial years.

Permitted reclassifications of the above category iv (further analyzed in note 19) have been made by the Bank.

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 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 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 discussed further in notes 1.18 and 1.19.

In the case of transactions, whereby the Bank 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 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).

The Bank has not designated, upon initial recognition, any financial liabilities as at fair value through profit or loss.

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 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.

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.

Determination of fair value

For financial instruments traded in active markets, the determination of their fair values is based on quoted market prices. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing services or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If the market for a financial instrument is not active, the Bank establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The valuation technique makes maximum use of market inputs and relies as little as possible on Bank-specific inputs.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. In these cases, the difference between the transaction price and the fair value is directly 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 with a simultaneous forward purchase of JPY to cover the foreign exchange exposure.

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

b. FX Swaps

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

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

The result arising from these derivatives is recognized as interest, foreign exchange differences, in order to match with the interest element and foreign exchange differences resulting from the deposits and loans, and 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 hedge 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 hedge relationship no longer exists, the hedged items are remeasured 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 method is used up to the point that the hedge 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) to hedge risks relating to borrowings, bonds, loans and fixed rate term deposits. 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 form 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.

During the reporting period of 2010, the Bank applied cash flow hedge accounting for a specific group of term deposits. The hedging relationship was revoked during the previous reporting period. The amount recognized in equity 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 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.

Collection of dividens from subsidiaries, associates and joint ventures is considered as a possible impairment indicator when investments are tested for impairment at each reporting date.

1.8 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: 33 years.
- Additions to leased fixed assets and improvements: duration of the lease.
- Equipment and vehicles: 4 to 20 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.

1.9 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.

1.10 Goodwill and other intangible assets

The Bank has included in this caption:

a) Software, which is measured at cost less accumulated amortization. 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 between 3 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.

b) Brand names and banking rights which are measured at cost less accumulated amortization. Amortization is charged over the estimated useful life, which the Bank has estimated to 5 years.

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

No residual value is estimated for intangible assets.

1.11 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 1.12.

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.

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

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

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

i. procedures for forced recovery have commenced against the borrower by other creditors or when the settlement of debts, with more burdensome conditions for the Bank, have been initiated or

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

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

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

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

More specifically the separation point for the Bank is the amount of €1 million.

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

c. Establishment of groups of assets with similar risk characteristics

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

i. buckets arising from ageing analysis of loans and advances to customers.

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

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

d. Methodology in determining future cash flows from impaired loans

The Bank has accumulated a significant amount of historical data of the last six years, which includes the loss given default for loans after the completion of forced recovery, or other measures taken to secure collection of loans, including the realization of collaterals.

On the basis of this data the amount of the impairment is determined on both an individual and collective basis taking into account the time value of money.

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

e. Interest income recognition

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

f. Impairment recognition

Amounts of impaired loans are recognized on allowance accounts until the Bank decides to write off these amounts.

g. 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 profit and loss in impairment losses and provisions to cover credit risk.

1.13 Accounting for 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 expect when it relates to items recognized directly in equity. In such cases, the respective income tax is also recognized in equity.

1.14 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 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 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.

1.15 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 annually based on actuarial valuation performed by independent actuaries using the projected unit credit method.

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

The amount determined by the above comparison may be negative, a receivable. The amount of the receivable recognised in the financial statements cannot exceed the total of

c) any cumulative unrecognized net actuarial losses and past service cost, and

d) 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 in no deep market in corporate bonds.

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

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

In case of a curtailment or settlement of a defined benefit plan, the gain or loss that arises from:

a) the change in the present value of the defined benefit obligation

b) the change in the fair value of the plan assets and

c) the related actuarial gains and losses and past service cost that have not previously recognised in profit or loss is directly recognised in profit or loss.

Before determining the effect of a curtailment or settlement, the obligation from the defined benefit plan is re-measured based on current actuarial assumptions. In cases a curtailment relates to only some of the employees covered by the plan, or only part of an obligation is settled, the gain or loss includes a proportionate share of the previously unrecognised past service cost and actuarial gains and losses. The proportionate share is determined on the basis of the present value of the obligations before and after the curtailment or settlement, unless another basis is more rationale in the circumstances.

1.16 Share options granted to employees

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

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

1.17 Provisions

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.

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

Provisions are not recognized for future operating losses.

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

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

1.18 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.

1.19 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.

1.20 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.

1.21 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.

As at the reporting date no borrowing costs have been capitalised.

1.22 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 method over the life of the financial instrument.

1.23 Gains less losses on financial transactions

Gains less losses on financial transactions include the fair value changes of financial assets measured at fair value through profit and loss, 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 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.

1.24 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; or

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.

1.25 Comparatives

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

1.26 Estimates, decision making criteria and significant sources of uncertainty

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 to take into account current conditions, and the effect of any changes is recognized in the period in which the estimates are revised. The main sources of uncertainty relating to estimations used in the preparation of the 2011 annual financial statements relate to the following issues:

1.26.1 Going concern principle

The Bank, for the preparation of the annual financial statements for the year 2011 and for the application of the measurement basis for their individual items, as specifically described in note 1, was based on the going concern principle. The main factors that create uncertainties regarding the assessment of the Bank for the confirmation of this principle relate mainly to the unfavorable economic environment in Greece and internationally, which in turn creates significant challenges to the Greek financial system in terms of capital adequacy, access to capital markets and the ability of the Greek banks to obtain liquidity. The financial position of the Bank was adversely affected by the participation in the program for the exchange of bonds and loans guaranteed by the Hellenic Republic (PSI) as well as by the long recession of the Greek economy which, in combination with the increase in unemployment, led to the increase in impairment losses on corporate and individual loans. Furthermore, the loss of deposits and the credit rating downgrade of the Hellenic Republic and by extension of the Greek banks, which in turn had an impact on the ability of financing by the European Central Bank with the use of collaterals eligible for refinancing, had a negative impact on obtaining sources of liquidity.

The Bank's Board of Directors taking into account:

- The financial support of Greece by the European Commission, the European Central Bank and the International Monetary Fund as well as the enactment of L. 4046/14.2.2012 with which the Greek Parliament approved the Draft Financial Assistance Facility Agreements between the European Financial Stability Fund, the Hellenic Republic and the Bank of Greece and the Draft Memorandum of Understanding between the Hellenic Republic, the European Commission and the Bank of Greece, which, among others, prescribe the provision for financing the voluntary bond exchange program and the recapitalization of credit institutions
- The successful completion of the bonds and loans guaranteed by the Hellenic Republic exchange program through which a substantial reduction of public debt was achieved
- The fact that the Bank's business plan that was submitted to the Bank of Greece was evaluated as viable and reliable and based on it the capital needs that must be met within the following period to comply with the regulatory capital adequacy ratios were estimated and specifically the 8% capital adequacy ratio
- The fact that the Bank of Greece recognised the Bank's importance to the stability of the Greek banking system and that the Financial Stability Fund provided certification through which it is committed to participate in a share capital increase of the Bank or/and in the coverage of a convertible bond, to the extent necessary in the context of Law 3864/2010, up to the amount of € 1,9 billion, so that the minimum requirement of an 8% capital adequacy ratio is satisfied and, after the capital increase, the EBA Core Tier I ratio reaches 7,3%, which by September 2012 should be 9%.
- The actions that have been planned to enhance the capital adequacy through raising capital from capital markets and actively managing assets and liabilities,
- The Bank's ability to access, through adequate collaterals, eligible for refinancing, the refinancing mechanisms provided by the Eurosystem and the Bank of Greece which are expected to cover the short term and medium term financing needs of the Bank, an ability which is enforced by the aforementioned certification of the Financial Stability Fund and by the actions taken for the capital enforcement of the Bank.

considers that the conditions required to confirm the ability of the Bank to continue as a going concern are met and therefore, prepared the financial statements of the Bank on a going concern basis.

1.26.2 Estimate of the value of the Greek Government Bonds and loans guaranteed by the Hellenic Republic held by the Bank

During the current year the Bank recognised an impairment loss on the value of Greek Government Bonds and loans guaranteed by the Hellenic Republic, as it is described in detail in note 11. The calculation of the impairment loss was based on estimations concerning the present value of the securities that were obtained through the program for the private sector involvement in the restructuring of the greek debt (PSI). Furthermore, it was estimated, based on assumptions concerning the sustainability of the greek debt and the achievement of goals set in the context of the program for the support of the greek economy by the European Commission, the European Central Bank and the International Monetary Fund, factors which in turn affect the credit rating of the Hellenic Republic and the returns of the securities that it issues, that it is not required to recognise an impairment loss for bonds and loans guaranteed by the Hellenic Republic held by the Bank which were not eligible for the exchange program.

The main sources of uncertainty regarding the estimations for the recoverability of the total exposure of the Bank to the credit risk of the Hellenic Republic, following the completion of the PSI, are related to the development of the macroeconomic environment in Greece and internationally, the evolution of the crisis in the eurozone, the achievement of the goals set within the context of the program for the support of the greek economy and the verification of the assumptions on which it has been based. The Bank, in the context of the periodical reassessment of the estimations made for the preparation of the financial statements, will re-estimate at each balance sheet date, taking into account market conditions, the recoverability of the value of the Greek Government Bonds and loans guaranteed by the Hellenic Republic that it holds.

1.26.3 Recoverability of deferred tax assets

The Bank recognizes deferred tax assets to the extent that it is probable that it will have future taxable profit available against which deductible temporary differences can be utilized (see note 1.13).

The recognition, during the period of 2011, of significant impairment losses on Greek Government bonds and on loans guaranteed by the Hellenic Republic, that participated in the program for the exchange of bonds (PSI) which was completed in 2012, of a total amount of €4.8 billion before tax, led to the creation or offsetting of an equal amount of temporary differences for which a deferred tax of € 0.96 billion was recognized. Temporary differences created or offset and the related deferred tax are analysed as follows:

I. An amount of € 3.2 billion relates to losses that will also be recognized for tax purposes during the period of 2012. According to the tax legislation applicable on the balance sheet date, unused tax losses can be carried forward to be used against future profit for a period not exceeding five years. The Bank, for the aforementioned losses, recognized a deferred tax asset of € 0.64 billion, taking into account the Management's estimates concerning the existence of taxable profit in the future, which was based on the business plan which was drawn up in the context of the recapitalization process and the tax legislation applicable as at 31.12.2011. In addition, the enactment of Law 4046/14.2.2012, which in article 3 states that the debit amount, arising against legal entities from their participation in the program for the restructuring of the Greek debt, is deductible in equal installments, until the maturity of the new bonds and regardless of the time period of holding them, beginning from the period of 2012, within which the exchange of the bonds and the loans held by the Group took place, further strengthens the Management's estimates regarding the ability to recover the aforementioned deferred tax asset.

II. An amount of € 1.6 billion relates to valuation losses for which a deferred tax of € 0.32 billion arose either by offsetting existing deferred tax liabilities or by recognizing a deferred tax asset which is expected to be recovered in the future, until the maturity or the sale of the new bonds. The ability to recover any tax losses that will arise from the sale of the new bonds will be assessed at the time that such sales will take place.

The remaining deferred tax assets of the Bank are expected to be recovered in the future through their offsetting with profit, while in most of the cases there are no time restrictions as to their recovery.

INCOME STATEMENT

2. Net interest income

	From 1 January to	
	31.12.2011	31.12.2010
Interest and similar income		
Due from banks	116,035	100,954
Due from customers	1,924,909	1,726,523
Securitized loans	362,309	458,071
Securities held for trading	8,189	6,290
Available for sale securities	149,648	115,405
Held to maturity securities	172,805	132,171
Securitized instruments		16,567
Derivative financial instruments	412,764	387,526
Other	9,607	12,278
Total	**3,156,266**	**2,955,785**
Interest expense and similar charges		
Due to banks	(328,324)	(180,785)
Due to customers	(635,255)	(618,087)
Debt securities in issue and other borrowed funds	(263,447)	(231,641)
Derivative financial instruments	(477,901)	(471,026)
Other	(97,785)	(103,365)
Total	**(1,802,712)**	**(1,604,904)**
Net interest income	**1,353,554**	**1,350,881**

3. Net fee and commission income

	From 1 January to	
	31.12.2011	31.12.2010
Loans	67,884	65,326
Letters of guarantee	41,896	41,654
Imports-exports	9,896	10,568
Credit cards	36,598	42,824
Fund transfers	35,706	39,926
Mutual funds	13,403	18,084
Advisory fees and securities transaction fees	2,220	5,964
Other	11,959	17,604
Total	**219,562**	**241,950**

4. Dividend income

	From 1 January to	
	31.12.2011	31.12.2010
Subsidiaries and associates	10,017	45,766
Available for sale securities	569	761
Total	**10,586**	**46,527**

5. Gains less losses on financial transactions

	From 1 January to	
	31.12.2011	31.12.2010
Foreign exchange differences	22,215	12,587
Securities held for trading		
- Bonds	(4,401)	(1,966)
Investment securities:		
- Bonds	52,075	5,665
- Shares	(13,896)	420
- Other securities	(276)	
Loan portfolio	3,750	(2,791)
Investments	595	2,219
Derivative financial instruments	69,982	(2,645)
Other financial instruments	(12,742)	(4,328)
Total	**117,302**	**9,161**

6. Other income

	From 1 January to	
	31.12.2011	31.12.2010
Rental income	3,037	3,628
Sales of fixed assets	371	724
Insurance indemnities	116	108
Secondment of personnel to group companies	2,405	2,258
Preparation of business plans and financial studies	3,480	1,493
Other	5,082	4,115
Total	**14,491**	**12,326**

7. Staff costs

	From 1 January to	
	31.12.2011	31.12.2010
Wages and salaries	270,527	283,196
Social Security contributions	72,731	74,971
Common Insurance Fund of Bank Empoloyees	14,414	16,496
Employee defined benefit obligation (note 31)	8,655	3,607
Other	24,665	24,942
Total	**390,992**	**403,212**

The total employees of the Bank as at 31.12.2011 were 8,318 (31.12.2010: 8,612) of which 6,997 (31.12.2010: 7,266) are employed in Greece and 1,321 (31.12.2010: 1,346) are employed abroad.

Defined contribution plans

All the employees of the Bank receive their main pension from the Social Insurance Fund (IKA). Additionally, the following 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 the fund does not have sufficient assets to pay employee benefits. Therefore the Bank considers that the fund is a defined contribution plan and it is accounted for as such. The Bank has applied for membership in the Common Insurance Fund of Bank Employees (E.T.A.T.) for it's employees who are insured in Pension

Plan for employees of Ionian – Popular Bank and other Banks (T.A.P.I.L.T.A.T.).

b. Employees of former Ionian and Popular Bank of Greece 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.

c. All employees of the Bank receive medical benefits from the Bank Employee and Companies Common Benefit Plan (T.A.Y.T.E.K.O.). This plan has been accounted for as a defined contribution plan.

d. Employees of former Alpha Credit Bank are insured, for supplementary pension, in the Common Insurance Fund of Bank Employees (E.T.A.T.) after the absorption of TAP since 1.1.2008 according to article 10, Law 3620/2007. The Bank pays to E.T.A.T. fixed contribution percentage over employee salaries in addition to the annual installment that relates to the total cost of joining E.T.A.T. which amounts to €543 million, which was calculated with the reference date being 31.12.2006, in accordance with a special economic study as stipulated by Law 3371/2005.

e. The Bank, in collaboration with AXA Insurance, has created a new group savings plan for its employees that were hired and insured for the first time from 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, which will be formed by the fixed monthly contributions, of the Bank and its employees, will be invested in low risk mutual funds. In particular, for employees hired by the Bank and insured from 1.1.1993 until 31.12.2004 the final lump sum benefit to be received upon retirement will have a lower limit which is defined in Law 2084/1992.

Defined benefit plans

An analysis of liabilities arising from defined benefit plans are set out in note 31.

8. General administrative expenses

	From 1 January to	
	31.12.2011	31.12.2010
Rent of buildings	32,365	37,992
Rent and maintenance of EDP equipment	27,934	33,411
EDP expenses	25,875	36,859
Marketing and advertisement expenses	19,365	24,989
Telecommunications and postage	22,509	28,095
Third party fees	50,853	40,454
Consultants fees	6,359	7,796
Contribution to Deposit and Investment Guarantee Fund	14,306	14,985
Insurance	5,643	6,154
Consumables	3,972	4,896
Electricity	6,843	7,664
Taxes (VAT, real estate etc.)	54,376	48,592
Repairs of buildings and equipment	5,091	6,144
Cleaning fees	3,372	3,894
Security	8,559	8,656
Transportation	2,761	2,995
Services form collection agencies	15,549	23,744
Agency fees	328	2,053
Other	53,280	50,053
Total	**359,340**	**389,426**

9. Other expenses

	From 1 January to	
	31.12.2011	31.12.2010
Impairment losses on assets	1,148	1,003
Provisions for operational restructuring program (note 33)		5,481
Other provisions (note 33)	57	
Total	**1,205**	**6,484**

The Bank during 2010 decided to carry out an operational restructuring program of total expenditure amounting to €7 million making a provision of €5.5 million. In this context, the Bank proceeded to the restructuring of its branch networks in Greece and Southeastern Europe as well as, the change in certain operations in order to achieve general cost reduction. The total provision used during 2011 amounts to €4.6 million (note 33).

10. Impairment losses and provisions to cover credit risk

	From 1 January to	
	31.12.2011	31.12.2010
Impairment losses on loans and advances to customers (note 18)	886,967	724,235
Impairment losses on due from bank (note 15)	8,965	
Reversal of impairment losses on participations	(11)	47,936
Provisions to cover credit risk relating to off balance sheet items (note 33)	8,100	
Recoveries	(6,218)	(13,973)
Total	**897,803**	**758,198**

11. Exposure to credit risk from debt issued by peripheral countries in the Eurozone

a. Exposure to Greek Government debt

Analysis of impairment losses on Greek Government bonds is depicted below:

	Available for sale	Held to maturity	Loans guaranteed by the Hellenic Republic	Total
Impairment losses on Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI	155,009	2,624,169	2,008,479	4,787,657
Deferred tax	(31,002)	(524,834)	(401,696)	(957,532)
Impairment losses on Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI after income tax	**124,007**	**2,099,335**	**1,606,783**	**3,830,125**

In the context of the program for the restructuring of the Greek Economy, a Financial Proposal was formed at the European Summit of the 21st of July 2011 for a voluntary exchange program for existing securities issued by the Greek Government, maturing up to 2020, with new securities of extended maturities issued by the Greek State. Based on this proposal, the Bank, considering that the participation in the above program constituted objective evidence of impairment of the value of the bonds eligible to the program, recognized, in its interim financial statements as at 30.6.2011, impairment losses amounting to €671.9 million before tax. In addition, in the third quarter of 2011 an impairment loss amounting to €86.7 million before tax was recognised for the above mentioned securities.

In the European Summit held on 26 October 2011, the implementation of a new plan for the reduction of Greek debt was agreed, which superseded the terms of the above Financial Proposal, and provided for the development of a program for the voluntary exchange of Greek Government bonds aiming at a reduction of the Greek debt to 120% of GDP by

2020. The terms of the new plan were defined on the 24th of February 2012 with the corresponding invitation sent by the Hellenic Republic to the holders of the bonds that fell within the new program.

Specifically, based on the terms of the invitation, the holders of the bonds that fall within the new restructuring program, in which specific loans guaranteed by the Hellenic Republic were also included, were asked to agree to the following exchange terms:

Each of the bonds and loans (eligible to the program) to be exchanged with:

a. twenty new bonds issued by the Hellenic Republic, with a total nominal value equal to 31.50% of the nominal value of the bonds that are exchanged.
b. two payment notes issued by EFSF, maturing in one and two years, with a total nominal value equal to 15% of the nominal value of the bonds that are exchanged.
c. GDP-linked security issued by the Hellenic Republic. This security will pay annual interest of 1% on a notional amount equal the nominal value of the new bonds issued by the Hellenic Republic, provided that the increase in Greek GDP would reach specific goals. The payment of the additional interest will begin in 2015.

Based on the above, the impairment of the existing bonds, in nominal value terms, amounted to 53.5%.

In addition, the invitation clarifies the following:

- Accrued interest on existing bonds and loans until 24.2.2012 will be paid through six month zero coupon bonds issued by EFSF.
- The new bonds issued by the Hellenic Republic will have a maturity from 11 to 30 years, while their coupon, with the interest rate period beginning on 24.2.2012, will be as follows: 2% up to 2015, 3% up to 2020, 3.65% in 2021 and 4.3% thereafter.
- The new bonds will be governed by English law.

On 12 March 2012, the first phase of the restructuring of the Greek public debt was completed successfully with the exchange of bonds governed by Greek law, while the second phase was completed on 11 April 2012 with the exchange of bonds governed by foreign law as well as of loans guaranteed by the Hellenic Republic. With a new invitation, the holders of bonds and loans governed by foreign law, that did not participate in the initial phases of the exchange, were also invited to participate, (this phase, in which the Bank does not participate as it does not hold such securities, has not yet been completed).

The Bank participated in the aforementioned restructuring program by exchanging the total of the eligible Greek Government bonds and loans guaranteed by the Hellenic Republic that it held with new bonds, in accordance with the terms described above.

Taking into account that the participation in this program with terms unfavourable to the holders of the eligible bonds and loans is an objective evidence of impairment of the value of the specific securities and considering that this event, although it took place during 2012, is an adjusting event for the results of 2011, the Bank recognised, in the fourth quarter of 2011, an additional impairment loss. The impairment loss was recognised for all bonds and loans eligible to this program, and it was calculated based on the difference between the carrying amount of the eligible securities and the present value of the new securities that were acquired. In this way, for those loans that fair value hedge accounting had been applied, the relative valuation difference was recognised in the profit or loss of the period. The total impairment losses that were recognised in profit or loss amounted to €4.8 billion before tax (€3.8 billion after tax), an amount which accounts for 79.2% of the nominal value of the eligible securities.

The table below presents the Bank's total exposure to Greek Government securities and loans guaranteed by the Hellenic Republic eligible to PSI, as at 31.12.2011. Treasury bills amounting to €2 billion, the bond received by the Bank in exchange for the preference shares it has issued in favour of the Greek State in the context of Law 3723/2008 and the bond issued by the National Fund for Entrepreneurship and Development (ETEAN) did not participate in PSI.

Portfolio	**Nominal value**	**Book value after impairment (1)/ Fair value (2)**
Available for sale	231,358	87,649 (2)
Held to maturity	3,656,406	1,022,904 (1)
Trading	8,572	3,496 (2)
Loans and receivables (Loans guaranteed by the Hellenic Republic)	2,145,564	652,978 (1)
Total	**6,041,900**	**1,767,027**

The table that follows presents the hierarchy of all Greek Government securities measured at fair value, based on the quality of inputs used for the estimation of their fair value.

	31.12.2011		31.12.2010	
	Available for sale portfolio	Trading portfolio	Available for sale portfolio	Trading portfolio
Level 1	2,127,264	3,496	1,376,393	27,561
Level 2	260		536	
Level 3				
Total	**2,127,524**	**3,496**	**1,376,929**	**27,561**

In addition, the Bank's exposure to Greek Government risk from financial instruments other than securities is depicted in the table below:

Balance sheet items	**Book value**	**Fair value**
Derivative financial instruments – assets	208,605	208,605
Derivative financial instruments – liabilities	(211,016)	(211,016)
Off balance sheet items	**Nominal value**	**Fair value**
Bonds accepted as guarantees for funding purposes	67,660	26,570

b. Exposure to the peripheral Eurozone countries debt

As at 31.12.2011, the Bank had no exposure to bonds issued by Spain, Portugal, Ireland and Italy.

12. Income tax

According to Law 3697/2008 the tax rate for 2010 was 24%.

According to article 14 of Law 3943/2011 "Compating tax evasion, staffing of the tax auditing department and other provisions under the responsibility of the Ministry of Finance" a 20% tax rate is effective for legal entities for the periods commencing from 1.1.2011 and thereon. For profit distribution, a withholding tax is imposed with a 25% tax rate. For financial statements up to 31.12.2010 a tax rate of 21% was imposed on distributed profits.

In accordance with article 5 of Law 3845/6.5.2010 "Measures for the implementation of the supporting mechanism of the Greek economy through the Eurozone Member-States and the International Monetary Fund" an additional tax was imposed to legal entities for social responsibility purposes, calculated on the total net income for the fiscal year 2010 (accounting year 1.1 - 31.12.2009) provided that it exceeds €100,000. The additional tax was imposed on profits before income tax as reported under International Financial Reporting Standards (IFRS), only if these were greater than the total taxable profits.

According to the above, the additional tax recognized in the Financial Statements of the Bank as at 31.12.2010 amounted to €55.5 million and it was paid in January 2011.

In accordance with article 82 paragraph 5 of Law 2238/94, for the year 2011 and thereafter, the certified auditors and audit firms, conducting compulsory audits to Societe Anonyme (AE), are obliged to issue an Annual Tax Certificate on the implementation of tax provisions on tax issues. The above mentioned tax certificate is submitted to the company under audit within 10 days from the submission of the corporate income tax return, as well as, to the Ministry of Finance, electronically, no later than ten days following the date of the approval of the financial statements from the General Meeting of the Shareholders.

The income tax expense is analyzed as follows:

	From 1 January to	
	31.12.2011	31.12.2010
Current	42,607	83,746
Deferred	(24,228)	(37,194)
	18,379	**46,552**
Deferred tax due to impairment on Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI (note 11)	(957,532)	
Total	**(939,153)**	**46,552**
Additional tax (Law 3845/2010)		55,512

The current tax for the year 2011 includes an additional tax arising from the tax audit for the years 2008 and 2009.

Deferred tax recognized in the income statement is attributable to the temporary differences the effects of which are analyzed as follows:

	From 1 January to	
	31.12.2011	31.12.2010
Depreciation and fixed assets write-offs	2,176	3,280
Valuation of loans	37,033	20,306
Suspension of interest accruals	53,402	50,234
Loans impairment	(111,141)	(98,034)
Liabilities to Common Insurance Fund of Bank Employees	12,596	11,880
Valuation of derivatives	(31,152)	(11,641)
Effective interest rate	(853)	(19,247)
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	1,002	(4,194)
Valuation of investments in subsidiaries due to hedging	2,938	444
Impairment of participations		(2,864)
Valuation of bonds	16,354	12,501
Valuation of shares	(2,227)	242
Other temporary differences	(4,356)	(101)
	(24,228)	**(37,194)**
Impairment of Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI (note 11)	(957,532)	
Total	**(981,760)**	**(37,194)**

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

	From 1 January to			
	31.12.2011		31.12.2010	
	%		%	
Profit/(loss) before income and additional tax		**(4,781,819)**		**45,755**
Income tax (nominal tax rate)	20	(956,364)	24	10,981
Increase/(decrease) due to:				
Non taxable income	0.02	(790)	(14.25)	(6,522)
Non deductible expenses	(0.04)	1,911	64.12	29,338
Additional tax	(0.01)	92	0.24	109
Effect of tax rates used for deferred tax	(0.06)	2,867	0.75	344
Other temporary differences	(0.27)	13,131	26.88	12,302
Income tax (effective tax rate)	**19.64**	**(939,153)**	**101.74**	**46,552**

Income tax of other comprehensive income recognized directly in Equity

	From 1 January to					
	31.12.2011			31.12.2010		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Change in available for sale securities reserve	(43,270)	(6,801)	(50,071)	(256,915)	56,153	(200,762)
Change in available for sale securities reserve due to impairment of Greek Government bonds	155,009	(31,002)	124,007			
Change in cash flow hedge reserve	9,506	(3,047)	6,459	(38,206)	8,787	(29,419)
Exchange differences on translating foreign operations	(83)		(83)	(32)		(32)
Total	**121,162**	**(40,850)**	**80,312**	**(295,153)**	**64,940**	**(230,213)**

In the year 2011 the deferred tax recognized in equity includes a tax rate adjustment amounting to € 16.6 million of Law 3943/2011.

During 2011 retained earnings include a credit amount of € 18.8 million for current income tax which relates to the return of the Greek State's preference shares for the year 2010.

Additionally in 2010 retained earnings included income tax amounting to € 192 which related to expenses for the share capital increase.

13. 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 ordinary shares outstanding, 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 the 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 preference dividends on non-cumulative preference shares declared in respect of the period and

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

The Bank has issued non-cumulative preference shares, according to Law 3723/2008.

b. Diluted

Diluted earnings/(losses) per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Bank does not have dilutive potential ordinary shares and additionally, based on the preference shares' terms of issuance, basic and dilutive earnings/(losses) per share should not differ.

	From 1 January to	
	31.12.2011	31.12.2010
Profit/(losses) attributable to equity owners of the Bank	**(3,842,666)**	**(56,309)**
Less preference dividends paid	(75,200)	(57,945)
Profit/(losses) attributable to ordinary equity owners of the Bank	**(3,917,866)**	**(114,254)**
Weighted average number of outstanding ordinary shares	534,269,648	534,269,648
Basic and diluted earnings/(losses) per share (in €)	(7.33)	(0.21)

Basic and diluted earnings/(losses) per share for the year 2010 have been adjusted -published basic and diluted earnings per share for the 2010: € (0.24)- so that their calculation is based on the amount of the preference dividend declared during the year 2010 and not on the related return of the year.

ASSETS

14. Cash and balances with Central Banks

	31.12.2011	31.12.2010
Cash	254,510	250,390
Cheques receivable	16,116	52,743
Balances with Central Banks	878,874	686,020
Placements with the European Central Bank		1,816,013
Total	**1,149,500**	**2,805,166**
Less: Deposits pledged to Central Banks	(575,238)	(749,290)
Balance	**574,262**	**2,055,876**

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

The Bank of Greece also requires, that all financial institutions established in Greece maintain reserve deposits with the Central Bank equal to 2% of customer deposits. On 18 January 2012, according to the Governing Council of the European Central Bank the above percentage decreased to 1%.

These deposits bear interest at the refinancing rate as set by the European Central Bank which as at 31.12.2011 was 1% (31.12.2010: 1%).

Cash and cash equivalents (as presented for the purposes of the Statement of Cash Flows)

	31.12.2011	31.12.2010
Cash and balances with Central Banks	574,262	2,055,876
Receivables from sale and repurchase agreements (Reverse Repos)	912,500	1,269,070
Short-term placements with other banks	285,395	1,320,923
Total	**1,772,157**	**4,645,869**

15. Due from banks

	31.12.2011	31.12.2010
Placements with other banks	4,711,694	6,533,826
Guarantees for derivative securities coverage	1,089,586	886,932
Sale and repurchase agreements (Reverse Repos)	912,500	1,269,070
Loans to financial institutions	17,031	134,429
Less:		
Allowance for impairment losses (note 10)	(8,965)	
Total	**6,721,846**	**8,824,257**

16. Securities held for trading

	31.12.2011	31.12.2010
Greek government bonds	3,496	27,561
Other government bonds	6,221	6,193
Other Issuers:		
- Listed	4,043	2,042
Total	**13,760**	**35,796**

17. Derivative financial instruments (assets and liabilities)

	31.12.2011		
	Contract nominal amount	Fair value	
		Assets	Liabilities
Derivatives held for trading			
a. Foreign exchange derivatives			
Currency forwards	716,368	12,625	8,908
Currency swaps	3,453,911	21,792	12,839
Cross currency swaps	10,500,516	286,156	656,571
Currency options	31,999	817	806
Currency options embedded in customer products	3,596	13	
Total non-listed	**14,706,390**	**321,403**	**679,124**
b. Interest rate derivatives			
Interest rate swaps	10,114,909	301,596	300,163
Interest rate options (caps & floors)	898,213	8,469	8,501
Total non-listed	**11,013,122**	**310,065**	**308,664**
Futures	15,000		400
Total listed	**15,000**		**400**
c. Commodity derivatives			
Commodity swaps	197,048	498	
Total non-listed	**197,048**	**498**	
d. Index derivatives			
Futures	725		12
Total listed	**725**		**12**
e. Credit derivatives			
Credit default swaps embedded in debt securities	219,096		22,964
Total non-listed	**219,096**		**22,964**
Derivatives for hedging			
a. Foreign exchange derivatives			
Currency swaps	75,014		2,801
Cross currency swaps	80,000	832	
Total non-listed	**155,014**	**832**	**2,801**
b. Interest rate derivatives			
Interest rate swaps	4,643,972	7,170	570,182
Interest rate options (caps & floors)	3,766		6
Total non-listed	**4,647,738**	**7,170**	**570,188**
Grand Total	**30,954,133**	**639,968**	**1,584,153**

	31.12.2010		
	Contract nominal amount	Fair value	
		Assets	Liabilities
Derivatives held for trading			
a. Foreign exchange derivatives			
Currency forwards	965,451	10,873	12,496
Currency swaps	1,921,957	22,115	13,772
Cross currency swaps	5,299,552	86,603	439,591
Currency options	29,473	538	571
Currency options embedded in customer products	3,803	10	
Total non-listed	**8,220,236**	**120,139**	**466,430**
b. Interest rate derivatives			
Interest rate swaps	14,822,764	229,004	250,721
Interest rate options (cap & floors)	883,290	7,107	7,215
Total non-listed	**15,706,054**	**236,111**	**257,936**
Futures	300,000		8
Total listed	**300,000**		**8**
c. Credit derivatives			
Credit default swaps embedded in debt securities	246,484		22,964
Total non-listed	**246,484**		**22,964**
Derivatives for hedging			
a. Foreign exchange derivatives			
Currency swaps	75,599		1,448
Cross currency swaps	376,116	66,975	706
Total non-listed	**451,715**	**66,975**	**2,154**
b. Interest rate derivatives			
Interest rate swaps	5,504,991	18,788	357,063
Interest rate options (cap & floors)	3,766		36
Total non-listed	**5,508,757**	**18,788**	**357,099**
Grand total	**30,433,246**	**442,013**	**1,106,591**

18. Loans and advances to customers

	31.12.2011	31.12.2010
Individuals:		
Mortgages	11,131,239	11,363,534
Consumer:		
- Non-securitized	1,999,177	1,772,396
- Securitized	1,599,358	1,958,435
Credit cards:		
- Non-securitized	239,125	400,875
- Securitized	684,851	724,026
Other	53,622	54,824
Total	**15,707,372**	**16,274,090**
Companies:		
Corporate loans:		
- Non-securitized	22,665,680	23,241,798
- Securitized	1,542,694	1,562,067
Other receivables	421,646	592,417
	40,337,392	**41,670,372**
Less:		
Allowance for impairment losses [(1)]	(2,176,898)	(1,751,337)
Allowance for impairment losses of loans guaranteed by the Hellenic Republic eligible to PSI	(2,008,479)	
Total	**36,152,015**	**39,919,035**

The Bank has proceeded in securitizing consumer and corporate loans as well as credit cards through special purpose entities controlled by the Bank.

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 owning 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 in the direct issuance of covered bonds, which were covered by mortgage loans. As at 31.12.2011, the balance of the covered bonds amounted to € 3.7 billion and the value of mortgage loans provided as coverage for the above mentioned bonds amounted to € 4.7 billion.

Allowance for impairment losses

Balance 1.1.2010	**1,273,354**
Changes for the period 1.1 - 31.12.2010	
Impairment losses for the year (note 10)	724,235
Change in present value of the allowance account	116,534
Foreign exchange differences	1,050
Loans written-off during the year	(363,836)
Balance 31.12.2010	**1,751,337**
Changes for the period 1.1 - 31.12.2011	
Impairment losses for the period (note 10)	886,967
Impairment losses of loans guaranteed by the Hellenic Republic eligible to PSI (note 11)	2,008,479
Change in present value of the allowance account	167,368
Foreign exchange differences	1,529
Loans written-off during the year	(630,303)
Balance 31.12.2011	**4,185,377**

[(1)] *In addition to the allowance for impairment losses, a provision of €8,100 (31.12.2010: no balance) has been recorded to cover credit risk relating to off-balance sheet items. The total provision recorded to cover credit risk amounts to € 4,193,477.*

19. Investment securities

a. Available for sale

	31.12.2011	31.12.2010
Greek government bonds:		
- Bonds	88,730	505,204
- Treasury bills	2,038,794	871,725
Other government bonds:		
- Bonds	27,609	9,592
- Treasury Bills	60,687	32,598
Other issuers:		
- Listed	636,227	1,337,151
- Non-listed	2,787	3,453
Shares		
- Listed	24,863	21,620
- Non-listed	4,984	4,891
Other variable yield securities	12,207	22,326
Total	**2,896,888**	**2,808,560**

The Bank, in the context of its participation in the exchange program for bonds issued by the Hellenic Republic has recognized impairment on Greek Government bonds in its results of 2011 amounting to €155,009 (note 11).

In addition, during 2011 impairment loss for other securities was recognized amounting to €43,797 (2010: €26,376) which is included in "Gains less losses on financial transactions".

b. Held to maturity

	31.12.2011	31.12.2010
Greek Government bonds:		
- Bonds	4,590,260	4,052,151
Other Government bonds:		
- Bonds	15,073	43,312
Other issuers:		
- Listed	762,108	1,114,876
- Non-listed	2,120	4,454
	5,369,561	**5,214,793**
Less:		
Allowance for impairment losses	(2,688,114)	(33,657)
Total	**2,681,447**	**5,181,136**

Held to maturity portfolio includes Greek Government bonds amounting to €0.9 billion which relates to the bonds transferred to the Bank's ownership for the issuance of the preference shares in the name of the Greek State according to the Law 3723/2008.

The Bank, during 2011, reclassified Greek Government bonds from the "available for sale" to "the held to maturity" portofolio, with a book value that amounted to €561.5 million as at 30.6.2011. The impairment loss transferred to "the held to maturity" portfolio amounted to €53.7 million.

Allowance for impairment losses

Balance 1.1.2010	**19,626**
Changes for the period 1.1-31.12.2010	
Impairment losses for the year	21,854
Change in present value of the allowance account	516
Foreign exchange differences	660
Securities written-off during the year	(8,999)
Balance 31.12.2010	**33,657**
Changes for the period 1.1-31.12.2011	
Change in present value of the allowance account	111
Impairment losses on Greek Government bonds (note 11)	2,624,169
Impairment losses on other bond issuers [1]	33,355
Securities written-off during the year	(53,335)
Recycling of reserve due to reclassification of securities from the available for sale portfolio to the held to maturity	(3,542)
Reclassification of impairment allowance from the available for sale portfolio to the held to maturity	53,699
Balance 31.12.2011	**2,688,114**

20. Investments in subsidiaries, associates and joint ventures

	From 1 January to	
	31.12.2011	31.12.2010
Subsidiaries		
Opening balance	**1,828,848**	**1,772,540**
Additions	20,012	102,025
Disposals	(126)	(47,936)
Valuation of investments due to fair value hedge [2]	499	2,219
Closing balance	**1,849,233**	**1,828,848**
Associates		
Opening balance	**74**	**74**
Closing balance	**74**	**74**
Joint ventures		
Opening balance	**24,120**	**22,105**
Additions	80,908	2,015
Closing balance	**105,028**	**24,120**
Total	**1,954,335**	**1,853,042**

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 in subsidiaries amounting to € 20,012 relate to:

- € 12 for purchase of Alpha Finance A.E.P.E.Y. shares
- € 20,000 for participation in Alpha Bank Srbija A.D. share capital increase

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(1) *Impairment losses for the year of other issuers are included in "Gains less losses on financial transactions".*

(2) *The Bank uses FX Swaps and money market loans to hedge the foreign exchange risk in its subsidiaries Alpha Bank London Ltd and Alpha Bank Romania S.A.*

The disposals in subsidiaries amounting to € 126 relate to:

- € 16 from Alpha Covered Bonds Plc capital return
- € 110 from the liquidation of Messana Holdings S.A

The additions in Joint Ventures amounting to € 80,908 relate to:

- € 1,491 for a capital payment to Alpha - TANEO A.K.E.S.
- € 6,742 for participation in APE Investment Property A.E. share capital increase
- € 27,045 for participation in APE Fixed Assets A.E. share capital increase
- € 45,630 for participation in APE Commercial Property A.E. share capital increase

Subsidiary financial information

A. SUBSIDIARIES

Asset	Country of incorporation	Balance 31.12.2011 Assets	Equity	Liabilities	1.1 - 31.12.2011 Turnover	Profit/(Loss) before taxes	Bank's ownership interest % 31.12.2011
Banks							
1. Alpha Bank London Ltd	United Kingdom	684,374	93,585	590,789	18,181	6,083	100.00
2. Alpha Bank Cyprus Ltd	Cyprus	6,235,156	519,833	5,715,323	331,694	5,873	100.00
3. Alpha Bank Romania S.A.	Romania	3,899,374	364,806	3,534,568	290,668	8,647	99.92
4. Alpha Bank AD Skopje	FYROM	107,408	20,855	86,553	9,025	(3,560)	100.00
5. Alpha Bank Srbija A.D.	Serbia	805,747	100,815	704,932	79,956	(20,581)	100.00
6. JSC Astra Bank	Ukraine	171,997	110,505	61,492	19,923	2,766	100.00
Leasing companies							
1. Alpha Leasing A.E.	Greece	1,136,646	274,276	862,370	45,387	1,274	100.00
2. Alpha Leasing Romania IFN S.A.	Romania	38,403	3,540	34,863	3,536	(1,930)	99.00
3. ABC Factors A.E.	Greece	449,915	77,039	372,876	35,772	16,400	100.00
Investment Banking							
1. Alpha Finance A.E.P.E.Y.	Greece	46,026	34,655	11,371	11,578	5	99.72
2. SSIF Alpha Finance Romania S.A.	Romania	2,125	1,282	843	56	(347)	99.00
3. Alpha A.E. Ventures	Greece	30,019	29,674	345	1,051	203	99.42
Asset Management							
1. Alpha Asset Management A.E.D.A.K.	Greece	41,724	39,176	2,548	18,619	3,176	88.40
Insurance							
1. Alpha Insurance Agents A.E.	Greece	4,447	4,429	18	1,054	952	100.00
2. Alpha Insurance Cyprus Ltd	Cyprus	58,956	10,697	48,259	7,199	1,070	17.95
3. Alphalife A.A.E.Z.	Greece	40,025	6,770	33,255	1,468	361	99.90
Special purpose and holding entities							
1. Alpha Credit Group Plc	United Kingdom	4,437,555	9,204	4,428,351	141,997	4,428	100.00
2. Alpha Group Jersey Ltd	Jersey	610,739	631	610,108	13,765	45	100.00
3. Alpha Group Investment Ltd	Cyprus	280,316	280,276	40	1,158	1,146	100.00
4. Ionian Holdings A.E.	Greece	358,371	357,976	395	9,436	9,344	100.00
5. Ionian Equity Participations Ltd	Cyprus	35,683	32,707	2,976	2	(10)	100.00
6. Katanalotika Plc	United Kingdom	1,608,282	45	1,608,237	123,719	9	
7. Epihiro Plc	United Kingdom	1,702,692	32	1,702,660	65,619	4	
8. Pisti 2010-1 Plc	United Kingdom	1,165,535	20	1,165,515	138,649	3	
9. Alpha Covered Bonds Plc [1]	United Kingdom						100.00
Other companies							
1. Oceanos A.T.O.E.E.	Greece	20,961	20,902	59	1,459	897	100.00
2. Kafe Alpha A.E.	Greece	245	191	54	214	3	99.00
3. Alpha Supporting Services A.E.	Greece	63,374	5,686	57,688	15,825	2,054	99.00

[1] *On 8.2.2012 the liquidation of Alpha Covered Bonds Plc was completed.*

B. ASSOCIATES

Asset	Country of incorporation	Balance 31.12.2011 Assets	Equity	Liabilities	1.1 - 31.12.2011 Turnover	Profit/(Loss) before taxes	Bank's ownership interest % 31.12.2011
1. Evisak A.E.	Greece		3,739			206	27.00
2. AEDEP Thessalias and Stereas Ellados	Greece		147				50.00

C. JOINT VENTURES

1. Cardlink A.E.	Greece	4,192	338	3,854	2,268	16	50.00
2. APE Fixed Assets A.E.	Greece	40,779	40,544	235	8	(1,035)	60.10
3. APE Commercial Property A.E.	Greece	67,209	67,204	6	1,643	454	72.20
4. APE Investment Property A.E.	Greece	259,872	(12,008)	271,881	5,316	(9,450)	67.42
5. Alpha TANEO A.K.E.S.	Greece	5,371	5,357	14	(949)	(1,757)	51.00

21. Investment property

	Land and Buildings
Balance 1.1.2010	
Cost	56,795
Accumulated depreciation	(8,470)
1.1.2010-31.12.2010	
Net book value 1.1.2010	48,325
Depreciation charge for the year	(619)
Net book value 31.12.2010	47,706
Balance 31.12.2010	
Cost	56,795
Accumulated depreciation	(9,089)
1.1.2011-31.12.2011	
Net book value 1.1.2011	47,706
Additions	91
Reclassification to "Property, plant and equipment"	(6,868)
Depreciation charge for the year	(542)
Net book value 31.12.2011	40,387
Balance 31.12.2011	
Cost	48,408
Accumulated depreciation	(8,021)

The fair value of investment property as at 31.12.2011, as determined by Alpha Astika Akinita A.E. is not substantial different from their book value.

22. Property, plant and equipment

	Land and Buildings	Leased equipment	Equipment	Total
Balance 1.1.2010				
Cost	796,184		323,692	1,119,876
Accumulated depreciation	(209,856)		(270,798)	(480,654)
1.1.2010 - 31.12.2010				
Net book value 1.1.2010	586,328		52,894	639,222
Additions	12,756	215	17,467	30,438
Foreign exchange differences	(22)		(14)	(36)
Disposals/ Impairments	(1,107)		(157)	(1,264)
Reclassification to "Non-current assets held for sale"	(1,709)			(1,709)
Reclassification from "Non-current assets held for sale"	1,712			1,712
Depreciation charge for the year	(18,289)	(27)	(18,785)	(37,101)
Net book value 31.12.2010	579,669	188	51,405	631,262
Balance 31.12.2010				
Cost	806,164	215	338,897	1,145,276
Accumulated depreciation	(226,495)	(27)	(287,492)	(514,014)
1.1.2011 - 31.12.2011				
Net book value 1.1.2011	579,669	188	51,405	631,262
Additions	5,833	32	13,539	19,404
Foreign exchange differences	(71)	(3)	(48)	(122)
Disposals	(4,526)		(393)	(4,919)
Reclassification from "Investment property "	6,868			6,868
Reclassification			13,380	13,380
Depreciation charge for the year	(18,423)	(44)	(19,235)	(37,702)
Net book value 31.12.2011	569,350	173	58,648	628,171
Balance 31.12.2011				
Cost	812,106	245	363,528	1,175,879
Accumulated depreciation	(242,756)	(72)	(304,880)	(547,708)

The book value of owned land and buildings included in the above balances amounts to € 507,301 as at 31.12.2011 (31.12.2010: € 505,930).

23. Goodwill and other intangible assets

	Software	Banking rights	Other	Total
Balance 1.1.2010				
Cost	216,891	1,785	69	218,745
Accumulated amortization	(142,031)	(744)	(19)	(142,794)
1.1.2010 - 31.12.2010				
Net book value 1.1.2010	74,860	1,041	50	75,951
Additions	42,624			42,624
Foreign exchange differences	(5)			(5)
Amortization charge for the year	(19,683)	(357)	(10)	(20,050)
Net book value 31.12.2010	97,796	684	40	98,520
Balance 31.12.2010				
Cost	259,508	1,785	69	261,362
Accumulated amortization	(161,712)	(1,101)	(29)	(162,842)
1.1.2011 - 31.12.2011				
Net book value 1.1.2011	97,796	684	40	98,520
Additions	23,821			23,821
Foreign exchange differences	(13)			(13)
Reclassification	(13,380)			(13,380)
Amortization charge for the year	(21,705)	(357)	(11)	(22,073)
Net book value 31.12.2011	86,519	327	29	86,875
Balance 31.12.2011				
Cost	266,038	1,785	69	267,892
Accumulated amortization	(179,519)	(1,458)	(40)	(181,017)

24. Deferred tax assets and liabilities

	31.12.2011	31.12.2010
Assets	1,487,782	455,552
Liabilities	(326,140)	(234,819)
Total	**1,161,642**	**220,733**

Deferred tax assets and liabilities arise from:

	1.1.2011 - 31.12.2011				
		Recognized in			
	Balance 1.1.2011	Income Statement	Equity	Foreign exchange differences	Balance 31.12.2011
Depreciation of fixed assets and write-offs	(2,003)	(2,176)			(4,179)
Valuation of loans	(64,050)	(37,033)			(101,083)
Suspension of interest accruals	(158,697)	(53,402)			(212,099)
Impairment of loans	187,752	111,141			298,893
Valuation of derivative financial instruments	75,514	31,152	(3,047)		103,619
Other temporary differences	19,728	4,406		(1)	24,133
Liabilities to Common Insurance Fund of Bank Employees	58,149	(12,596)			45,553
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(3,568)	(1,002)			(4,570)
Valuation of investments due to hedge	2,278	(2,938)			(660)
Impairment of participations	2,864				2,864
Valuation of shares	9,535	2,227	982		12,744
Valuation of bonds	101,932	(16,354)	(38,785)		46,793
Effective interest rate	(8,751)	853			(7,898)
Incorporation of foreign operations	50	(50)			-
	220,733	**24,228**	**(40,850)**	**(1)**	**204,110**
Impairment of Greek Government Bonds and Loans guaranteed by the Hellenic Republic eligible to PSI (note 11)		957,532			957,532
Total	**220,733**	**981,760**	**(40,850)**	**(1)**	**1,161,642**

	1.1.2010 - 31.12.2010				
		Recognized in			
	Balance 1.1.2010	Income Statement	Equity	Foreign exchange differences	Balance 31.12.2010
Depreciation of fixed assets and write-offs	1,277	(3,280)			(2,003)
Valuation of loans	(43,744)	(20,306)			(64,050)
Suspension of interest accruals	(108,463)	(50,234)			(158,697)
Impairment of loans	89,718	98,034			187,752
Liabilities to Common Insurance Fund of Bank Employees	70,029	(11,880)			58,149
Valuation of derivative financial instruments	55,086	11,641	8,787		75,514
Effective interest rate	(27,998)	19,247			(8,751)
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(7,762)	4,194			(3,568)
Valuation of investments due to hedge	2,722	(444)			2,278
Impairment of participations		2,864			2,864
Valuation of bonds	63,858	(12,501)	50,575		101,932
Valuation of shares	4,199	(242)	5,578		9,535
Other temporary differences	26,856	101		(7,229)	19,728
Incorporation of foreign operations	50				50
Total	**125,828**	**37,194**	**64,940**	**(7,229)**	**220,733**

25. Other assets

	31.12.2011	31.12.2010
Tax advances and withholding taxes	164,575	164,479
Deposit and Investment Guarantee Fund	257,702	199,026
Assets from auction (note 26)	88,436	
Prepaid expenses	63,960	56,499
Employee advances	8,168	7,477
Accrued income	7,089	2,176
Receivables from employee defined benefit plan (note 31)	38,878	44,881
Other	115,167	107,625
Total	**743,975**	**582,163**

In accordance with article 6 of Law 3714/7.11.2008 the amount of deposits guaranteed by the deposit guarantee system increased from € 20 thousand to € 100 thousand per depositor. The percentages calculating the contribution paid by the banks to Deposit and Investment Guarantee Fund (HDIGF) also increased. With the Ministry decision 23384/27.5.2011 the Law's validity was extended until 31.12.2015.

In accordance with article 6 of Law 3746/2009 further to Finance Minister's decision on 21.7.2010, the criteria for calculating the regular annual contribution of credit institutions to the Hellenic Deposit and Investment Guarantee Fund were defined.

The Law 3746/16.2.2009 concerning the "Hellenic Deposit and Investment Guarantee Fund (HDIGF)" provides that the contribution amount 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 assets group, whose elements are jointly included in the proportion of each participant in the credit institutions.

26. Non current assets held for sale

During 2011, assets from auctions not qualified as held for sale were transferred to "Other assets".

LIABILITIES

27. Due to banks

	31.12.2011	31.12.2010
Deposits:		
- Current accounts	27,387	34,322
- Term deposits:		
Central Banks	19,987,955	14,004,917
Other credit institutions	648,560	3,575,683
Sale and repurchase agreements (Repos)	1,755,849	597,260
Borrowing funds	355,052	517,813
Total	**22,774,803**	**18,729,995**

28. Due to customers

	31.12.2011	31.12.2010
Deposits:		
- Current accounts	4,243,554	4,922,105
- Saving accounts	5,959,772	7,618,223
- Term deposits:		
Synthetic Swaps	350,057	507,446
Other	13,072,682	18,030,549
Sale and repurchase agreements (Repos)	3,433	6,387
	23,629,498	31,084,710
Cheques payable	119,695	149,000
Total	**23,749,193**	**31,233,710**

29. Debt securities in issue and other borrowed funds

Long term

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

According to Law 3723/2008 for the enhancement of the Greek economy's liquidity program, the Bank proceeded with the following new issues of senior debt guaranteed by the Greek State:

- On 15.2.2011 an amount of €950 million with a three year duration and bearing an interest rate of three month Euribor plus a spread of 8.5%.
- On 3.6.2011 an amount of €400 million with a three year duration and bearing an interest rate of three month Euribor plus a spread of 12%.
- On 7.11.2011 an amount of €3.1 billion, with a three month duration and bearing an interest rate of 13.5%.

After these issuances, the outstanding balance of the above mentioned issues amounts to €14 billion as at 31.12.2011.

On 23.5.2011 the spread of all the existing issues guaranteed by the Greek State was amended to 12% effective from the immediately prior date from the beginning of the interest bearing period for every issue.

The above mentioned securities are not presented in the "Debt securities in issue and other borrowed funds", as they are held by the Bank.

ii. Covered bonds

According to the covered bond program, which provides for the direct issuance from the Bank up to the amount of €8 billion, the Bank proceeded on 25.8.2011 with the issuance of an amount of €250 million maturing on 23.1.2014, bearing an interest rate of three month Euribor plus a spread of 1.45%.

The total balance of covered bonds issued by the Bank as at 31.12.2011 amounts to €3.7 billion.

The covered bonds are not included in the "Debt securities in issue and other borrowed funds" as they are held by the Bank [(1)].

iii. Senior debt securities

Balance 1.1.2011	**4,802,728**
Changes for the period 1.1 - 31.12.2011	
New issues	680,541
Maturities/Redemptions	(2,169,121)
Fair value change due to hedging	793
Accrued interest	(1,162)
Foreign exchange differences	621
Balance 31.12.2011	**3,314,400**

The following securities are included in the amount of "new issues":

- nominal value of €5 million maturing on 11.3.2013, bearing a fixed three month interest rate of 4.25%.
- nominal value of USD 5 million maturing on 11.3.2013, bearing a fixed three month interest rate of 3%.
- nominal value of €2 million maturing on 11.4.2018, bearing a fixed annual interest rate of 6%.
- nominal value of USD 5 million maturing on 14.4.2014, bearing a fixed three month interest rate of 3.5%.
- nominal value of €5 million maturing on 14.4.2014, bearing a fixed three month interest rate of 4.5%.
- nominal value of €100 million maturing on 20.6.2013, bearing a fixed annual interest rate of 5.5%.
- nominal value €100 million maturing on 20.6.2014, bearing a fixed annual interest rate of 6%.
- nominal value of €5 million maturing on 21.6.2013, bearing a fixed three month interest rate of 4.5%
- nominal value of USD 5 million maturing on 21.6.2013, bearing a fixed three month interest rate of 3%.
- nominal value of €100 million maturing on 3.9.2013, bearing a floating interest rate of three month Euribor plus a spread of 2.75%.
- nominal value of €350 million maturing on 9.12.2013, bearing a floating interest rate of three month Euribor plus a spread of 1.5%.
- nominal value of € 3 million maturing on 29.7.2020, bearing a fixed annual interest rate of 6%

Additionally, the amount of maturities/redemptions includes maturities of issues amounting to €1,203 million.

iv. Liabilities from the securitization of consumer loans

Balance 1.1.2011	**774,915**
Changes for the period 1.1 - 31.12.2011	
Net collections/(repayments)	(174,389)
Securitization of new loans	294,191
Interest	15,897
Balance 31.12.2011	**910,614**

In addition liabilities deriving from the securitization of consumer and corporate loans as well as from credit cards are not presented in "Debt securities in issue and other borrowed funds", since these securities, amounting to € 3.2 billion, issued by special purpose entities, are held by the Bank.

[(1)] *Financial disclosure regarding covered bond issues, as determined by the 2620/28.8.2009 act of Bank of Greece, will be published at the Bank's website.*

v. Subordinated debt

Balance 1.1.2011	**810,213**
Changes for the period 1.1 – 31.12.2011	
Maturities/Redemptions	(302,375)
Fair value change due to hedging	(7,285)
Accrued interest	(2,697)
Foreign exchange differences	(13,510)
Balance 31.12.2011	**484,346**

- On 1.2.2011 an amount of €25 million was repaid from the issue maturing on 1.2.2017 and with a call option on 1.2.2012.
- On 1.2.2011 an amount of €15 million was repaid from the issue maturing on 8.3.2017 and with a call option on 8.3.2012.
- On 24.3.2011 the issue of JPY 30 billion (equivalent to €262.4 million) maturing on 4.3.2035, was repaid.

vi. Hybrid securities

Balance 1.1.2011	**593,017**
Changes for the period 1.1 - 31.12.2011	
Accrued interest	(13,793)
Balance 31.12.2011	**579,224**

In accordance with the loan facility agreement between the Bank and Alpha Credit Group Plc, it was decided on 20.1.2012 not to pay interest, as the condition of non sufficient distributable funds for the financial year 2011 was fulfilled. For the same reason the non payment of interest was decided for loans with interest payment due on 5.3.2012.

Total of Debt securities in issue and other borrowed funds not held by the Bank	**5,288,584**

30. Liabilities for current income tax and other taxes

	31.12.2011	31.12.2010
Current income tax	19,210	96,779
Other taxes	17,989	16,516
Total	**37,199**	**113,295**

31. Employee defined benefit obligations

The total amounts of the Balance Sheet and Income Statement recognized in the financial statements for employee defined benefit obligations are presented below:

	Balance Sheet Assets	
	31.12.2011	31.12.2010
TAP – Lump sum benefit	38,878	44,881
Total Assets (note 25)	**38,878**	**44,881**

	Balance Sheet Liabilities	
	31.12.2011	31.12.2010
Savings program guarantee	380	
Total liabilities	**380**	**-**

	Income statement Expenses	
	From 1 January to	
	31.12.2011	31.12.2010
TAP – Lump sum benefit	8,275	3,607
Savings program guarantee	380	
Total Expenses (note 7)	**8,655**	**3,607**

a. Supplementary Pension Fund of former Alpha Credit Bank Employees

The obligation of 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.

The amounts in the income statement are analyzed as follows:

	From 1 January to	
	31.12.2011	31.12.2010
Current service cost	3,764	2,804
Interest cost	5,158	7,791
Expected return on plan assets	(4,119)	(7,675)
Actuarial losses recognized in the year	1,374	687
Total expense	**6,177**	**3,607**
Benefit termination cost	2,098	
Total (included in staff costs)	**8,275**	**3,607**

The termination cost is due to the recognition of part of the unrecognized actuarial loss as well as the payment of funds in excess of the expected liability relating to employees that departed from the Fund within the period.

The amounts in the balance sheet during the last year and the previous four years are as follows:

	31.12.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
Present value of defined benefit obligations	115,823	122,438	129,848	128,895	127,035
Fair value of plan assets	(114,694)	(135,448)	(151,969)	(156,268)	(162,031)
Deficit/(Surplus)	**1,129**	**(13,010)**	**(22,121)**	**(27,373)**	**(34,996)**
Unrecognized actuarial losses	(40,007)	(31,871)	(23,784)	(19,938)	(14,193)
Asset in balance sheet	**(38,878)**	**(44,881)**	**(45,905)**	**(47,311)**	**(49,189)**

The movement in the present value of the defined benefit obligation is as follows:

	2011	2010
Opening balance	**122,438**	**129,848**
Current service cost	3,764	2,804
Interest cost	5,158	7,791
Employee contributions	664	1,426
Benefits paid	(20,339)	(16,121)
Contributions paid directly by the Bank	(2,272)	(2,583)
Expenses	(10)	(4)
Additional expenses	742	
Actuarial (gains)/ losses	5,678	(723)
Closing balance	**115,823**	**122,438**

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

	2011	2010
Opening balance	**135,448**	**151,969**
Expected return	4,119	7,675
Employee contributions	664	1,426
Benefits paid	(20,339)	(16,121)
Expenses	(10)	(4)
Actuarial losses	(5,188)	(9,497)
Closing balance	**114,694**	**135,448**

The plan assets include bonds of Alpha Credit Group Plc of €82.8 million, receivables from Alpha Bank of €28.6 million, deposits with Alpha Bank of €0.9 million, Alpha Bank's shares of €0.4 million and other receivables of €2 million.

The movement in the receivable is as follows:

Balance 1.1.2010	**(45,905)**
Accrued expense	3,607
Benefits paid directly by the Bank	(2,583)
Balance 31.12.2010	**(44,881)**
Changes for the period 1.1 - 31.12.2011	
Accrued expense	8,275
Benefits paid directly by the Bank	(2,272)
Balance 31.12.2011	**(38,878)**

The principal actuarial assumptions used are as follows:

	31.12.2011	31.12.2010
Discount rate	5.0%	5.0%
Expected return on plan assets	2.5%	3.5%
Future salary increases	2.0%	2.0%

b. Guarantee for the minimum benefit for newly insured employees (after 1993) that were hired after 31.12.2004 and joined the Bank's new savings plan

The amounts in the balance sheet are analyzed as follows:

	31.12.2011
Present value of accrued liabilities	427
Unrecognized actuarial losses	(47)
Liability in Balance sheet	**380**

The amounts recognized in the income statement and relate to the above guarantee are as follow:

	From 1 January to
	31.12.2011
Current service cost	22
Interest cost	15
Past service cost	343
Total (included in staff costs)	**380**

The movement in the present value of the defined benefit obligation is as follows:

	2011
Opening balance	
Current service cost	22
Interest cost	15
Past service cost	343
Unrecognized actuarial losses	47
Closing balance	**427**

The movement in the liability is as follows:

Balance 31.12.2010	
Changes for the period 1.1 - 31.12.2011	
Accrued expense	380
Balance 31.12.2011	**380**

The principal actuarial assumptions used are as follows:

	31.12.2011
Discount rate	5.0%
Expected return on plan assets	4.0%
Future salary increases	2.0%

32. Other liabilities

	31.12.2011	31.12.2010
Dividends payable	5,727	8,104
Suppliers	31,479	26,755
Deferred income	3,613	3,913
Accrued expenses	60,603	81,933
Liabilities to third parties	130,360	105,078
Liabilities to Common Insurance Fund of Bank Employees [1]	365,963	418,830
Liabilities from credit cards	144,840	208,965
Other	90,508	78,289
Total	**833,093**	**931,867**

33. Provisions

Balance 1.1.2010	**3,768**
Changes for the period 1.1- 31.12.2010	
Provisions used during the period	(2)
Restructuring program provisions	5,481
Balance 31.12.2010	**9,247**
Changes for the period 1.1- 31.12.2011	
Provisions to cover credit risk relating to off-balance sheet items (note 10)	8,100
Restructuring program provisions used during the period	(4,609)
Reversal of other provisions	(2,335)
Other provisions (note 9)	57
Balance 31.12.2011	**10,460**

The amounts of other provisions charged to profit and loss account and the restructuring program provisions are included in the account "Other expenses" of the income statement.

[1] *In accordance with article 10 of Law 3620/2007 and the mandatory joint of TAP members to Common Insurance Fund of Bank Employees (E.T.A.T.) from 1.1.2008, the cost of the Bank amounted to €543 million. This amount plus interest is attributable in ten equal annual installments.*

EQUITY

34. Share capital

The Bank's share capital as at 31.12.2011 is analysed as follows:

	Number of Common Shares	Number of Preference Shares	Paid-in capital
Opening Balance 1.1.2011	**534,269,648**	**200,000,000**	**3,451,067**
Reduction of nominal value of ordinary shares from €4.70 to € 0.30			(2,350,786)
Balance 31.12.2011	**534,269,648**	**200,000,000**	**1,100,281**

The Second Repeat General Meeting of Shareholders held on 15.7.2011 decided the reduction of the Bank's paid-in ordinary share capital, through the reduction of the nominal value of the ordinary shares with voting rights and the creation of an equal (to the reduction) special reserve.

After the reduction, the Bank's share capital as at 31.12.2011 amounts to € 1,100,280,894.40 divided into 734,269,648 shares, of which 534,269,648 are ordinary, registered, with voting rights, non paper shares of nominal value € 0.30 each and 200,000,000 are preference, registered, non voting, paper and redeemable shares of nominal value € 4.70 each.

The preference shares have been issued since 21.5.2009, according to Law 3723/2008 for the enhancement of Greek economy's liquidity program.

According to article 39 of Law 3844/3.5.2010, which amended Law 3723/9.12.2008, the return on preference shares has a step up feature of 2% annually, if after five years following the issuance, the preference shares have not been redeemed.

The Bank has recognized the preference shares as part of its equity and the related return for the year 2011 amounts to € 75.2 million after income tax.

In addition, the Bank's Second Repeat General Meeting held on 15.7.2011 decided the following:

- The ability to raise funds by way of an increase of the share capital of the Bank, up to the amount of the current issued and paid-in common share capital, on the date of approval by the General Meeting, through a payment in cash and the issuance of ordinary, registered, non paper shares with voting rights.
- The ability to issue a bond, convertible to ordinary shares, with voting rights of an amount up to 10% of the current issued and paid-in share capital of the Bank, on the date of approval by the General Meeting, together with a disapplication of the preemption rights of ordinary and preferred shareholders.

Further to the above, the second Repeat General Meeting of the Bank's Shareholders on 15 November 2011 decided, among others, the suspension of the aforementioned decisions.

Finally, in note 45e is mentioned that the Extraordinary General Meeting of the Bank's Shareholders to be held on 26.4.2012, among other matters, will decide the suspension of all decisions made on November, 15 2011 by the second Repeat General Meeting of the Bank's Shareholders thus bringing into force the aforementioned decisions of the second Repeat General Meeting of 15.7.2011.

35. Share premium

Opening balance 1.1.2011	**406,867**
Reduction of nominal value of ordinary shares from €4.70 to €0.30	2,350,786
Balance 31.12.2011	**2,757,653**

36. Reserves

Reserves are analysed as follows:

a. Statutory reserve

	31.12.2011	31.12.2010
Statutory reserve	420,425	420,425

According to the Bank's articles of association (article 26) as in force, the Bank is required to transfer 5% of its annual net profit to the statutory reserve, until the reserve amounts to one third of share capital. This reserve can only be used to offset losses according to article 44 of Law 2190/1920.

b. Available for sale securities reserve

	2011		2010	
Opening balance 1.1		**(397,363)**		**(196,601)**
Changes for the period 1.1 - 31.12				
Net change in fair value of available for sale securities, after income tax	(193,007)		(320,838)	
Net change in fair value of available for sale securities transferred to profit and loss	266,943		120,076	
Total		**73,936**		**(200,762)**
Balance 31.12		**(323,427)**		**(397,363)**

c. Other reserves

	2011	2010
Opening balance 1.1	(29,604)	
Changes for the period 1.1 - 31.12		
Net change in cash flow hedge reserve, after income tax	6,459	(29,419)
Reserve for exchange differences on translating foreign branch operations	(83)	(185)
Balance 31.12	**(23,228)**	**(29,604)**

Total reserves (a+b+c)	**73,770**	**(6,542)**

37. Retained earnings

The Bank's Ordinary General Meeting of Shareholders held on 21.6.2011 decided the following:

- The payment to the Greek State of € 94 million regarding the accrued return on its preference shares for the year 2010, according to the Bank's Articles of Incorporation. Thus the account "Retained Earnings" has decreased by €75.2 million, after income tax.
- Not to distribute dividends to Bank's common shareholders for the year 2010, according to the provisions of article 19 of Law 3965/2011 and the decision 20708/B.1175/23.4.2009 of the Minister of Economy and Finance.

In accordance with the provisions of the fourth article of Law 4063/2012, Banks participating in the program for the enhancement of the economy's liquidity of Law 3723/2008 may only distribute dividend for the year 2011 in the form of shares.

The Bank's Board of Directors will not propose in the Ordinary General Meeting of Shareholders the distribution of profits to common shareholders, since no profits were performed for the year 2011.

Additionally, the Bank's Board of Directors suggests the non-payment to the Greek State of the accrued return on its preference shares for the year 2011.

ADDITIONAL INFORMATION

38. Contingent liabilities and commitments

a) Legal issues

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

b) Tax issues

On March 2011, the Bank's tax audit for years 2008 and 2009 was completed. The Bank's branches in Albania, London and Bulgaria have been audited by the tax authorities for the years up to and including 2009, 2008 and 2007 respectively.

Additional taxes and penalties may be imposed for the unaudited years.

c) Operating leases

The Bank as a lessee

The Bank has various obligations with respect to leases of buildings which are used as branches or for administrative purposes.

The duration of the lease agreements is initially for 12 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:

	31.12.2011	31.12.2010
Less than one year	28,121	31,448
Between one and five years	88,115	107,445
More than five years	68,789	95,153
Total	**185,025**	**234,046**

The total lease expense for 2011 relating to the rental of buildings amounted to €32,365 (2010: €37,992) and is included in the account "General and administrative expenses".

The Bank as a lessor

The Bank's receivables from leases relate to buildings leased either to group companies or third parties.

The minimum future lease revenues are:

	31.12.2011	31.12.2010
Less than one year	2,710	2,814
Between one and five years	4,356	6,614
More than five years	1,734	3,981
Total	**8,800**	**13,409**

The lease revenues for 2011 amounted to €3,037 (2010: €3,628) and are included in the account "Other income"

d) Off balance sheet liabilities

The Bank, pursuant 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, relate to letters of credit, letters of guarantee, undrawn credit facilities and credit limits as well as guarantees relating to bonds issued by subsidiaries of the Bank.

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 of 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 outstanding balances are as follows:

	31.12.2011	31.12.2010
Letters of credit	27,365	47,225
Letters of guarantee	4,962,462	5,577,106
Guarantees relating to bonds issued by subsidiaries of the Bank	4,377,220	7,181,297

Additionally, contingent liabilities for the Bank arise from the 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.

The liability from limits that can not be recalled (committed) in case counterparties fail to meet their contractual obligations as of 31.12.2011 amounts to € 155.8 million (31.12.2010: € 442.6 million) and is included in the calculation of risk weighted assets.

Moreover, the Bank has guaranteed for the liabilities of its subsidiary Alpha Leasing Romania S.A., arising from open finance lease contracts amounting to € 371 thousand.

e) Assets pledged

Assets pledged as of 31.12.2011 amounting to € 32.7 billion include:

- Loans and advances to customers amounting to € 18.3 billion out of which:
  - i. An amount of € 17.6 billion has been pledged as collateral to Central Banks for liquidity purposes.
  - ii. An amount of € 0.7 billion has been granted as collateral to the Greek State in order for the Bank to receive securities issued by the Greek State amounting to € 0.5 billion in accordance with Law 3723/2008.
- Securities held for trading and investment securities portfolio as well as securities from Reverse Repos amounting to € 14.4 billion out of which:
  - i. An amount of € 3.7 billion relates to the issuance of covered bonds secured by mortgage loans of € 4.7 billion.
  - ii. An amount of € 6.2 billion relates to Greek State bonds and other bonds.
  - iii. An amount of € 4.5 billion relates to bonds derived from the securitization of corporate and consumer loans, credit cards and finance lease receivables.

Moreover, an amount of € 10.8 billion, pledged to Central Banks relates to securities issued with the guarantee of the Greek State in accordance with Law 3723/2008 and held by the Bank.

The aforementioned securities are pledged as collateral to the European Central Bank for participation in main refinancing operations to the Bank of Greece for the participation in the Intra-Europe clearing of payments system on an ongoing time (TARGET), to the Athens Derivatives Exchange Clearing House, as well as to the European Investment Bank.

f) Other pledges

On 7 May 2008 the Bank completed a Medium Term Notes Program amounting to USD 7.5 billion, according to Rule 144A of the American Law, which will be offered to institutional investors. The issuer will be Alpha Group Jersey Limited, a wholly owned subsidiary of the Bank. The Notes will be guaranteed by the Bank and will be traded in Luxembourg's stock exchange. The program is currently inactive.

39. Operating segment

a. Analysis by operating segment

(Amounts in millions of Euro)

	1.1 - 31.12.2011						
	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Total
Net interest income	868.5	437.6	1.3		46.1		1,353.5
Net fee and commission income	117.3	80.1	20.9	(5.3)	6.6		219.6
Other income	6.4	5.5	2.0	115.6	4.4	8.5	142.4
Total income	**992.2**	**523.2**	**24.2**	**110.3**	**57.1**	**8.5**	**1,715.5**
Total expenses	**(567.7)**	**(124.1)**	**(18.2)**	**(14.9)**	**(55.3)**	**(31.7)**	**(811.9)**
Impairment losses	(466.3)	(395.7)			(35.8)	(4,787.6)	(5,685.4)
Profit/(loss) before income tax	**(41.8)**	**3.4**	**6.0**	**95.4**	**(34.0)**	**(4,810.8)**	**(4,781.8)**
Income tax							939.2
Profit/(loss) after income tax							**(3,842.6)**
Assets	22,072.1	15,020.1	161.6	12,979.9	1,379.2	3,584.0	55,196.9
Liabilities	21,922.5	1,792.0	1,031.2	27,571.1	842.2	1,445.0	54,604.0
Capital expenditure	26.2	7.3	0.8	0.5	5.4	2.1	42.3
Depreciation and amortization	37.4	10.4	1.1	0.7	7.7	3.0	60.3

The amount of €4,787.6 million included in the operating segment as "Other" relates to impairment losses from Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI (note 11).

(Amounts in millions of Euro)

	1.1 - 31.12.2010						
	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Total
Net interest income	808.8	395.9		108.4	37.8		1,350.9
Net fee and commission income	112.0	80.9	27.2	14.2	7.7		242.0
Other income	7.4	6.6	1.0	(8.1)	2.2	58.9	68.0
Total income	**928.2**	**483.4**	**28.2**	**114.5**	**47.7**	**58.9**	**1,660.9**
Total expenses	**(605.5)**	**(118.0)**	**(21.8)**	**(16.6)**	**(52.5)**	**(42.5)**	**(856.9)**
Impairment losses	(304.0)	(366.2)			(40.1)	(47.9)	(758.2)
Profit/(loss) before income tax	**18.7**	**(0.8)**	**6.4**	**97.9**	**(44.9)**	**(31.5)**	**45.8**
Income tax							(102.1)
Profit/(loss) after income tax							**(56.3)**
Assets	24,203.5	17,982.1	234.7	17,317.8	1,558.8	2,474.0	63,770.9
Liabilities	28,753.8	2,466.8	1,317.3	24,074.4	948.9	1,779.2	59,340.4
Capital expenditure	51.4	15.2	1.5	1.1	10.7	6.0	85.9
Depreciation and amortization	35.2	10.4	1.0	0.7	7.2	3.2	57.7

i. Retail Banking

Includes all individuals (retail banking customers), professionals, small and very small companies.

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

ii. Corporate Banking

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

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

iii. Asset Management / Insurance

Consists of a wide range of asset management services offered through Bank's private banking units. In addition it offers a wide range of insurance products to individuals and companies.

iv. Investment Banking / Treasury

Includes stock exchange, advisory and brokerage services relating to capital markets, as well as 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

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

vi. Other

This segment consists of the Bank's administration section.

b. Analysis by geographical sector

(Amounts in millions of Euro)

	1.1 - 31.12.2011		
	Greece	Other Countries	Total
Net interest income	1,294.1	59.4	1,353.5
Net fee and commission income	208.6	11.0	219.6
Other income	137.4	5.0	142.4
Total income	**1,640.1**	**75.4**	**1,715.5**
Total expenses	**(754.6)**	**(57.3)**	**(811.9)**
Impairment losses	(5,649.6)	(35.8)	(5,685.4)
Profit/(loss) before income tax	**(4,764.1)**	**(17.7)**	**(4,781.8)**
Income tax			939.2
Profit/(loss) after income tax			**(3,842.6)**
Assets	53,296.8	1.900.1	55,196.9

In geographical sector "Greece" the amount of €4,787.6 million relates to impairment losses on Greek Government Bonds and loans guaranteed by the Hellenic Republic eligible to PSI (note 11).

(Amounts in millions of Euro)

	1.1 - 31.12.2010		
	Greece	Other Countries	Total
Net interest income	1,302.2	48.7	1,350.9
Net fee and commission income	233.8	8.2	242.0
Other income	65.3	2.7	68.0
Total income	**1,601.3**	**59.6**	**1,660.9**
Total expenses	**(802.1)**	**(54.8)**	**(856.9)**
Impairment losses	(718.1)	(40.1)	(758.2)
Profit / (loss) before income tax	**81.1**	**(35.3)**	**45.8**
Income tax			(102.1)
Profit / (loss) after income tax			**(56.3)**
Assets	61,756.0	2,014.9	63,770.9

40. Financial risk management

The Bank has established a systematic and solid risk management framework for the reliable measurement of risk which is continually evolving to meet the challenges of the economic circumstances the way these are defined by the regulatory requirements and best banking practices. The framework's main objective is the reliable measurement of financial risks in order to minimize potential negative effects on the Bank's financial results.

The Bank's Board of Directors has overall responsibility for the improvement and oversight of the Risk Management framework. Risk Management Committee is established, which meets on a monthly basis and reports to the Board of Directors on its activities. The Risk Management Committee is responsible for the implementation and monitoring compliance with the risk management policies.

In the Bank the risk management departments are entitled with the responsibility for the implementation of the risk management framework, according to the directions of the Risk Management Committee.

40.1 Credit risk

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

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

The main tool for the measurement of credit risk is the credit risk grading system. Current systems use both quantitative and qualitative criteria of measurement and also criteria of transactional behavior in order to report customer probability of default and loss given default. Respective models are continuously improved in order for the total loan portfolio to be included in the new system of internal grading imposed by capital adequacy. Additionally, the Bank uses ratings provided by External Credit Assessment Institutions (ECAI).

At the same time, statistical models are being developed in order to calculate loss given default and the exposure at default.

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

The grading systems are subject to continuous quality control to ensure at all times proactive ability.

At the same time the Bank performs stress testing exercises concerning credit risk on a regular basis. Based on respective stress testing an estimation is provided of the size of financial losses that could occur under extreme transactional behavior of the clients or of economic environment. On regular basis large exposures are monitored and management and the Board of Directors are informed.

The Bank assesses on regular basis whether there is objective evidence of impairment. The Bank assesses at each balance sheet date, whether there is evidence of impairment in accordance with the general principles and methodology set out in IAS 39 and the relevant implementation guidance.

Specifically the above mentioned procedures include the following steps:

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

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

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

d) Methodology in determing future cash flows from impaired loans.

e) Interest income recognition.

f) Impairment recognition.

g) Recoveries/ Receivable from loans impaired.

In note 1.12 "Impairment losses on loans and advances" the accounting principles applied for loan impairment are described in detail.

Collaterals

Collaterals (tangible and intangible) are received by the Bank to mitigate credit risk that may arise from the obligor's inability to fulfill his contractual obligations.

The bank calculates the value of collaterals based on the potential revenue that could arise from their liquidation. This value relates to the forced sale value of the collaterals provided to cover loan exposures.

For the calculation of the collateral value, characteristics such as the asset quality, their market value, their liquidity, the time required for liquidation, their liquidation costs, the current pledges on the assets, as well as, potential priority over liquidation proceeds are taken into account.

The above parameters are considered when determining the haircuts of each collateral, which are expressed as percentage of their market, nominal, or their weighted average value, depending on the nature of collaterals.

The value of collaterals received by the Bank is often subject to fluctuations, which may affect the loan-collateral value relationship. For this reason, their value is assessed in regular intervals and/ or even sooner in cases of extraordinary events/changes.

In the cases where from the new valuations negative deviations are noted, the competent administrative unit is responsible for the loan to collateral relationship to return to the approved limits.

In order to better secure credit facilities granted, all mortgage and pledged assets are insured, while the proceeds of the insurance contracts are assigned to the Bank.

FINANCIAL INSTRUMENTS CREDIT RISK

	31.12.2011			31.12.2010		
	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	878,874		878,874	2,502,033		2,502,033
Due from banks	6,730,811	8,965	6,721,846	8,824,257		8,824,257
Loans and advances to customers:						
Individuals:						
- Mortgages	11,131,239	322,411	10,808,828	11,363,534	126,450	11,237,084
- Consumer	3,598,535	154,454	3,444,081	3,730,831	117,284	3,613,547
- Credit cards	923,976	40,017	883,959	1,124,901	56,449	1,068,452
- Other loans	53,622		53,622	54,824		54,824
	15,707,372	516,882	15,190,490	16,274,090	300,183	15,973,907
Companies:						
- Corporate loans	24,208,374	3,668,495	20,539,879	24,803,865	1,451,154	23,352,711
- Other receivables	421,646		421,646	592,417		592,417
	24,630,020	3,668,495	20,961,525	25,396,282	1,451,154	23,945,128
Total	40,337,392	4,185,377	36,152,015	41,670,372	1,751,337	39,919,035
Derivative financial assets	639,968		639,968	442,013		442,013
Securities held for trading:						
- Government bonds	9,717		9,717	33,754		33,754
- Other debt securities	4,043		4,043	2,042		2,042
Total	13,760		13,760	35,796		35,796
Available for sale securities:						
- Available for sale (Government bonds)	2,316,985	101,165	2,215,820	1,419,120		1,419,120
- Available for sale (other)	685,612	4,544	681,068	1,440,060	50,620	1,389,440
Total	3,002,597	105,709	2,896,888	2,859,180	50,620	2,808,560
Held to maturity securities:						
- Held to maturity (Government bonds)	4,605,333	2,674,325	1,931,008	4,095,463		4,095,463
- Held to maturity (other)	764,228	13,789	750,439	1,119,330	33,657	1,085,673
Total	5,369,561	2,688,114	2,681,447	5,214,793	33,657	5,181,136
Total amount of balance sheet items exposed to credit risk (a)	**56,972,963**	**6,988,165**	**49,984,798**	**61,548,444**	**1,835,614**	**59,712,830**
Other balance sheet items not exposed to credit risk	5,212,151		5,212,151	4,058,065		4,058,065
Total Assets	**62,185,114**	**6,988,165**	**55,196,949**	**65,606,509**	**1,835,614**	**63,770,895**
Credit risk exposure relating to off balance sheet items:						
Letters of guarantee and letters of credit	4,989,827	8,100	4,981,727	5,624,331		5,624,331
Undrawn loan agreements and credit limits that can not be recalled (committed) (1)	155,875		155,875	442,629		442,629
Guarantees relating to bonds issued by subsidiaries of the Bank	4,377,220		4,377,220	7,181,297		7,181,297
Total amount of off balance sheet items exposed to credit risk (b)	**9,522,922**	**8,100**	**9,514,822**	**13,248,257**		**13,248,257**
Total credit risk exposure (a+b)	**66,495,885**	**6,996,265**	**59,499,620**	**74,796,701**	**1,835,614**	**72,961,087**

(1) *Undrawn loan agreements and credit limits that can not be recalled (committed) in cases where it becomes apparent that the counterparty will fail to meet their contractual obligations. The balancing figures of the prior period were restated to be comparable.*

LOANS AND ADVANCES TO CUSTOMERS – Analysis of past due amounts

	31.12.2011			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Loans and advances to individuals				
- Mortgage				
Performing loans	8,468,634			8,468,634
Past due 1 - 90 days		1,274,368		1,274,368
Past due > 90 days			1,388,237	1,388,237
	8,468,634	**1,274,368**	**1,388,237**	**11,131,239**
- Credit cards, consumer and other loans				
Performing loans	3,505,436			3,505,436
Past due 1 - 90 days		647,084		647,084
Past due > 90 days			423,613	423,613
	3,505,436	**647,084**	**423,613**	**4,576,133**
Corporate loans				
Performing loans	15,631,463		3,865,823	19,497,286
Past due 1 - 90 days		1,396,463	330,529	1,726,992
Past due > 90 days		292,708	3,113,034	3,405,742
	15,631,463	**1,689,171**	**7,309,386**	**24,630,020**
Total portfolio				
Performing loans	27,605,533		3,865,823	31,471,356
Past due 1 - 90 days		3,317,915	330,529	3,648,444
Past due > 90 days		292,708	4,924,884	5,217,592
Total	**27,605,533**	**3,610,623**	**9,121,236**	**40,337,392**

	31.12.2010			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Loans and advances to individuals				
- Mortgage				
Performing loans	9,365,149			9,365,149
Past due 1 - 90 days		1,174,454		1,174,454
Past due > 90 days			823,931	823,931
	9,365,149	**1,174,454**	**823,931**	**11,363,534**
- Credit cards, consumer and other loans				
Performing loans	3,922,812			3,922,812
Past due 1 - 90 days		678,659		678,659
Past due > 90 days			309,085	309,085
	3,922,812	**678,659**	**309,085**	**4,910,556**
Corporate loans				
Performing loans	20,282,020		1,013,219	21,295,239
Past due 1 - 90 days		1,364,771	277,960	1,642,731
Past due > 90 days		255,145	2,203,167	2,458,312
	20,282,020	**1,619,916**	**3,494,346**	**25,396,282**
Total portfolio				
Performing loans	33,569,981		1,013,219	34,583,200
Past due 1 - 90 days		3,217,884	277,960	3,495,844
Past due > 90 days		255,145	3,336,183	3,591,328
Total	**33,569,981**	**3,473,029**	**4,627,362**	**41,670,372**

LOANS AND ADVANCES TO CUSTOMERS – Neither past due nor impaired

	31.12.2011			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Low risk	8,468,634	3,505,436	13,907,400	25,881,470
Under surveillance			1,724,063	1,724,063
Total	**8,468,634**	**3,505,436**	**15,631,463**	**27,605,533**

	31.12.2010			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Low risk	9,365,149	3,922,812	18,919,620	32,207,581
Under surveillance			1,362,400	1,362,400
Total	**9,365,149**	**3,922,812**	**20,282,020**	**33,569,981**

LOANS AND ADVANCES TO CUSTOMERS – Past due but not impaired

	31.12.2011			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Past due 1-90 days	1,274,368	647,084	1,396,463	3,317,915
Past due > 90 days			292,708	292,708
Total	**1,274,368**	**647,084**	**1,689,171**	**3,610,623**

	31.12.2010			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Past due 1-90 days	1,174,454	678,659	1,364,771	3,217,884
Past due > 90 days			255,145	255,145
Total	**1,174,454**	**678,659**	**1,619,916**	**3,473,029**

LOANS AND ADVANCES TO CUSTOMERS - Impaired

	31.12.2011			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Carrying amount before impairment	1,388,237	423,613	7,309,386	9,121,236
Allowance of impairment	(322,411)	(194,471)	(3,668,495)	(4,185,377)
Carrying amount	**1,065,826**	**229,142**	**3,640,891**	**4,935,859**

	31.12.2010			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Carrying amount before impairment	823,931	309,085	3,494,346	4,627,362
Allowance of impairment	(126,450)	(173,733)	(1,451,154)	(1,751,337)
Carrying amount	**697,481**	**135,352**	**2,043,192**	**2,876,025**

BALANCES WITH CENTRAL BANKS -DUE FROM BANKS - DERIVATIVE FINANCIAL INSTRUMENTS AND DEBT SECURITIES - Analysis per rating

	31.12.2011						
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Securities held for trading	Available for sale securities	Held to maturity securities	Total
AAA	777,645				6,708	40,333	824,686
AA+ to AA-		1,217,144	161,264			20,211	1,398,619
A+ to A-		166,968	106,000		1,934	213,170	488,072
BBB+ to BBB-	58,319	392	2		6,050	94,513	159,276
Lower than BBB-	42,910	5,339,401	362,570	13,760	2,849,007	4,989,487	13,597,135
Unrated		6,906	10,132		138,898	11,847	167,783
Exposure before impairment	**878,874**	**6,730,811**	**639,968**	**13,760**	**3,002,597**	**5,369,561**	**16,635,571**

	31.12.2010						
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Securities held for trading	Available for sale securities	Held to maturity securities	Total
AAA	1,816,013				559	50,541	1,867,113
AA+ to AA-		732,795	167,170		23,271	49,407	972,643
A+ to A-		308,243	27,980		250,989	266,066	853,278
BBB+ to BBB-	646,061	7,757,393	112,848	29,538	2,226,553	4,385,644	15,158,037
Lower than BBB-	39,959	7,484	120,070	6,258	221,478	439,932	835,181
Unrated		18,342	13,945		136,330	23,203	191,820
Exposure before impairment	**2,502,033**	**8,824,257**	**442,013**	**35,796**	**2,859,180**	**5,214,793**	**19,878,072**

BALANCES WITH CENTRAL BANKS -DUE FROM BANKS - DERIVATIVE FINANCIAL INSTRUMENTS AND DEBT SECURITIES - Analysis of past due amounts

	31.12.2011						
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Securities held for trading	Available for sale securities	Held to maturity securities	Total
Neither past due nor impaired	878,874	6,721,846	639,968	13,760	2,809,657	1,514,704	12,578,809
Past due but not impaired							
Impaired		8,965			192,940	3,854,857	4,056,762
Exposure before impairment	**878,874**	**6,730,811**	**639,968**	**13,760**	**3,002,597**	**5,369,561**	**16,635,571**
Less: Allowance for impairment losses		(8,965)			(105,709)	(2,688,114)	(2,802,788)
Net exposure	**878,874**	**6,721,846**	**639,968**	**13,760**	**2,896,888**	**2,681,447**	**13,832,783**

	31.12.2010						
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Securities held for trading	Available for sale securities	Held to maturity securities	Total
Neither past due nor impaired	2,502,033	8,824,257	442,013	35,796	2,786,838	5,164,631	19,755,568
Past due but not impaired							
Impaired					72,342	50,162	122,504
Exposure before impairment	**2,502,033**	**8,824,257**	**442,013**	**35,796**	**2,859,180**	**5,214,793**	**19,878,072**
Less: Allowance for impairment losses					(50,620)	(33,657)	(84,277)
Net exposure	**2,502,033**	**8,824,257**	**442,013**	**35,796**	**2,808,560**	**5,181,136**	**19,793,795**

In the following tables are presented the financial instruments exposed to credit risk by sectors of the counterparties.

FINANCIAL INSTRUMENTS CREDIT RISK – Analysis by industry sector

	31.12.2011										
	Financial Institutions and other financial services	Manufac-turing	Construction and real estate	Wholesale and retail trade	Public sector	Transporta-tion	Shipping	Hotels -Tourism	Other sectors	Individuals	Total
Credit risk exposure relating to balance sheet items:											
Balances with Central Banks	878,874										878,874
Due from banks	6,730,811										6,730,811
Loans and advances to customers:											
Individuals:											
- Mortgages										11,131,239	11,131,239
- Credit cards and consumer loans										4,522,511	4,522,511
- Other loans										53,622	53,622
Total										**15,707,372**	**15,707,372**
Corporate loans and other receivables	1,185,536	5,601,572	3,263,253	5,467,295	375,920	2,831,318	1,525,017	1,522,470	2,857,639		24,630,020
Total	**1,185,536**	**5,601,572**	**3,263,253**	**5,467,295**	**375,920**	**2,831,318**	**1,525,017**	**1,522,470**	**2,857,639**	**15,707,372**	**40,337,392**
Derivative financial assets	282,364	9,174	71,323	9,229	208,605	332	21,764	15,540	21,637		639,968
Securities held for trading	4,043				9,717						13,760
Available for sale securities	667,014	7,314	3,203	8,078	2,316,985				3		3,002,597
Held to maturity securities	707,937		21,026	35,265	4,605,333						5,369,561
Total amount of balance sheet items exposed to credit risk (a)	**10,456,579**	**5,618,060**	**3,358,805**	**5,519,867**	**7,516,560**	**2,831,650**	**1,546,781**	**1,538,010**	**2,879,279**	**15,707,372**	**56,972,963**
Other balance sheet items not exposed to credit risk									5,212,151		5,212,151
Total assets	**10,456,579**	**5,618,060**	**3,358,805**	**5,519,867**	**7,516,560**	**2,831,650**	**1,546,781**	**1,538,010**	**8,091,430**	**15,707,372**	**62,185,114**
Credit risk exposure relating to off-balance sheet items:											
Letters of guarantee and letters of credit	856,480	944,053	1,693,036	906,877	908	132,136		111,848	344,489		4,989,827
Undrawn loan agreements and credit limits that can not be recalled (committed)									155,875		155,875
Guarantees for bonds issued by subsidiaries of the Bank									4,377,220		4,377,220
Total amount of off balance sheet items exposed to credit risk (b)	**856,480**	**944,053**	**1,693,036**	**906,877**	**908**	**132,136**		**111,848**	**4,877,584**		**9,522,922**
Total credit risk exposure (a+b)	**11,313,059**	**6,562,113**	**5,051,841**	**6,426,744**	**7,517,468**	**2,963,786**	**1,546,781**	**1,649,858**	**7,756,863**	**15,707,372**	**66,495,885**

FINANCIAL INSTRUMENTS CREDIT RISK – Analysis by industry sector

	31.12.2010										
	Financial Institutions and other financial services	Manufac-turing	Construction and real estate	Wholesale and retail trade	Public sector	Transporta-tion	Shipping	Hotels -Tourism	Other sectors	Individuals	Total
Credit risk exposure relating to balance sheet items:											
Balances with Central Banks	2,502,033										2,502,033
Due from banks	8,824,257										8,824,257
Loans and advances to customers:											
Individuals:											
- Mortgages										11,363,534	11,363,534
- Credit cards and consumer loans										4,855,732	4,855,732
- Other loans										54,824	54,824
Total										**16,274,090**	**16,274,090**
Corporate loans and other receivables	1,691,669	5,497,865	3,097,443	5,668,236	312,197	2,700,350	1,587,833	1,605,707	3,234,982		25,396,282
Total	**1,691,669**	**5,497,865**	**3,097,443**	**5,668,236**	**312,197**	**2,700,350**	**1,587,833**	**1,605,707**	**3,234,982**	**16,274,090**	**41,670,372**
Derivative financial assets	196,196	4,822	51,454	11,782	108,520	162	19,381	17,868	31,828		442,013
Securities held for trading	2,042				33,754						35,796
Available for sale securities	1,391,078		40,146	8,827	1,419,120				9		2,859,180
Held to maturity securities	1,007,150	2,287	50,867	59,026	4,095,463						5,214,793
Total amount of balance sheet items exposed to credit risk (a)	**15,614,425**	**5,504,974**	**3,239,910**	**5,747,871**	**5,969,054**	**2,700,512**	**1,607,214**	**1,623,575**	**3,266,819**	**16,274,090**	**61,548,444**
Other balance sheet items not exposed to credit risk									4,058,065		4,058,065
Total assets	**15,614,425**	**5,504,974**	**3,239,910**	**5,747,871**	**5,969,054**	**2,700,512**	**1,607,214**	**1,623,575**	**7,324,884**	**16,274,090**	**65,606,509**
Credit risk exposure relating to off-balance sheet items:											
Letters of guarantee and letters of credit	844,270	783,452	2,132,757	1,197,946		104,159	12,151	44,752	504,844		5,624,331
Undrawn loan agreements and credit limits that can not be recalled (committed)									442,629		442,629
Guarantees for bonds issued by subsidiaries of the Bank									7,181,297		7,181,297
Total amount of off balance sheet items exposed to credit risk (b)	**844,270**	**783,452**	**2,132,757**	**1,197,946**		**104,159**	**12,151**	**44,752**	**8,128,770**		**13,248,257**
Total credit risk exposure (a+b)	**16,458,695**	**6,288,426**	**5,372,667**	**6,945,817**	**5,969,054**	**2,804,671**	**1,619,365**	**1,668,327**	**11,395,589**	**16,274,090**	**74,796,701**

40.2 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 indexes, equity prices and commodities. Losses may also occur either from the trading portfolio or from the banking book.

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 level (2 years historical data)

	2011					2010
	Foreign currency risk	Interest rate risk	Price risk	Covariance	Total	Total
31 December	175,639	269,743	748,858	(261,954)	932,286	1,047,944
Average daily value (annual)	146,118	310,329	1,000,260	(405,036)	1,051,671	1,401,069
Maximum daily value (annual)*	116,673	59,432	1,596,118	(143,722)	1,628,501	1,704,753
Minimum daily value (annual)*	74,962	258,688	537,855	(183,547)	687,958	1,047,944

* relating to the total value at risk

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.

Within the scope of policy-making for financial risk management by the Asset and Liability Management Committee (ALCO), exposure limits and maximum loss (stop loss) for various products of the trading portfolio have been set. In particular the following limits have been set for the following risks:

- Foreign currency risk regarding spot and forward positions
- Interest rate risk regarding positions on bonds, Interest Rate Swaps, Interest Futures, Interest Options
- Price risk regarding position in shares, Index Futures and Options
- Credit risk regarding interbank transactions, corporate bonds and emerging market Government bonds

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

ii. Other financial instruments of assets and liabilities

Apart from the trading portfolio market risk may also arise from the Banking Book from the analysis. This risk is foreign currency risk and interest rate risk.

a. Foreign currency risk

The Bank takes on the risk arising from the fluctuations in foreign exchange rates.

The General Management of the Bank sets limits on the level of exposure by currency and in total for both overnight and intra-day positions. The total position arises from the net on balance sheet position and derivatives forward position as presented in the tables below.

	31.12.2011								
	USD	GBP	CHF	JPY	RON	RSD	Other F/C	Euro	Total
ASSETS									
Cash and balances with Central Banks	6,175	1,404	708	57			48,972	1,092,184	1,149,500
Due from banks	160,931	178,321	7,586	75,170	37,563	274	(76,686)	6,338,687	6,721,846
Securities held for trading							6,221	7,539	13,760
Derivative financial assets								639,968	639,968
Loans and advances to customers	1,601,208	270,284	408,103	23,463			145,659	33,703,298	36,152,015
Investment securities									
- Available for sale	11,348				846		71,296	2,813,398	2,896,888
- Held to maturity	1,586							2,679,861	2,681,447
Investments in subsidiaries, associates and joint ventures		66,040			194,083	267,687	166,857	1,259,668	1,954,335
Investment property								40,387	40,387
Property, plant and equipment							26,259	601,912	628,171
Goodwill and other intangible assets							5,291	81,584	86,875
Deferred tax assets							7,209	1,480,573	1,487,782
Other assets	11,383	34	3				38,742	693,813	743,975
Total Assets	**1,792,631**	**516,083**	**416,400**	**98,690**	**232,492**	**267,961**	**439,820**	**51,432,872**	**55,196,949**
LIABILITIES									
Due to banks and customers	1,732,471	89,353	23,956	350,624	19,976		511,309	43,796,307	46,523,996
Derivative financial liabilities								1,584,153	1,584,153
Debt securities in issue and other borrowed funds	48,505				41,108		21,487	5,177,484	5,288,584
Liabilities for current income tax and other taxes							257	36,942	37,199
Deferred tax liabilities								326,140	326,140
Empolyee defined benefit obligations								380	380
Other liabilities	364	16	12	676			1,831	830,194	833,093
Provisions							70	10,390	10,460
Total Liabilities	**1,781,340**	**89,369**	**23,968**	**351,300**	**61,084**	**-**	**534,954**	**51,761,990**	**54,604,005**
Net balance sheet position	11,291	426,714	392,432	(252,610)	171,408	267,961	(95,134)	(329,118)	592,944
Derivatives forward foreign exchange position	(9,149)	(436,665)	(413,787)	250,237	(108,465)	-	261,498	71,460	(384,871)
Total Foreign Exchange Position	**2,142**	**(9,951)**	**(21,355)**	**(2,373)**	**62,943**	**267,961**	**166,364**	**(257,658)**	**208,073**
Undrawn loan agreements and credit limits that can not be recalled (committed)	67,010							88,865	155,875

	31.12.2010								
	USD	GBP	CHF	JPY	RON	RSD	Other F/C	Euro	Total
ASSETS									
Cash and balances with Central Banks	6,355	1,263	394	38			92,702	2,704,414	2,805,166
Due from banks	321,641	229,234	2,025,366	24,790	36,108	411	21,442	6,165,265	8,824,257
Securities held for trading							6,193	29,603	35,796
Derivative financial assets								442,013	442,013
Loans and advances to customers	1,767,651	303,230	424,327	37,386			179,676	37,206,765	39,919,035
Investment securities									
- Available for sale	15,174	135			174		42,196	2,750,881	2,808,560
- Held to maturity	14,233							5,166,903	5,181,136
Investments in subsidiaries, associates and joint ventures		63,900			195,724	247,687	166,857	1,178,874	1,853,042
Investment property								47,706	47,706
Property, plant and equipment							33,145	598,117	631,262
Goodwill and other intangible assets							6,058	92,462	98,520
Deferred tax assets							7,086	448,466	455,552
Other assets	242	1,130	1				47,082	533,708	582,163
Non current assets held for sale								86,687	86,687
Total Assets	**2,125,296**	**598,892**	**2,450,088**	**62,214**	**232,006**	**248,098**	**602,437**	**57,451,864**	**63,770,895**
LIABILITIES									
Due to banks and customers	3,082,151	116,779	19,014	508,227	1,895	11,507	568,059	45,656,073	49,963,705
Derivative financial liabilities								1,106,591	1,106,591
Debt securities in issue and other borrowed funds	52,736	4,073		278,862	39,810		28,060	6,577,332	6,980,873
Liabilities for current income tax and other taxes							146	113,149	113,295
Deferred tax liabilities								234,819	234,819
Other liabilities	702	445	264	623			8,256	921,577	931,867
Provisions							381	8,866	9,247
Total Liabilities	**3,135,589**	**121,297**	**19,278**	**787,712**	**41,705**	**11,507**	**604,902**	**54,618,407**	**59,340,397**
Net balance sheet position	(1,010,293)	477,595	2,430,810	(725,498)	190,301	236,591	(2,465)	2,833,457	4,430,498
Derivatives forward foreign exchange position	1,002,691	(488,839)	(2,444,671)	719,976	(88,327)	11,404	148,891	848,685	(290,190)
Total Foreign Exchange Position	**(7,602)**	**(11,244)**	**(13,861)**	**(5,522)**	**101,974**	**247,995**	**146,426**	**3,682,142**	**4,140,308**
Undrawn loan agreements and credit limits that can not be recalled (committed)	214,654							227,975	442,629

The Bank's high exposures in other currencies is primarily due to UAH/EUR position.

The net foreign exchange position as at 31.12.2011 presents the following sensitivity analysis:

Currency	Exchange rate variation scenario against Euro (%)	Impact on net income before tax
USD	Appreciation of USD 5%	119
	Depreciation of USD 5%	(108)
GBP	Appreciation of GBP 5%	(524)
	Depreciation of GBP 5%	473
CHF	Appreciation of CHF 5%	(1,125)
	Depreciation of CHF 5%	1,016
RON	Appreciation of RON 5%	3,312
	Depreciation of RON 5%	(2,998)
MKD	Appreciation of MKD 5%	1,145
	Depreciation of MKD 5%	(1,037)
RSD	Appreciation of RSD 5%	14,103
	Depreciation of RSD 5%	(12,761)
UAH	Appreciation of UAH 5%	7,637
	Depreciation of UAH 5%	(6,910)

b. Interest rate risk

Gap analysis is performed in order to examine the interest rate risk of assets and liabilities. Assets and liabilities are allocated into time bands according to their repricing date for variable interest rate instruments, or according to their maturity date for fixed rate instruments. In the context of the voluntary offer to exchange Greek Government Bonds and loans guaranteed by the Hellenic Republic eligible to PSI, it is considered that bonds and loans to be exchanged are repaid on the exchange implementation period (1-3 months) and then the acquisition of the new bonds, and their interest rate risk is reflected, with the assumption that EFSF bonds are included in the Avaliable for Sale portfolio and the new Greek Government bonds in the Held to maturity portfolio.

GAP Analysis of assets and liabilities is set out in the table below.

	31.12.2011							
	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	878,867						270,633	1,149,500
Due from banks	4,062,193	2,239,415	31,256	100,600	75,765	212,617		6,721,846
Securities held for trading	70	2,445	1,188	31	8,754	1,272		13,760
Derivative financial assets	639,968							639,968
Loans and advances to customers	25,787,819	5,106,633	1,284,515	1,261,429	2,059,030	652,589		36,152,015
Investment securities								
- Available for sale	927,446	8,370	823,354	75,739	1,001,311	23,961	36,707	2,896,888
- Held to maturity	232,037	565,078	907,422	57,615	45,336	873,959		2,681,447
Investments in subsidiaries, associates and joint ventures							1,954,335	1,954,335
Investment property							40,387	40,387
Property, plant and equipment							628,171	628,171
Goodwill and other intangible assets							86,875	86,875
Deferred tax assets							1,487,782	1,487,782
Other assets							743,975	743,975
Total Assets	**32,528,400**	**7,921,941**	**3,047,735**	**1,495,414**	**3,190,196**	**1,764,398**	**5,248,865**	**55,196,949**
LIABILITIES								
Due to banks	10,437,852	8,325,614	4,846	22	4,006,469			22,774,803
Derivatives financial liabilities	1,584,153							1,584,153
Due to customers	15,054,038	2,636,645	943,248	1,363,625	3,631,783		119,854	23,749,193
Debt securities in issue and other borrowed funds	952,212	4,055,172	43,946		232,255	4,999		5,288,584
Liabilities for current income tax and other taxes							37,199	37,199
Deferred tax liabilities							326,140	326,140
Employee defined benefit obligation							380	380
Other liabilities							833,093	833,093
Provisions							10,460	10,460
Total Liabilities	**28,028,255**	**15,017,431**	**992,040**	**1,363,647**	**7,870,507**	**4,999**	**1,327,126**	**54,604,005**
EQUITY								
Share capital							1,100,281	1,100,281
Share premium							2,757,653	2,757,653
Reserves							73,770	73,770
Retained earnings							(3,338,760)	(3,338,760)
Total Equity							**592,944**	**592,944**
Total Liabilities and Equity	**28,028,255**	**15,017,431**	**992,040**	**1,363,647**	**7,870,507**	**4,999**	**1,920,070**	**55,196,949**
GAP	**4,500,145**	**(7,095,490)**	**2,055,695**	**131,767**	**(4,680,311)**	**1,759,399**	**3,328,795**	
CUMULATIVE GAP	**4,500,145**	**(2,595,345)**	**(539,650)**	**(407,883)**	**(5,088,194)**	**(3,328,795)**		

	31.12.2010							
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
ASSETS								
Cash and balances with Central Banks	2,441,072						364,094	2,805,166
Due from banks	4,720,137	3,095,392	309,408	593,865	105,440	15		8,824,257
Securities held for trading	20	1,781	7,129	1,068	14,420	11,378		35,796
Derivative financial assets	442,013							442,013
Loans and advances to customers	27,271,690	5,750,438	3,058,226	1,802,421	1,303,948	732,312		39,919,035
Investment securities:								
- Available for sale	746,153	895,520	1,011,198	12,146	68,174	27,773	47,596	2,808,560
- Held to maturity	408,639	2,034,773	1,034,446	75,887	774,024	853,367		5,181,136
Investments in subsidiaries, associates and joint ventures							1,853,042	1,853,042
Investment property							47,706	47,706
Property, plant and equipment							631,262	631,262
Goodwill and other intangible assets							98,520	98,520
Deferrred tax assets							455,552	455,552
Other assets							582,163	582,163
Non current assets held for sale							86,687	86,687
Total Assets	**36,029,724**	**11,777,904**	**5,420,407**	**2,485,387**	**2,266,006**	**1,624,845**	**4,166,622**	**63,770,895**
LIABILITIES								
Due to banks	5,688,655	13,029,332	12,008					18,729,995
Derivatives financial liabilities	1,106,591							1,106,591
Due to customers	20,751,926	4,409,704	930,282	2,582,755	2,403,805		155,238	31,233,710
Debt securities in issue and other borrowed funds	1,791,012	3,657,281	504,281	10,537	1,017,762			6,980,873
Liabilities for current income tax and other taxes							113,295	113,295
Deferred tax liabilities							234,819	234,819
Other liabilities							931,867	931,867
Provisions							9,247	9,247
Total Liabilities	**29,338,184**	**21,096,317**	**1,446,571**	**2,593,292**	**3,421,567**		**1,444,466**	**59,340,397**
EQUITY								
Share capital							3,451,067	3,451,067
Share premium							406,867	406,867
Reserves							(6,542)	(6,542)
Retained earnings							579,106	579,106
Total Equity							**4,430,498**	**4,430,498**
Total Liabilities and Equity	**29,338,184**	**21,096,317**	**1,446,571**	**2,593,292**	**3,421,567**		**5,874,964**	**63,770,895**
GAP	**6,691,540**	**(9,318,413)**	**3,973,836**	**(107,905)**	**(1,155,561)**	**1,624,845**	**(1,708,342)**	
CUMULATIVE GAP	**6,691,540**	**(2,626,873)**	**1,346,963**	**1,239,058**	**83,497**	**1,708,342**		

GAP Analysis allows an immediate calculation of changes in net interest income and equity for available for sale securities upon application of alternative scenarios, such as changes in market interest rates or changes in the Bank's base interest rates. EFSF bonds acquired in the context of PSI are considered to be classified in the available for sale portfolio.

Currency	Interest rate variation scenario (parallel fall or rise in yield curves)	Sensitivity for net interest income (annual)	Sensitivity of equity
EUR	+ 50	48,943	(18,338)
	- 50	(30,924)	18,735
USD	+ 50	2,114	(174)
	- 50	(1,222)	180
GBP	+ 50	(603)	
	- 50	554	
CHF	+ 50	41	
	- 50	657	

40.3 Liquidity risk (liquidity gap analysis)

Liquidity risk relates to the Bank's ability to maintain sufficient funds to cover its obligations.

A substantial portion of the Bank's assets are funded with customer deposits and bonds issued by the Group. This type of funding comprises two categories:

a. Customer deposits for working capital purposes

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

b. Customer deposits and bonds issued for investment purposes

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

During the most recent years the Central Banking European System has been as an additional source of funding. The Bank's total borrowings amounted to €21.7 billion on 31 December 2011 (2010: € 14 billion).

Compared to other large Greek Banks, Alpha Bank presents the lower usage of the funding mechanisms offered by the European Central Banking System.

Based on the Liquidity Gap Analysis, the cash flows arising from balance sheet items are calculated and classified into time bands based on the time that they occurred, excluding investment portfolios. These portfolios which can immediately contribute to obtain liquidity are classified in the first period after taking into account the relevant haircuts. More specifically bonds included in the voluntary exchange program for Greek Government Bonds in accordance with the PSI terms, are considered to be classified in the held to maturity investment portfolio and the relevant liquidity that the Bank could raise is allocated in the exchange implementation period (1 – 3 months). The liquidity relating to loans guaranteed by the Hellenic republic eligible to PSI is allocated respectively with the liquidity of Greek Government Bonds subject to the agreement, in loans and advances to customers.

	31.12.2011					
	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	1,149,500					1,149,500
Due from banks	162,911	1,015,457	169,093	107,172	5,267,213	6,721,846
Securities held for trading	13,072				688	13,760
Derivative financial assets	639,968					639,968
Loans and advances to customers	1,523,327	2,647,966	1,868,297	2,190,637	27,921,788	36,152,015
Investment securities						
- Available for sale	2,750,551				146,337	2,896,888
- Held to maturity	1,169,337	791,135			720,975	2,681,447
Investments in subsidiaries, associates and joint ventures					1,954,335	1,954,335
Investment property					40,387	40,387
Property, plant and equipment					628,171	628,171
Goodwill and other intangible assets					86,875	86,875
Deferred tax assets					1,487,782	1,487,782
Other assets	4,870		28,945	166,751	543,409	743,975
Total Assets	**7,413,536**	**4,454,558**	**2,066,335**	**2,464,560**	**38,797,960**	**55,196,949**
LIABILITIES						
Due to banks	10,260,240	8,119,075	100,992		4,294,496	22,774,803
Derivatives financial liabilities	1,584,153					1,584,153
Due to customers	5,867,470	2,734,491	1,259,883	2,009,239	11,878,110	23,749,193
Debt securities in issue and other borrowed funds	724,502	206,684	73,478	735,711	3,548,209	5,288,584
Liabilities for current income tax and other taxes	37,199					37,199
Deferred tax liabilities					326,140	326,140
Employee defined benefit obligations					380	380
Other liabilities	677,611	9,064	13,596	32,919	99,903	833,093
Provisions					10,460	10,460
Total Liabilities	**19,151,175**	**11,069,314**	**1,447,949**	**2,777,869**	**20,157,698**	**54,604,005**
EQUITY						
Total Equity					**592,944**	**592,944**
Total Liabilities and Equity	**19,151,175**	**11,069,314**	**1,447,949**	**2,777,869**	**20,750,642**	**55,196,949**
Liquidity gap	**(11,737,639)**	**(6,614,756)**	**618,386**	**(313,309)**	**18,047,318**	

	31.12.2010					
	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	2,805,166					2,805,166
Due from banks	1,761,273	1,277,584	434,052	316,933	5,034,415	8,824,257
Securities held for trading	34,006				1,790	35,796
Derivative financial assets	442,013					442,013
Loans and advances to customers	1,469,671	1,964,054	1,990,205	2,495,166	31,999,939	39,919,035
Investment securities						
- Available for sale	2,699,705				108,855	2,808,560
- Held to maturity	3,642,093				1,539,043	5,181,136
Investments in subsidiaries, associates and joint ventures					1,853,042	1,853,042
Investment property					47,706	47,706
Property, plant and equipment					631,262	631,262
Goodwill and other intangible assets					98,520	98,520
Deferred tax assets					455,552	455,552
Other assets	4,611		22,260	166,676	388,616	582,163
Non current assets held for sale					86,687	86,687
Total Assets	**12,858,538**	**3,241,638**	**2,446,517**	**2,978,775**	**42,245,427**	**63,770,895**
LIABILITIES						
Due to banks	5,527,487	12,665,856	4,611	155,892	376,149	18,729,995
Derivatives financial liabilities	1,106,591					1,106,591
Due to customers	2,057,582	1,023,419	493,021	1,421,336	26,238,352	31,233,710
Debt securities in issue and other borrowed funds	4,000	247,464	792,572	204,330	5,732,507	6,980,873
Liabilities for current income tax and other taxes	113,295					113,295
Deferred tax liabilities					234,819	234,819
Other liabilities	701,007	62,388	19,306	46,715	102,451	931,867
Provisions					9,247	9,247
Total Liabilities	**9,509,962**	**13,999,127**	**1,309,510**	**1,828,273**	**32,693,525**	**59,340,397**
EQUITY						
Total Equity					**4,430,498**	**4,430,498**
Total Liabilities and Equity	**9,509,962**	**13,999,127**	**1,309,510**	**1,828,273**	**37,124,023**	**63,770,895**
Liquidity gap	**3,348,576**	**(10,757,489)**	**1,137,007**	**1,150,502**	**5,121,404**	

Cash flows arising from financial liabilities including derivatives financial liabilities, are allocated into time bands according to their due date. Estimated interest payments are also included. Liabilities in foreign currency have been translated into euro. Especially for derivatives, their outflows and inflows are estimated according to their contractual terms.

	31.12.2011						
		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	22,774,803	(10,275,008)	(8,138,428)	(126,882)	(8,482)	(4,457,956)	(23,006,756)
Due to customers	23,749,193	(5,786,014)	(2,814,667)	(1,324,562)	(2,071,022)	(12,089,298)	(24,085,563)
Debt securities in issue and other borrowed funds	5,288,584	(725,518)	(217,554)	(83,208)	(783,811)	(4,825,898)	(6,635,989)
Other liabilities	833,093	(677,611)	(9,064)	(13,596)	(32,919)	(99,903)	(833,093)
Derivatives held for assets fair value hedge	522,621						
- Outflows		(591)	(990)	(73,500)	(42,392)	(1,221,532)	(1,339,005)
- Inflows		3,355	17,485	25,142	40,691	1,142,655	1,229,328
Derivatives held for liabilities fair value hedge	22,886						
- Outflows		(125)	(2,090)	(2,412)	(7,645)	(139,336)	(151,608)
- Inflows		58	4,560	1,255	7,190	158,606	171,669
Derivatives held for trading	1,038,646						
- Outflows		(1,205,910)	(1,026,184)	(1,049,992)	(431,378)	(5,723,427)	(9,436,891)
- Inflows		1,107,724	891,562	913,150	435,765	5,474,405	8,822,606
Total	**54,229,826**	**(17,559,640)**	**(11,295,370)**	**(1,734,605)**	**(2,894,003)**	**(21,781,684)**	**(55,265,302)**
Off Balance sheet items							
Undrawn loan agreements and credit limits that can not be recalled (committed)		(155,875)					(155,875)
Financial guarantees		(11,638)	(6,373)	(5,903)	(5,261)	(97,440)	(126,615)
Total off Balance sheet items		**(167,513)**	**(6,373)**	**(5,903)**	**(5,261)**	**(97,440)**	**(282,490)**

	31.12.2010						
		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	18,729,995	(5,558,329)	(12,696,229)	(10,758)	(166,430)	(440,109)	(18,871,855)
Due to customers	31,233,710	(9,479,079)	(4,481,487)	(1,383,185)	(3,535,207)	(12,632,200)	(31,511,158)
Debt securities in issue and other borrowed funds	6,980,873	(5,674)	(289,181)	(828,393)	(279,537)	(7,584,991)	(8,987,776)
Other liabilities	931,867	(697,785)	(62,388)	(19,306)	(46,715)	(105,673)	(931,867)
Derivatives held for assets fair value hedge	328,452						
- Outflows		(77,211)	(3,130)	(73,719)	(42,309)	(1,349,443)	(1,545,812)
- Inflows		77,794	7,989	19,211	53,062	1,320,278	1,478,334
Derivatives held for liabilities fair value hedge	30,800						
- Outflows		(58)	(26,913)	(1,061)	(8,859)	(356,965)	(393,856)
- Inflows		5	28,677	1,118	11,099	435,112	476,011
Derivatives held for trading	747,339						
- Outflows		(958,978)	(401,382)	(441,182)	(328,064)	(5,454,750)	(7,584,356)
- Inflows		870,060	395,474	396,768	296,680	5,118,916	7,077,898
Total	**58,983,036**	**(15,829,255)**	**(17,528,570)**	**(2,340,507)**	**(4,046,280)**	**(21,049,825)**	**(60,794,437)**
Off Balance sheet items							
Undrawn loan agreements and credit limits that can not be recalled (committed)		(442,629)					(442,629)
Financial guarantees		(10,189)	(14,486)	(19,203)	(11,530)	(103,358)	(158,766)
Total off Balance sheet items		**(452,818)**	**(14,486)**	**(19,203)**	**(11,530)**	**(103,358)**	**(601,395)**

40.4 Fair value of financial assets and liabilities

The table below presents the carrying amounts and fair values of loans and advances to customers, held to maturity investment securities and due to customers. These financial assets and liabilities are carried at their amortized cost and not at fair value in the financial statements.

The fair value of loans relates to the assessment of market risks which is estimated based on the interbank market yield curves by keeping constant the credit spread of loans for the respective credit risk.

The fair value of deposits is estimated based on the interbank market yield curves and after deducting the customers' spread depending on the type of the deposit.

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

The fair value of held to maturity securities is calculated based on market prices, as long as the market is active. In all other cases the discounting cash flows method is used where all significant variables are based on observable market data.

	31.12.2011	
	Carrying amount	Fair value
ASSETS		
Loans and advances to customers	36,152,015	36,095,986
Held to maturity investment securities	2,681,447	2,344,731 [(1)]
LIABILITIES		
Due to customers	23,749,193	23,746,333

	31.12.2010	
	Carrying amount	Fair value
ASSETS		
Loans and advances to customers	39,919,035	39,894,517
Held to maturity investment securities	5,181,136	4,090,189
LIABILITIES		
Due to customers	31,233,710	31,257,005

For the remaining financial assets and lliabilities which are carried at amortized cost the fair values are not substantially different from the carrying amount.

Hierarchy of financial instruments measured at fair value

The table below analyses financial instruments measured at fair value by the level in fair value hierarchy based on the significance of the inputs used in making the fair value measurements as follows:

- Level 1 inputs: Quoted market price (unadjusted) in an active market,
- Level 2 inputs: Directly or indirectly observable inputs,
- Level 3 inputs: Not based on observable market data, but on the Bank's assumptions

	31.12.2011			
	Derivative financial assets	Securities held for trading	Available for sale securities	Derivative financial liabilities
Level 1		7,539	2,490,018	413
Level 2	637,154	6,221	394,080	1,577,713
Level 3	2,814		12,790	6,027
Total	**639,968**	**13,760**	**2,896,888**	**1,584,153**

	31.12.2010			
	Derivative financial assets	Securities held for trading	Available for sale securities	Derivative financial liabilities
Level 1		29,603	2,351,334	8
Level 2	438,898	6,193	428,649	1,103,262
Level 3	3,115		28,577	3,321
Total	**442,013**	**35,796**	**2,808,560**	**1,106,591**

(1) *The security transferred to the Bank's ownership in return for the issuance of preference shares in favour of the Greek Government in the context of Law 3723/2008, was valued at 50.5%.*

Financial assets and liabilities measured at fair value in Level 3

A reconciliation for financial instruments measured at fair value in Level 3 is as follows:

	31.12.2011		
	Assets		Liabilities
	Available for sale securities	Derivative financial assets	Derivative financial liabilities
Opening balance 1.1.2011	**28,577**	**3,115**	**(3,321)**
Total gain or loss recognized in income statement	350	(379)	483
Total gain or loss recognized in equity	5,669		
Purchases/ Issues	9,386		
Sales/ Repayments/ Settlements	(34,148)	(216)	285
Transfers to level 3 (from levels 1 and 2)	2,956	294	(3,474)
Balance 31.12.2011	**12,790**	**2,814**	**(6,027)**
Amounts included in the income statement for financial instruments held at the end of the reporting period	(11,226)	(1,749)	12,588

	31.12.2010		
	Assets		Liabilities
	Available for sale securities	Derivative financial assets	Derivative financial liabilities
Opening balance 1.1.2010	**304,742**	**4,567**	**(4,998)**
Total gain or loss recognized in income statement	(28,951)	(1,066)	1,215
Total gain or loss recognized in equity	29,416		
Purchases/ Issues	2,568		
Sales/ Repayments/ Settlements	(33,009)	(386)	462
Transfers from level 3 (to levels 1 and 2)	(246,189)		
Balance 31.12.2010	**28,577**	**3,115**	**(3,321)**
Amounts included in the income statement for financial instruments held at the end of the reporting period	(24,532)	(1,066)	1,215

41. Capital management - Capital adequacy

The policy of the Bank is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business.

Share capital increases are performed through Shareholders' General Meeting or Board of Directors' decisions in accordance with articles of association or relevant laws.

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

The Bank's capital adequacy is supervised by the Bank of Greece, to which reports are submitted on a quarterly basis. The minimum requirements regarding Tier I ratio and the capital adequacy ratio of the Bank are determined by the Bank of Greece Governor Acts.

The calculation of capital adequacy from 1 January 2008 is determined under the new regulatory framework (Basel II), which has been transposed into Greek law by Law 3601/2007. The new regulatory framework significantly amends the measurement of credit risk and introduces capital requirements for operational risk. There are no significant changes in the measurement of market risk. Specifically, credit risk of the investment portfolio and operational risk are measured based on the Standardized Approach.

The capital adequacy ratio compares regulatory capital with the risks that the Bank undertakes (risk weighted assets). Regulatory capital includes Tier I capital (share capital, reserves), 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 book and the operational risk.

In 2011, the Bank continued its efforts to improve its capital adequacy ratios through deleveraging its balance sheet by decreasing its loan portfolio, which led to the decrease of its risk weighted assets.

Alpha Bank participated in the attempts to ensure the long term viability of Greek Government debt through the Greek Bond exchange program (PSI). With the completion of the PSI and its final impact has been accounted for in net present value terms, the Bank of Greece (BoG) will assess the Bank's capital needs. In order to assess the required capital, apart from PSI, the impact of the Blackrock project results will be considered. The Bank has already submitted to the Bank of Greece a corporate plan which includes ways for capital enforcement so that the Core Tier I capital amounts to 9% of the risk weighted assets in the end of September 2012 and respectively 10% in June 2013.

	31.12.2011 (estimate)	31.12.2010
Tier I ratio	3.3%	11.8%
Capital adequacy ratio (Tier I + Tier II)	**4.6%**	**13.5%**

After receiving the certification from the Financial Stability Fund for its participation in a share capital increase of the Bank or a coverage of a convertible bond up to the amount of € 1.9 billion, the above ratios are as follows:

	31.12.2011 (estimate)
Tier I ratio	8.2%
Capital adequacy ratio (Tier I + Tier II)	**9.5%**

The Basel Committee on December 16th, 2010 published its final recommendations, as well as, the timetable for the implementation of the new capital adequacy framework – Basel III. Alpha Bank is in a preferable position in relation to its compliance with the above mentioned directive; the impact on the Bank's Core Tier I ratio is not expected to be significant. The relatively low impact is due to the minimum amounts of goodwill and intangible assets included in its capital base. Furthermore, the fact that the Bank has not undertaken substantial risk arising from insurance related activities while at the same time the use of the standardized approach rather than the internal rating method for the calculation of capital requirements, discharge Alpha Bank from potential capital burdens due to the upcoming implementation of Basel III.

42. 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 relevant Bank committees.

a. The outstanding balances of the transactions with members of the Board of Directors, their close family members and the entities controlled by them as well as the results related to those transactions are as follows:

	31.12.2011	31.12.2010
Assets		
Loans and advances to customers	164,669	165,787
Liabilities		
Due to customers	59,800	81,445
Letters of guarantee	6,044	4,806

	From 1 January to	
	31.12.2011	31.12.2010
Income		
Interest and similar income	5,253	4,351
Expenses		
Interest expense and similar charges	2,812	1,881

The Board of Directors' and Executive General Managers' fees recorded in the income statement of 2011 amounted to €3,440 (31.12.2010: €3,841).

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

I. Subsidiaries

	31.12.2011	31.12.2010
Assets		
Due from banks	5,269,139	7,204,124
Securities held for trading	423	394
Derivative financial assets	15,336	513
Loans and advances to customers	974,309	1,433,637
Available for sale securities	592,788	1,134,353
Other assets	16,226	11
Total	**6,868,221**	**9,773,032**
Liabilities		
Due to banks	596,337	2,658,488
Due to customers	170,182	419,758
Derivative financial liabilities	11,806	780
Debt securities in issue and other borrowed funds	5,308,323	6,980,278
Other liabilities	7,491	1,406
Total	**6,094,139**	**10,060,710**
Letters of guarantee and other guarantees	**680,431**	**799,680**

	From 1 January to	
	31.12.2011	31.12.2010
Income		
Interest and similar income	151,963	127,461
Dividend income	10,000	45,750
Fee and commission income	16,416	22,385
Gains less losses on financial transactions	(12,532)	269
Other income	3,013	2,549
Total	**168,860**	**198,414**
Expenses		
Interest expense and similar charges	187,045	235,645
Commission expense	916	1,157
General administrative expenses	21,489	21,303
Total	**209,450**	**258,105**

II. Associates

	31.12.2011	31.12.2010
Assets		
Loans and advances to customers	1,214	24
Liabilities		
Due to customers	317	431

	From 1 January to	
	31.12.2011	31.12.2010
Income		
Interest and similar income	70	1
Dividend income	18	15
Total	**88**	**16**
Expenses		
Interest expense and similar charges	4	24

c. The Supplementary Fund of former Alpha Credit Bank's employees holds bonds of the subsidiary of the Bank Alpha Credit Group Plc of € 82.9 million, while its receivables from Alpha Bank amount to €28.6 million and its deposits with Alpha Bank to €0.9 million. Additionally it holds Alpha Bank's shares of €0.4 million.

The Bank has recognized in its income statement an amount of €1.6 million that relates to the accrued expense of the new group insurance plan in collaboration with AXA Insurance.

43. Auditor's fees

The total fees of "KPMG Certified Auditors A.E.", legal auditor of the Bank, are analyzed as follows as stipulated in Article 43a of Certified Law 2190/1920 and as amended by Article 30 of Law 3756/2009.

	1.1 - 31.12.2011	1.1 - 31.12.2010
Fees for statutory audit	410	441
Fees for other audit related assignments	34	32
Fees for other non-audit assignments	26	57
Total	**470**	**530**

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

a. On 28.2.2011 the liquidation of HSO Europe B.V., was completed.

b. On 4.5.2011 the liquidation of Evremathea A.E., was completed.

c. On 13.5.2011 the liquidation of Alpha Finance US Corporation, was completed.

d. On 23.6.2011 the Bank proceeded with the purchase of 200 shares issued by its subsidiary Alpha Finance A.E.P.E.Y., for the amount of €12 thousand, in view of the complete liquidation of the subsidiary Messana Holdings S.A. which was completed on 30.6.2011.

e. On 29.6.2011 the Bank participated proportionally in the share capital increase of the joint venture APE Investment Property S.A. by €6.7 million.

f. On 12.7.2011 the Bank participated proportionally in the share capital increase of its joint venture APE Fixed Assets A.E. by €27 million.

g. On 12.7.2011 the Bank participated proportionally in the share capital increase of its joint venture APE Commercial Property A.E. by €45.6 million.

h. On 29.8.2011 the Board of Directors of Alpha Bank and Eurobank EFG jointly announced that they have reached an agreement relating to the merger of the two credit institutions by way of absorption of Eurobank EFG by the Bank. On 15 November 2011, the General Meetings of the Shareholders of the banks, approved the Draft Merger Agreement.

Pursuant to a previous market announcement relating to the process of the merger, following the restructuring of the Greek Debt (Private Sector Involvement – PSI) and its effects on the Greek banking sector, Alpha Bank, on 14 March 2012, announced its intention to propose to its forthcoming Board of Directors (which took place on 3.4.2012) to convene a General Meeting of its Shareholders to resolve upon the revocation of the decisions of the General Meeting of its Shareholders dated 15 November 2011, which was decided on 26.4.2012 (note 45f).

i. On 31.8.2011 the 100% owned subsidiary of the Bank, Alpha Bank Srbija A.D., proceeded with a share capital increase of €20 million through the conversion of proportional amount of subordinated loans.

j. On 28.9.2011 the Bank's subsidiary Alpha Covered Bonds, which is under liquidation process, returned the amount of €16.3 thousand of its share capital.

k. On 21.10.2011 the Extraordinary General Meeting of shareholders of EL.P.ET. Valkaniki A.E. decided the return of share capital that amounts to 22.6 million. The Bank's joint venture, APE Commercial Property A.E., received proportionally an amount of €8.4 million.

l. The joint venture of the Bank, Alpha TANEO A.K.E.S., during 2011 participated proportionally in the initial and subsequent share capital increases of Piraiki Microbrewery S.A. and Dipyrites Chandakos S.A.

45. Events after the balance sheet date

a. On 8.2.2012 the liquidation process of the Bank's subsidiary Alpha Covered Bonds Plc was completed.

b. On 12.2.2012 during the riots that took place in the center of Athens, two of the most beautiful preservable neo-classical historic buildings of Alpha Bank where Central Divisions and Athinas Street Branch are located suffered serious damages by a fire that was set on them. The estimated cost for the repair which has not been estimated will be covered at a major part by the insurance compensation.

c. According to Law 4046/14.2.2012 "Approval of the Draft Financial Assistance Facility Agreements between the European Financial Stability Fund (EFSF), the Hellenic Republic and the Bank of Greece, the Memorandum of Understanding between the Hellenic Republic, the European Commission and the Bank of Greece and other urgent measures for the reduction of public debt and the survival of the national economy among others approved:

- The Draft Financial Assistance Facility Agreement, for the provision of financing of up to the amount of €30 billion in order to finance part of the voluntary exchange of Greek Bonds between private sector investors as described in the statement of the European Summit on 26 October 2011.
- The Draft Co-Financing Agreement in order to enforce the financial value of the new bond issued by the Hellenic Republic, by providing increased security for their repayment.
- The Draft Financial Assistance Facility Agreement, for the provision of financial aid up to the amount of €35 billion, in order to provide to the Hellenic Republic the ability to finance the potential repurchase of Government bonds which have been pledged as collateral to the Eurosystem, with bond issues of EFSF.
- The Draft Financial Assistance Facility Agreement of up to the amount of € 5.7 billion in order to facilitate bond accrued interest prior to their exchange in the context of PSI.

Furthermore, the Minister of Finance is granted the authority to sign the above mentioned approved draft agreements and their appendices were provided, as well as, the Financial Assistance Agreement with the European Financial Stability Facility (EFSF) and the Bank of Greece, with which Financial Assistance will be provided from the EFSF for the recapitalization of Credit Institutions in Greece.

d. The European summit on 21 February 2012, in the context of the agreement of the second stimulus package for Greece, accepted the general terms of the program for the private sector participation in the restructuring of Greek debt with the replacement of Greek Government Bonds with new securities. The aforementioned agreement was achieved between the Greek State and the private sector.

For the implementation of the above mentioned agreement, on 24.2.2012 the Hellenic Republic proceeded with a public offer by disclosing the securities subject to the offer, the time frame and the individual terms of the exchange.

On 8 March 2012 the Bank's Board of Directors announced its unanimous decision for the Bank's participation (and its companies) in the exchange program, for bonds issued or guaranteed by the Greek State.

On 12 March 2012, the first stage of the exchange of bonds under Greek law was successfully completed and they were exchanged with securities under the English law, i.e. with:

- New long term bonds issued by the Greek State, with nominal value equal to 31.5% of initial securities,
- Securities of the European Financial Stability Fund (E.F.S.F), maturing up to 2 years with a nominal value equal to 15% of initial securities.

In addition GDP-linked Securities issued by the Hellenic Republic were acquired, which will yield an additional return linked to the future performance of the Greek Economy of an amount equal to the nominal amount of the bonds received in case were the objectives set for the Greek economy are met.

The accrued interest of the exchanged bonds up to 24 February 2012, were repaid with six month E.F.S.F. treasury bills.

The second stage of the voluntary participation of the private holders of Greek Government bonds and some specific loans guaranteed by the Hellenic Republic was completed on 11 April 2012, where the exchange with the new securities occurred under British law.

Private holders of Greek Government bonds that are not eligible to PSI may participate in the voluntary exchange until 20 April 2012 for which the exchange date will be 25 April 2012.

The Bank recognized in the income statement of 2011 the effect of its participation in the public debt exchange offer as an adjusting event on balance sheet date (note 11).

e. On 3.4.2012, the Bank, following prior announcements in relation to the process of the merger with EFG Eurobank Ergasias SA, announced the invitation to the Extraordinary General Meeting of Shareholders as of 26 April 2012, with the following agenda among others:

- The cease of operations relating to the merger of "Alpha Bank SA" by way of absorption of "EFG Eurobank Ergasias SA".
- Its disengagement from all contractual commitments towards or in favour of "EFG Eurobank Ergasias SA".
- The revocation of all decisions made on November,15 2011 by the second Repeat General Meeting of the Bank's Shareholders thus bringing into force the aforementioned decisions of the second Repeat General Meeting of 15.7.2011 regarding the ability to raise funds by way of an increase of the share capital and the ability to issue a bond loan convertible in common shares with voting rights (note 34)

f. Pursuant to the provisions of L.3864/2010, the Financial Stability Fund granted on 20.4.2012 certification according to which it will participate in the Bank's share capital increase or and in the coverage of a convertible bond up to the amount of €1.9 billion in order to raise the Capital Adequacy ratio to the minimum of 8%.

The Financial Stability Fund will cover the amount of the share capital's increase or of the convertible bond that will not be undertaken by the outstanding shareholders and other investors and its obligation is valid until 30.9.2012.

g. On 20.4.2012 the Bank announced the repurchase part or the whole hybrid securities and subordinated debt that have been issued by the group subsidiaries in order the enhancement of Core Tier I ratio.

Athens, 20 April 2012

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR	THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER	THE ACCOUNTING MANAGER
YANNIS S. COSTOPOULOS **I.D. NO. X 661480**	**DEMETRIOS P. MANTZOUNIS** **I.D. NO. I 166670**	**VASILEIOS E. PSALTIS** **I.D. NO. AI 666591**	**MARIANNA D. ANTONIOU** **I.D. NO. X 694507**

FINANCIAL INFORMATION OF ALPHA BANK A.E. AND THE GROUP

For the year from January 1, 2011 to December 31, 2011

(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
R.N.S.A.:	6066/06/B/86/05
Supervising authority:	Bank of Greece, Ministry of Development, Competitiveness and Shipping
Date of approval of the Financial Statements by the Board of Directors (from which the financial information were derived):	April 20, 2012
Certified Auditors:	Nick E. Vouniseas (A.M. SOEL 18701) Charalampos G. Syrounis (A.M. SOEL 19071)
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
(Executive Member)
Yannis S. Costopoulos

VICE CHAIRMAN
(Non-Executive Independent Member)
Minas G. Tanes

MANAGING DIRECTOR
(Executive Member)
Demetrios P. Mantzounis (CEO)

EXECUTIVE DIRECTORS AND GENERAL MANAGERS
(Executive Members)
Spyros N. Filaretos (COO)
Artemis Ch. Theodoridis
Georgios C. Aronis

NON-EXECUTIVE MEMBERS
Paul G. Karakostas
Nicholaos I. Manessis
Ioanna E. Papadopoulou

NON-EXECUTIVE INDEPENDENT MEMBERS
George E. Agouridis
Thanos M. Veremis
Evangelos J. Kaloussis
Ioannis K. Lyras

NON-EXECUTIVE MEMBER
(in accordance with Law 3723/2008)
Sarantis-Evangelos G. Lolos

BALANCE SHEET

	Consolidated		Alpha Bank	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
ASSETS				
Cash and balances with Central Banks	2,103,588	4,124,283	1,149,500	2,805,166
Due from banks	1,807,079	2,397,664	6,721,846	8,824,257
Securities held for trading	13,960	41,268	13,760	35,796
Derivative financial assets	624,447	441,082	639,968	442,013
Loans and advances to customers	44,875,706	49,304,745	36,152,015	39,919,035
Investment securities				
- Available for sale	3,078,918	2,375,964	2,896,888	2,808,560
- Held to maturity	2,747,072	5,282,498	2,681,447	5,181,136
Investments in subsidiaries, associates and joint ventures			1,954,335	1,853,042
Investments in associates	44,855	49,617		
Investment property	64,688	71,729	40,387	47,706
Property, plant and equipment	1,220,949	1,240,658	628,171	631,262
Goodwill and other intangible assets	181,512	193,191	86,875	98,520
Deferred tax assets	1,466,974	427,554	1,487,782	455,552
Other assets	817,751	666,984	743,975	582,163
	59,047,499	66,617,237	55,196,949	63,684,208
Non-current assets held for sale	100,546	181,078		86,687
Total Assets	**59,148,045**	**66,798,315**	**55,196,949**	**63,770,895**
LIABILITIES				
Due to banks	22,521,200	16,461,381	22,774,803	18,729,995
Derivative financial liabilities	1,578,143	1,105,433	1,584,153	1,106,591
Due to customers			23,749,193	31,233,710
(including debt securities in issue)	29,399,461	38,292,501		
Debt securities in issue held by institutional investors and other borrowed funds	2,188,545	3,561,188	5,288,584	6,980,873
Liabilities for current income tax and other taxes	51,560	136,520	37,199	113,295
Deferred tax liabilities	360,993	263,510	326,140	234,819
Employee defined benefit obligations	58,473	52,592	380	
Other liabilities	927,107	1,058,511	833,093	931,867
Provisions	96,315	82,745	10,460	9,247
Total Liabilities (a)	**57,181,797**	**61,014,381**	**54,604,005**	**59,340,397**
EQUITY				
Share Capital	1,100,281	3,451,067	1,100,281	3,451,067
Share premium	2,757,653	406,867	2,757,653	406,867
Reserves	218,893	104,441	73,770	(6,542)
Retained earnings	(2,659,574)	1,248,496	(3,338,760)	579,106
Equity attributable to Equity owners of the Bank	1,417,253	5,210,871	592,944	4,430,498
Non-controlling interests	11,700	13,413		
Hybrid securities	537,295	559,650		
Total Equity (b)	**1,966,248**	**5,783,934**	**592,944**	**4,430,498**
Total Liabilities and Equity (a) + (b)	**59,148,045**	**66,798,315**	**55,196,949**	**63,770,895**

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Interest and similar income	3,719,298	3,543,386	3,156,266	2,955,785
Interest expense and similar charges	(1,935,606)	(1,724,756)	(1,802,712)	(1,604,904)
Net interest income	1,783,692	1,818,630	1,353,554	1,350,881
Fee and commission income	345,408	383,475	262,488	283,012
Commission expense	(51,193)	(50,938)	(42,926)	(41,062)
Net fee and commission income	294,215	332,537	219,562	241,950
Dividend income	3,618	2,678	10,586	46,527
Gains less losses on financial transactions	142,251	35,139	117,302	9,161
Other income	59,721	60,427	14,491	12,326
	205,590	98,244	142,379	68,014
Total income	**2,283,497**	**2,249,411**	**1,715,495**	**1,660,845**
Staff costs	(535,806)	(548,839)	(390,992)	(403,212)
General administrative expenses	(462,146)	(497,396)	(359,340)	(389,426)
Depreciation and amortization expenses	(93,043)	(93,286)	(60,317)	(57,770)
Other expenses	(5,297)	(8,937)	(1,205)	(6,484)
Total expenses	**(1,096,292)**	**(1,148,458)**	**(811,854)**	**(856,892)**
Impairment losses and provisions to cover credit risk	(1,130,317)	(884,754)	(897,803)	(758,198)
Impairment losses on Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI	(4,788,866)		(4,787,657)	
Share of profit/(loss) of associates	294	172		
	(5,918,889)	(884,582)	(5,685,460)	(758,198)
Profit/(Loss) before income tax and additional tax	**(4,731,684)**	**216,371**	**(4,781,819)**	**45,755**
Income tax	921,735	(68,531)	939,153	(46,552)
Additional tax (Law 3845/2010)		(61,801)		(55,512)
Profit/(Loss) after income tax (a)	**(3,809,949)**	**86,039**	**(3,842,666)**	**(56,309)**
Profit/(Loss) attributable to:				
Equity owners of the Bank	**(3,810,169)**	**85,649**	**(3,842,666)**	**(56,309)**
Non-controlling interests	220	390		
Other comprehensive income recognized directly in Equity:				
Change in available for sale securities' reserve	(12,994)	(145,174)	(43,270)	(256,915)
Change in available for sale securities' reserve due to impairment losses on Greek Government bonds	156,218		155,009	
Change in cash flow hedge reserve	9,506	(38,206)	9,506	(38,206)
Exchange differences on translating and hedging the net investment in foreign operations	413	(13,259)	(83)	(32)
Income tax	(40,761)	41,455	(40,850)	64,940
Total of other comprehensive income recognized directly in Equity, after income tax (b)	**112,382**	**(155,184)**	**80,312**	**(230,213)**
Total comprehensive income for the year, after income tax (a) + (b)	**(3,697,567)**	**(69,145)**	**(3,762,354)**	**(286,522)**
Total comprehensive income for the year attributable to:				
Equity owners of the Bank	**(3,697,252)**	**(69,992)**	**(3,762,354)**	**(286,522)**
Non-controlling interests	(315)	847		
Earnings/(Losses) per share:				
Basic and diluted (€ per share)	(7.2723)	0.0519	(7.3331)	(0.2139)

STATEMENT OF CASH FLOWS

	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Net cash flows from operating activities (a)	(722,347)	(1,130,419)	(2,237,426)	(1,778,198)
Net cash flows from investing activities (b)	(792,160)	(1,646,673)	(326,721)	(1,145,863)
Net cash flows from financing activities (c)	(438,390)	(238,237)	(311,139)	(856,616)
Net increase/(decrease) in cash and cash equivalents of the year (a) + (b) + (c)	**(1,952,897)**	**(3,015,329)**	**(2,875,286)**	**(3,780,677)**
Effect of exchange rate fluctuations on cash and cash equivalents	7,692	(20,566)	1,574	1,827
Total cash flows for the year	**(1,945,205)**	**(3,035,895)**	**(2,873,712)**	**(3,778,850)**
Cash and cash equivalents at the beginning of the year	**3,151,288**	**6,187,183**	**4,645,869**	**8,424,719**
Cash and cash equivalents at the end of the year	**1,206,083**	**3,151,288**	**1,772,157**	**4,645,869**

STATEMENT OF CHANGES IN EQUITY

	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Equity at the beginning of the year (1.1.2011 and 1.1.2010 respectively)	5,783,934	5,973,359	4,430,498	4,775,572
Total comprehensive income for the year, after income tax	(3,697,567)	(69,145)	(3,762,354)	(286,522)
Expenses relating to the share capital increase, after income tax		(607)		(607)
Change of ownership interests in subsidiaries	(1,475)	(15,769)		
Dividends distributed to non-controlling interests		(330)		
Dividends paid to hybrid securities' owners	(33,275)	(28,173)		
Dividends paid for preference shares	(75,200)	(57,945)	(75,200)	(57,945)
(Purchases)/Sales of hybrid securities	(9,807)	(17,822)		
Other	(362)	366		
Equity at the end of the year (31.12.2011 and 31.12.2010 respectively)	**1,966,248**	**5,783,934**	**592,944**	**4,430,498**

ADDITIONAL DATA AND INFORMATION

1. Companies included in the Consolidated Financial Statements, the Group's participation in them as at 31.12.2011, as well as the method of consolidation applied, are presented in note 40 of the Consolidated Financial Statements as at 31.12.2011. Companies, not included in the Consolidated Financial Statements, are also listed in this note.

2. During the period from 1.1.2011 until 31.12.2011 the following changes took place in the companies which are fully consolidated and are included in the Consolidated Financial Statements:

- Transfers within the Group: On 22.8.2011, the subsidiary of the Bank, Alpha Bank Romania S.A., transferred all of its shares in its 100% owned subsidiary, Alpha Insurance Brokers Srl, to another subsidiary of the Bank, Alpha Leasing Romania IFN S.A.
- Liquidations: On 28.2.2011, the liquidation of HSO Europe B.V. was completed. On 4.5.2011, 13.5.2011, 30.6.2011 and 31.8.2011, the liquidation of Evremathea A.E., Alpha Finance US Corporation, Messana Holdings S.A. and Alpha Bank Jersey Ltd was completed respectively.

3. The unaudited tax years of the Bank and the Group companies are listed in notes 39b and 38b of the Financial Statements as at 31.12.2011 of the Group and the Bank respectively.

4. There are no pending legal cases or issues in progress, as well as 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 has raised a provision for them which amounts to Euro 1.8 million. Other provisions raised by the Group and the Bank amount to Euro 94.5 million and Euro 10.5 million respectively.

5. The Bank and the Group companies did not hold any treasury shares as at 31.12.2011.

6. The total number of employees of the Group as at 31.12.2011 was 14,337 (31.12.2010: 14,765) and of the Bank was 8,318 (31.12.2010: 8,612).

7. The results arising from the related party transactions during the period 1.1.2011 until 31.12.2011 are as follows:

- With members of the Board of Directors and other key management personnel: **a)** of the Group: income Euro 5,345 thousand, expenses Euro 15,828 thousand **b)** of the Bank: income Euro 5,253 thousand, expenses Euro 6,252 thousand.
- With other related parties: **a)** of the Group: income Euro 70 thousand, expenses Euro 3,736 thousand **b)** of the Bank: income Euro 168,948 thousand, expenses Euro 211,100 thousand.

The balances as at 31.12.2011 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 165,606 thousand, liabilities Euro 95,355 thousand, letters of guarantee Euro 6,044 thousand **b)** of the Bank: receivables Euro 164,669 thousand, liabilities Euro 59,800 thousand, letters of guarantee Euro 6,044 thousand.
- With other related parties: **a)** of the Group: receivables Euro 1,214 thousand, liabilities Euro 112,586 thousand **b)** of the Bank: receivables Euro 6,849,435 thousand, liabilities Euro 6,123,972 thousand, letters of guarantee and other guarantees Euro 680,431 thousand.

8. The items of income and expense recognized directly in Equity are analyzed in the "Statement of total comprehensive income", as presented above.

9. The Bank's Ordinary General Meeting of Shareholders held on 21.6.2011 decided the payment to the Greek State of an amount of Euro 94 million which corresponds to the accrued return on its preference shares of the year 2010, according to the Bank's Articles of Incorporation as well as not to distribute dividends to Bank's common shareholders for the year 2010 according to the provisions of article 19 of Law 3965/2011 and the decision 20708/B.1175/23.4.2009 of the Minister of Economy and Finance.

10. The Second Repeat General Meeting of Shareholders held on 15.7.2011 decided the reduction of the Bank's paid-in ordinary share capital, through the reduction of the nominal value of the ordinary shares with voting rights and the creation of the equal (to the reduction) special reserve. After the reduction, the Bank's share capital as at 31.12.2011 amounts to Euro 1,100,280,894.40 divided into 734,269,648 shares, of which 534,269,648 are ordinary, registered, with voting rights, non paper shares of nominal value Euro 0.30 each and 200,000,000 are preference, registered, non voting, paper and redeemable shares, issued according to Law 3723/2008, of nominal value Euro 4.70 each.

11. On 29.8.2011 the Board of Directors of Alpha Bank and Eurobank EFG jointly announced that they have reached an agreement relating to the merger of the two credit institutions by way of absorption of Eurobank EFG by the Bank. On 15.11.2011, the General Meetings of the Shareholders of the Bank approved the Draft Merger Agreement.

Pursuant to a previous market announcement relating to the process of the merger, following the restructuring of the Greek Debt (Private Sector Involvement – PSI) and its effects on the Greek banking sector, Alpha Bank, on 14.3.2012, announced its intention to propose to its forthcoming Board of Directors, which took place on 3.4.2012, to convene a General Meeting of its Shareholders to resolve upon the revocation of the decisions of the General Meeting of its Shareholders dated on 15.11.2011, which was decided to be held on 26.4.2012.

12. On 24.2.2012 the Hellenic Republic, while implementing the agreement for the second stimulus package for the financial support of Greece which was approved in the Summit of the Eurozone member countries on 21.2.2012, proceeded to a public offer for the participation of the private sector in the restructuring of Greek debt through the replacement of Greek government bonds with new securities.

On 8.3.2012 the Bank's Board of Directors announced its unanimous decision for the Bank's participation (and its companies) to the above program. Implementing the above decision the Group recognized in the income statement of 2011 the effect of its participation in the public debt exchange offer as an adjusting event on balance sheet date. Further information is depicted in notes 1 and 11 of the financial statements of the Group and the Bank.

13. The Bank's Board of Directors will not propose to the Ordinary General Meeting of Shareholders the distribution of dividend to common shareholders, since no distributable profits exist as at 31.12.2011.

For the same reason, the Bank's Board of Directors proposes the nonpayment to the Greek State regarding the accrued return on its preference shares for the year 2011.

14. Pursuant to the provisions of Law 3864/2010, the Financial Stability Fund on 20.4.2012 stated its commitment for the participation in the share capital increase of the Bank or/and the coverage of the convertible in common shares with voting rights bond for an amount up to € 1.9 billion in order to raise the Group's Capital Adequacy Ratio to the minimum of 8%. The Financial Stability Fund will participate for any uncovered amount of the share capital increase or the coverage of the convertible bond by existing shareholders or new investors, this commitment is valid up till 30.9.2012.

15. On 20.4.2012 the Bank announced the partial or full repurchase of the hybrid securities and subordinated debt that have been issued by the Group subsidiaries aiming at the enhancement of Core Tier I ratio.

16. The emphasis of matter concerns an uncertainty that could adversely affect the going concern assumption, as referred to the disclosures made in notes 1.28.1 and 1.26.1 of the Financial Statements as at 31.12.2011 of the Group and the Bank respectively.

17. The accounting policies applied by the Group and the Bank for the completion of the Financial Statements as at 31.12.2010, 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 of the Group and the Bank.

Athens, April 20, 2012

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR	THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER	THE ACCOUNTING MANAGER
YANNIS S.COSTOPOULOS I.D. No. X 661480	DEMETRIOS P.MANTZOUNIS I.D. No. I 166670	VASSILIOS E.PSALTIS I.D. No. AI 666591	MARIANNA D.ANTONIOU I.D. No. X 694507

Report on the use of funds raised from the share capital increase through cash payment with pre-emption and over subscription rights in favor of existing common shareholders

Pursuant to the decision of the Athens Stock Exchange 25/17.7.2008 and the Hellenic Capital Market Commission Board of Director's decision 7/448/11.10.2007 it is hereby notified that from the Bank's share capital increase through cash payment which took place on the basis of the decision of the Bank's Board of Directors meeting held on 19.10.2009, raised capital amounted to €986.3 million. Costs of the issue amounted to €43.7 million.

From the share capital increase 123,292,996 new common, non paper, registered, with voting rights shares were issued of nominal value €4.70 each which were listed for trading on the Athens Stock Exchange on 7.12.2009.

The Bank's share capital increase was confirmed by the Board of Directors meeting held on 30.11.2009.

The Bank intends to use the net proceeds of the share capital increase solely for the full redemption followed by cancellation of the 200,000,000 preference, registered, without voting rights redeemable shares with nominal value €4.70 each which were issued pursuant to article 1 of Law 3723/2008.

TABLE FOR THE USE OF PROCEEDS FROM THE SHARE CAPITAL INCREASE

	Amount of funds raised	Funds utilized until 31.12.2011	Balance of funds as at 31.12.2011
Amounts in millions of Euro	986.3	43.7	942.6

The amount of €43.7 million utilized up to 31.12.2011 relates to issue costs, before tax.

Net proceeds from the share capital increase, up to the date of its intended use, will be used to enforce the Bank's Tier I capital.

ALPHA BANK

Information Pursuant to article 10 of Law 3401/2005

Corporate Announcements of the year 2011 are available on the website of the Bank www.alpha.gr/page/default.asp?la=2&id=8176&la=2

Announcement	08.12.2011
Announcement	07.12.2011
Nine-Month 2011 Results Net Profit of Euro 42 million, Core Tier I at 10%	28.11.2011
Announcement	23.11.2011
Nine - Month 2011 results announcement scheduled for November 28, 2011	21.11.2011
Announcement	18.11.2011
Resolutions of the Second Repeat Extraordinary General Meeting of Shareholders of Alpha Bank on 15.11.2011 (article 32, paragraph 1 of Codified Law 2190/1920, paragraph 4.1.3.3 of the Athens Exchange Regulations)	15.11.2011
Invitation to the Extraordinary General Meeting	04.11.2011
Resolutions of the first Repeat Extraordinary General Meeting of Shareholders of Alpha Bank on 4.11.2011 (article 32 par. 1 of Codified Law 2190/1920, παρ. 4.1.3.3. of the Athens Exchange Regulations)	04.11.2011
First Repeat Extraordinary General Meeting of the Shareholders of Alpha Bank, on November 4, 2011	04.11.2011
Announcement	31.10.2011
Invitation to the Extraordinary General Meeting	24.10.2011
Resolutions of the Extraordinary General Meeting of Shareholders of Alpha Bank on 24.10.2011 (article 32 par. 1 of Codified Law 2190/1920, paragraph. 4.1.3.3. of the Athens Exchange Regulations)	24.10.2011
Extraordinary General Meeting of the Shareholders of Alpha Bank on October 24, 2011	24.10.2011
Invitation to the Extraordinary General Meeting	30.09.2011
SUMMARY OF THE DRAFT MERGER AGREEMENT Of “ALPHA BANK A.E.” by absorption of “EFG Eurobank Ergasias S.A.”	22.09.2011
Approval of draft merger agreement between ALPHA BANK and EUROBANK EFG	20.09.2011
First Half 2011 Results Core Tier I at 10% after a c.21% provision on our Greek Government Bond Portfolio Net Profit of Euro 14 million	29.08.2011
Alpha Bank and Eurobank EFG Join Forces to Create a Leading Bank in Greece and Southeastern Europe	29.08.2011
First Half 2011 results announcement rescheduled for August 29, 2011	29.08.2011
Announcement on the reduction of the share capital through the reduction of the par value of the common shares	11.08.2011
First Half 2011 results announcement scheduled for August 30, 2011	26.07.2011
Resolutions of the Second General Meeting of Shareholders, held to decide upon postponed items from the Ordinary General Meeting of Shareholders of Alpha Bank on 15.7.2011(article 32 par. 1 of Codified Law 2190/1920, paragraph 4.1.3.3. of the Athens Exchange Regulations)	15.07.2011
Second General Meeting of the Shareholders of Alpha Bank on July 15, 2011	15.07.2011
Invitation to the Ordinary General Meeting	04.07.2011

Resolutions of the first General Meeting of Shareholders, held to decide upon postponed items from the Ordinary General Meeting of Shareholders of Alpha Bank on 4.7.2011 (article 32 par. 1 of Codified Law 2190/1920, paragraph 4.1.3.3. of the Athens Exchange Regulations)	04.07.2011
First General Meeting of the Shareholders of Alpha Bank on July 4, 2011	04.07.2011
Invitation to the Ordinary General Meeting	21.06.2011
Resolutions of the Ordinary General Meeting of Shareholders of Alpha Bank on 21.6.2011 (article 32 par. 1 of Codified Law 2190/1920, paragraph 4.1.3.3. of the Athens Exchange Regulations)	21.06.2011
Ordinary General Meeting of the Shareholders of Alpha Bank of June 21, 2011	21.06.2011
Invitation to the Ordinary General Meeting First Quarter 2011 reuslts Net Profit of Euro 10.5 million after Euro 260 million of provisions	27.05.2011
Further strengthening of Balance Sheet with Core Tier I at 9,3%	24.05.2011
First Quarter 2011 results announcement scheduled for May 24, 2011	10.05.2011
New interest rates by Alpha Bank	06.05.2011
Notification on a Significant Change in the Number of Voting Rights	22.03.2011
Full Year 2010 Results Net Profit at Euro 147.8 million after Euro 885 million of provisions Further strengthening of Balance Sheet with Core Tier I rising to 9%	22.03.2011
Announcement	22.03.2011
Morgan Stanley's interest in Alpha Bank's share capital	14.03.2011
Notification about a significant change in the number of voting rights according to Law 3556/2007	14.03.2011
Full Year 2010 results announcement scheduled for March 22, 2011	02.03.2011
Alpha Bank's Board of Directors Rejects NBG's Unsolicited Proposal	18.02.2011
Comments on press articles	07.02.2011

Availability of Annual Financial Report

The Annual Financial Report as at 31.12.2011, 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
- The Report on the use of funds

are available on the website address www.alpha.gr/page/default.asp?la=2&id=8408

The Annual Financial Statements, the Independent Auditors' report and the Board of Directors' Report of consolidated companies are available on the website address: www.alpha.gr/page/default.asp?la=2&id=9813