ANNUAL REPORT

For the period from 1 January to 31 December 2014

(In accordance with Law 3556/2007)

Athens,
19 March 2015

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Statement by the Members of the Board of Directors
(in accordance with article 4 paragraph 2 of Law 3556/2007)

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

Athens, 19 March 2015

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

Board of Directors' Annual Management Report as at 31.12.2014

THE GREEK ECONOMY

Greek economy is in a process of its production model transformation in the last five years since the beginning of Economic Adjustment Program. After the last years of recession during which the Greek economy has lost about 1/4 of its gross domestic product, an improvement in economic sentiment indicators has taken place. Additionally, the economy recouped in full the competitiveness losses of the previous decade, thus enhancing critical economic figures and stabilizing real economy.

This favorable development has come at a significant social cost, as a result of the implementation of the Economic Adjustment Program which was aiming to achieving a fiscal balance and a surplus in the current account balance. Social cohesion was seriously hurt, due to the increased tax burden that was distributed to employees and retirees.

In 2014, the main feature of economic activity was the positive growth rate that was recorded in GDP and employment, the first time since the beginning of the economic crisis. The driving forces of recovery were the increase in exports of goods and services and the rebound of private consumption. Moreover, an upturn of investment excluding residential investment has taken place. On the other hand, the continuing downward trend of the residential investment remains an impediment of economic recovery.

Greece is currently on the road to recovery after six years of prolonged and deep recession, which occurred as a result of introverted development model that prevailed in the past decades, in contrast to the process of globalization and economic integration in Europe. The shift of the economy growth model towards a healthy business environment is more than necessary.

Fiscal targets have been achieved for a third consecutive year, structural reforms carried on, while chronic internal and external vulnerabilities have been addressed. Moreover, large corporations raised significant funds from international bond markets, unemployment is starting to decline, exports of goods and services are increasing and competitiveness has been improved. High growth rates are thus possible to be achieved in the following years. However, the political uncertainly that arose during the pre-election period in Greece and difficulties reaching agreement between Greece and the partners, have already negatively affected confidence and may slow down the speed of recovery.

Nevertheless, economic indicators are improving significantly indicating that the effort to exit recession is bearing fruits. In Q2 2014, Greece already recorded a positive growth rate, a quarter earlier than expected. Uncertainty arose because of the prolonged negotiations is expected to influence the growth dynamics in Q1 2015. The February 20th Eurogroup's decision on the extension of the loan agreement and the approval of the Greek proposals for reinforcing reforms, eased the uncertainty and allow the new government to carry on with its priorities.

More specifically:

A. The Greek economy registered a positive GDP growth of 0.8% in 2014, after six years of recession, against a fall by 3.9% in 2013. It is worth-noting that GDP has gained momentum and registered a positive growth rate in the Q2 2014, for the first time since Q1 2010. The turnaround of economic activity is mainly attributed to:

- The recovery of private consumption (2014: +1.3%, 2013: -2.0%) that gained momentum in 2014 as real disposable income contracted at decelerated pace, encouraging households to spend more.
- The pick-up of exports (2014: +9.0% 2013: + 2.1%). The gains of the country's international competitiveness led to the increase of exports of goods and services. The main export-oriented sectors that Greece has a valuable comparative advantage are in tourism and shipping, but also exports of goods such as oil, food, chemicals and plastics showed remarkable positive growth rates.

Total investment showed small but positive growth (2014: +2.7%, 2013: -9.5%), presumably driven by a recovery in machinery, equipment and R&D, all of which increased significantly in 2014. Residential investment fell drastically in 2014 and continued to have a negative impact on growth; though is expected to fade over 2015. The small increase of gross fixed capital investment has not yet a positive effect on investment demand, despite the improvement of business confidence indicator, which is reported by the Foundation for Economic & Industrial Research (IOBE) (2014:99.4, 2013:91.4). Investment should grow markedly on the assumption that political uncertainty evaporates.

For 2015, based on today's facts, and under the assumption that the transition agreement with EU partners is realized, GDP growth rate is estimated to be positive and accelerate in 2016. Exports and private consumption would be the main drivers for growth, while increased business investments will assist to the same direction. It is expected that the Greek government, in collaboration with its European partners and institutions, is committed towards a new framework for sustainability and growth. On top of this, progress already realized in fiscal adjustment and structural reforms as well as the Euro depreciation are all expected to have positive impact on economic activity in 2015.

Fiscal structural policies and measures for economic stabilization and growth, that the new government pledged as an obligation to its European partners, will have a positive effect on growth perspective. These measures include:

a) Tax policies reforms (reform VAT policy, fight tax fraud and evasion, disbanding tax immunity etc.), public finances management (Budget implementation, clearance of arrears etc.) and tax revenues administration, b) public spending control, c) social security system reform, d) modernization of public administration and measures to fight corruption, e) stepping up enforcement methods and procedures for collecting unpaid taxes from households and businesses as well as implement collection tools for NPLs. At the same time, the government pledged to continue privatizations and maximize the value of public property. Concerning the labor market the Government committed to achieve EU best practice across the range of labor market legislation and expand and develop the existing scheme that provide temporary employment for the unemployed. Finally, committed to reform the judicial system and tackle the humanitarian crisis.

Another key element of the resurgence of the economy is the funds of the absorption of new cohesion policy program and the European Investment Bank, as well as the newly established Greek Investment Fund. It is worth-mentioning that in 2014, Greece absorbed 85% from EU structural funds, which is among the highest ratios between Member States, while in 2015 Greece will receive a significant amount of the NSRF 2014-2020 in advance. The revival of EU backed projects as well as the upgrade of the railway infrastructure was of great significance. In 2014, the State received € 1.5 billion from privatization revenues. The privatization scheme will be reformed by the new government in the context of the new program which is underway.

B. Regarding labor market, the downward trend in employment was completely reversed in 2014, as it registered a positive growth of 0.6%. Moreover, the number of unemployed fell drastically by 4.2% in January-November 2014. As a result, the unemployment rate is expected to recede to 26.5% in 2014 from 27.5% in 2013. Other strong signs of recovery in the labor market are coming from the employment flows statistics in the private sector as net hirings in 2014 were positive for a second consecutive year. They have increased by 99.1 thousand in 2014, compared, though to 133.5 thousand in 2013. The unemployment rate is mainly attributed to the reduction of labor costs and the conversion of labour contracts to more flexible ones.

C. Regarding the balance of payments, the current account recorded a surplus, for a second consecutive year, of 0.9% of GDP in 2014 (2013: 0.6%). This significant improvement, which is expected to continue in 2015, is mainly due to the remarkable increase in the surplus of the services balance by 16.6%.

In particular, tourism receipts increased by 10.6%, reflecting a significant increase of tourism arrivals, which is estimated to reach 24 million in 2014, from 19.9 million in 2013 (including cruise passengers). Tourism sector is one of the main pillars on the resurgence of the economy out of the economic crisis. It is indicative that tourism receipts in 2014 accounted for almost 25% of total export activity and for 75% of the trade deficit.

Moreover, the surplus in the transportation balance (2014: 21.3% increase) coming mainly from shipping receipts, that increased by 9.0%, had a positive effect on growth stemming from the increase of freight rates in international markets and the deceleration of the growth rate of world fleet check.

On the contrary, trade balance had a negative contribution to the balance of payments, though to a lesser extent than the previous years. Despite the drastic improvement of the country's international competitiveness, foreign demand is recovering at a slower pace than anticipated.

D. Greece has made a substantive progress in fiscal consolidation for a third consecutive year, as it recorded a primary surplus of 1.5% of GDP in 2014, in accordance with the target set by the Economic Adjustment Program (2013: +1.2%, 2012: -0.9%). The primary surplus achieved in 2014 is mainly the result of the steep fall of primary expenditure. The significant improvement in fiscal performance is also evident from the drastic reduction of general government deficit to 2.7% of GDP in 2014, from 2.8% of GDP in 2013 and against a deficit of 15.4% in 2009.

The above positive developments in public finances pave the way for the country's financing from international markets and facilitate EU partners to move forward with their commitments regarding public debt sustainability.

The programming statement on the design of fiscal policy presented by the government in the Parliament, combine substantial stimuli for economic activity with a continuation of a balanced fiscal policy, so as to ensure investors' confidence in the Greek economy.

It is estimated therefore, that a downward revision of the targeted primary surpluses of the following years, in the context of a new program, will release financial sources. This would speed up the recovery in economic activity, significantly contributing to the reduction of the public debt. In particular, the government's debt-to GDP ratio is projected to decline to 170.2% in 2015 (source European Commission) from 176.3% in 2014 (2013: 174.9%). It is noted that structural reforms and major infrastructure projects will pave the way for a debt relief.

E. Regarding structural reforms, significant progress has been achieved. Successful growth-enhancing structural reforms are reflected on the constant improvements recorded in the rankings of OECD and other leading organizations. In particular, OECD's "Going for Growth" as well as "Adjustment Progress Indicator" -Lisbon Indicator, rank Greece on top regarding structural reforms, while with respect to the easiness of starting new business, Greece managed to jump to the 36th position in the world rankings of 2014, from the 147th position held in 2012. Furthermore, initiatives have been undertaken in order to reinforce the liquidity of Small and Medium Enterprises and to reduce interest rates on loans and collateral required by the banking system.

Concerning the public sector, further rationalization efforts were undertaken. The number of civil servants in the wider public sector was drastically reduced to 650 thousand in 2014, from 1 million in 2009. Managerial positions in many government services decreased significantly (by 40%), while expenditure audits are performed in every Municipality.

Another breakthrough initiative launched was the e-government system, which is comprised by the electronic tax office and the electronic recording of insurance contributions, pricing and pharmaceutical prescriptions. Additionally, a simple modern system of import and export lists through Customs has been introduced.

F. Important developments also took place in the banking sector. The successful completion of the comprehensive assessment exercise conducted by the ECB regarding capital needs and asset quality tests revealed that the Greek banking sector is strong. The recapitalization and the fundamental restructuring of the banking sector has laid the solid foundation needed for establishing the conditions to support further economic recovery.

Strengthening economic conditions have also been evident in the commercial banks balance sheets. Banks' profitability show gradual and steady improvement, while the adequately capitalized and restructuring plans of the banking sector is set to respond and contribute to the establishment of a new necessary economic development model needed.

At the same time, strong economic activity will create a self-sustaining process in order for banks to diminish their delinquent loan volumes and improve collection techniques from households and businesses. The incipient economic recovery, coupled with strengthening confidence is expected to gradually increase deposit reflows, facilitating the re-leveraging of the economy in the medium term.

INTERNATIONAL ECONOMY

Global GDP growth remained moderate for the third consecutive year at 3.3% in 2014, while it is expected, according to IMF, to accelerate to 3.5% in 2015. Despite the gradual improvement in financial conditions, especially in those countries most affected from the debt crisis, geopolitical risks to global growth have increased during the year and had a negative effect to the recovery of both fixed capital investment and world trade. The rate of economic growth remained uneven among major countries and economic areas. Economic growth accelerated in advanced economies, while it slowed down in developing economies. In advanced economies, monetary policy continued to be highly accommodative and supportive of recovery. Fiscal policy also contributed to economic growth through a significant deceleration in the rate of reduction of structural deficits.

In particular, developed economies were strengthened in 2014 (1.8% from 1.3% in 2013) although heterogeneity was observed in the developments in each of these. Growth in the UK and the USA accelerated, in Japan it decelerated, while in the Eurozone it returned to a positive rate (+0.9%). In general, the stimulation of international domestic demand (mainly fixed capital investment) more than offset sluggish foreign demand, which was affected by uncertainty and geopolitical tensions. The implementation of fiscal adjustment programs (excluding Japan) and pressures to the private sector for deleveraging were milder, while borrowing cost fell further. The risk of being trapped in deflation and low growth in the Eurozone led ECB to take new monetary policy measures, while the rate of the euro against the dollar and the pound has declined significantly during the year and especially towards the end of 2014.

In emerging and developing economies, GDP growth slowed further to 4.4% in 2014 from 4.7% in 2013 mainly due to the deceleration of growth in China, Russia and Latin America (note that Argentina after many years returned to recession). The reasons for the growth slowdown in emerging economies vary in each case, their common feature, however, being the reduced international demand and the slowdown in foreign trade between these economies.

Monetary policy in advanced economies continued to be expansive in 2014, keeping policy rates near zero thus supporting recovery efforts of the private sector and of fiscal consolidation. In the USA, the Federal Reserve Bank completed its third quantitative easing program (QE3), when the target for unemployment rate below 6% was achieved. In the Eurozone, the unemployment rate remained high (2014: 11.5% 2013: 12.0%), fixed capital investment continued to be subdued, risks for deflation and a new recession rose and financing of the real economy remained negative. That led ECB (22.1.2015) to additional quantitative easing by the intensification of the use of monetary policy measures.

The growth in the volume of international trade in goods and services slowed in 2014 (2014: +3.1%, 2013: +3.4%) as it was negatively affected by trade sanctions of Europe and Russia, the increased geopolitical uncertainties and the slowdown in foreign trade between emerging economies. For 2015 international trade is expected to expand by 4.5%.

International crude oil prices remained high in the first half of the year and then collapsed due to excess international supply. International prices declined by 7.5% in 2014 at an average annual level, compared with a reduction of 0.9% in the previous year, despite serious geopolitical tensions in Middle East and Ukraine, as weak international demand was combined with increased crude oil supply. The growing extraction of shale oil deposits in the USA and the decreasing energy dependence of the USA from abroad led the oil producing countries of OPEC to postpone the reduction of their production, in an effort to regain international market shares through setting lower prices of crude oil in international markets, closer to levels of zero profit for the relevant new USA businesses. The reduced price of crude oil is expected to boost world economic activity in 2015.

The Eurozone, after two years of recession, recovered in 2014 and GDP grew by 0.9%, compared with a reduction of 0.5% in 2013. The contribution of private consumption to recovery was greater than that of net exports due to sluggish external demand. However, the recovery from the recession of 2012-2013 was slower than expected as well as fragile and uneven across the countries. Growth is overshadowed by both the weaknesses inherited from the crisis in the private financial sector and trade sanctions imposed by Europe and Russia in response to the crisis in Ukraine.

Developments vary significantly among member-economies. In 2014, three out of 19 member countries of the Eurozone (from 1.1.2015 Lithuania joined Eurozone) were in recession compared with eleven countries last year. Of the countries that faced severe macroeconomic imbalances during the crisis, Greece, Spain and Portugal came out of recession, while Cyprus and Italy experienced a decline in GDP for the third consecutive year.

To a large extent, the economic recovery occurred without significant job creation. The unemployment rate in the Eurozone, while easing against the historical high of 2013 (to 11.6% from 11.9%), remained very high and it is expected to decline only slightly in 2015. Differences in unemployment rates among member countries are expected to remain large in 2015. Unemployment rates are expected to be lower but still very high, in those countries of the Eurozone with severe internal and external imbalances existing before the crisis, namely Greece, Spain, Cyprus and Portugal.

Restricting budget deficits policies were carried on in almost all Eurozone economies but at a slower pace compared to previous years, in order to remove debt crisis risks, to push downwards the government debt yields but also for the economies that had been excluded from international capital markets in 2010-2012 to make the comeback. The efforts of all member-states over the last five years at the front of public finances resulted in stabilizing the previously rising ratio of public debt to GDP, while yields of government bonds of the economies that were in distress significantly declined in 2014 compared to 2013. The next efforts should focus on both the containment of public debt to viable levels, and the creation of surpluses to cope with potential contingency risks.

The Eurozone total general government deficit is estimated to have declined further to 2.6% of GDP in 2014 from 2.9% in 2013 (and 3.6% in 2012), while a further slight decline down to 2.4% is foreseen for 2015. Public debt increased slightly to 94.5% of GDP in 2014 from 93.1% in 2013, and is expected to start declining as a percentage of GDP from 2015 onwards. It is noted that the public debt to GDP fell slightly in 2014 in Ireland and Portugal, while it increased in Italy, Spain and Greece.

In 2015, the Eurozone economy is expected to slightly accelerate by 1.5%, a pace of growth which nevertheless remains fragile and largely without creating any new jobs. All Eurozone economies found in difficulty and forced to implement adjustment programs are expected to achieve positive economic growth, while France and Italy are expected to remain a drag to stronger recovery. The observed asymmetric adjustment of Eurozone economies to external imbalances (all economies with a deficit have now a surplus although the ones with a surplus did not reduce their excessive surpluses) and the reluctance of fiscal adjustment and structural reforms by all member-states as well as high unemployment in some member-states are the main obstacles to a robust recovery.

In the US, GDP growth was better than forecasts and eventually climbed to 2.4% in 2014. The deterioration in net exports was more than counterbalanced by the acceleration of domestic demand. The less extensive fiscal tightening under extremely loose monetary policy conditions and the improvement of the households' financial situation as well as the further decline in the unemployment rate have boosted consumer and investment spending in the US economy. The external balance had a negative contribution in 2014, as imports grew faster than exports (4.2% and 3.4% respectively in 2014). The unemployment rate, which was depressed to 4.6% before the crisis and escalated during the crisis amounting to 9.6% in 2010, fell again to a notable 6.2% in 2014, leading the Federal Reserve to end the third quantitative easing program that had adopted. In 2015 a further acceleration of GDP is expected to 3.6% and a further decline in the unemployment rate to 5.6%, mainly due to robust domestic demand.

In Japan, GDP growth fell to 0.1% in 2014 from 1.6% in 2013, since the pre-announced increase in excise tax from 5.0% to 8.0% in Q2 led to a contraction of private consumption. In an environment of anemic international demand and despite the significant depreciation of the Japanese Yen (it is estimated to be 18.5% in 2013 and 5.5% in 2014 in terms of nominal effective exchange rate), the trade deficit increased to 2.1% of GDP from 1.9% in 2013. However, the increase in the excise tax led -as planned- to stimulating inflation (2014: 2.7%, 2013: 0.4%) but also to enhancing public revenues and to reducing the high budget deficit. For 2015, a slight increase of the GDP, by 0.6%, is forecasted.

In China, there is evidence for permanent rather than cyclical slowdown in economic growth compared to the past high rates. This will bear a large and broader impact on international trade and international commodity prices but also partly on Greek shipping. GDP growth, although high, declined further to 7.4% in 2014, its lowest level since 1990, from 7.8% in 2013. The increase in the volume of exports, with an average rate of 16.0% between 1990 and 2009, declined further to 4.1% from 8.7% in 2013 and the current account surplus is estimated to have returned to 2.4% of GDP from 1.9% that had declined in 2013. In 2015 the GDP growth rate is estimated to decline further to 6.8%.

In Russia, economic activity declined further in 2014 (0.6% from 1.3% in 2013), under the weight of both the large devaluation of the ruble and the trade sanctions imposed by the US and the EU-28 prompted by the crisis in Ukraine, but also because of the fall in international oil prices. For 2015 it is expected that the economy will go into recession, with GDP falling by 3.0% as negative macroeconomic conditions and geopolitical uncertainties of the region are expected to persist.

Regarding South-eastern Europe countries, most of them registered an increase of GDP in 2014. In some countries (Bulgaria, Albania, FYROM) economic growth was accelerated compared to previous year, whereas Romania recorded a slowdown of the GDP growth rate. In contrast, Serbia's GDP declined because of natural disasters in May 2014, while Cyprus' GDP decrease was due to a reduction in the production of the secondary sector and the adverse environment in the financial sector. However, the observed decline in Cyprus was smaller than anticipated by the international organizations. In 2014, the average growth rate in the countries of South-eastern Europe (excluding Turkey) remained at 1.0% for the second consecutive year, and is projected to accelerate to 1.7% in 2015.

Financial statements analysis

During the year 2014 the share capital of the Bank increased by € 1.2 billion successfully, expanding the equity base of the bank with major international investors. On 17 April 2014, the Bank redeemed all the Greek government's preference shares (200,000,000) for € 940 million, issued from the Bank.

On 12 June 2014 the Bank submitted through the Ministry of Economics, to the European Commission (General Division Competition) its restructuring plan according to the relevant legislation. The European Commission approved it on 9 July 2014 and point out that the restructuring plan is in line with the provisions concerning state aids and that the actions already have been made and the ones included in the plan, create the right conditions for the Bank to return to fully sustainable profitability. The restructuring plan provides for a continuation of restructuring and rationalization measures that the Bank has already undertaken. Those measures include the rationalization of operating expenses and the cost of deposits in Greece, balance sheet strengthening, deleveraging of foreign activities and strengthening of monitoring and risk management framework.

On 17 June 2014 the Bank issued successfully a three year senior bond of € 500 million with rate 3.375%, which was fully covered by institutional investors.

On 30.9.2014, the acquisition by the Bank of the Retail Banking operations of Citibank, including the company Diners Club Greece A.E.P.P., was completed, following the agreement signed on 13.6.2014 between the Bank and Citibank International plc and Citibank Overseas Investment Corporation and the receipt of the required regulatory approvals.

The transaction includes the operations of Wealth Management with assets under management amounting to € 2 billion, out of which deposits amounting to € 0.9 billion, loans of € 0.4 billion (mainly credit cards), as well as a retail network of 20 branches, that offers services to 480,000 customers. In addition, as a result of the acquisition, the qualified personnel working in the Retail Banking network of Citibank was incorporated into the Bank.

In the fourth quarter of 2014, the Voluntary Separation Scheme for Bank's employees was completed with a total cost of € 200.8 million and participation of 2.2 thousand employees.

At the end of 2014, the Bank completed the securitization of shipping loans, ensuring funding of USD 504 million for five years, reinforcing the Bank's liquidity and simultaneously diversifying the capital resource funding.

The Group's total equity amounted to € 7.7 billion, whereas the CET1 was 14.3% as at 31.12.2014.

In terms of balance sheet figures of December 2014, loans of Group before impairment amounted to € 58.4 billion, decreased by 0.4% compared 31.12.2013 mainly due to the write-offs of loans amounting to € 0.6 billion. The Group's total deposits amounted to € 42.9 billion presenting a slight increase compared to 31.12.2013, which amounted to € 42.5 billion.

The loans to deposits ratio of the Group stood at 116%, improved compared to 31.12.2013 which amounted to 122%.

The impairment losses and provisions to cover credit risk amounted to € 1,853.2 million presenting decline compared to 2013, which amounted to € 1,923.2 million. This decrease is mainly due to the declining trend of new non-performing loans, whereas the estimates for the Asset Quality Review performed by the European Central Bank have been covered.

Non performing loan coverage was 63.7% before write-offs and 62.1% after the write-offs during 2014, while accumulated provisions correspond to 20.5% of the loan portfolio.

Net interest income amounted to € 1,939 million, positively affected by the gradual decrease of the term deposits interest rates and the decreased cost of raising funds from the Eurosystem which was noted during 2014. Negative impact was due to the respective gradual decrease of loans interest rates and the declined return of Greek Government securities.

Net income from commissions amounted to € 397.1 million, increased by 5.3% compared to 2013, when amounted to € 377 million including the commissions of Emporiki Group for January 2013. The improvement was mainly derived by the increase in the commissions related to credit cards, mutual fund management, advisory services and transactions of bonds.

Gains less losses on financial transactions recorded a gain of € 41.3 million, having mainly positively affected by sales of Greek government bonds.

Group's total expenses, excluding the Voluntary Separation Scheme cost amounting to € 200.8 million, amounted to € 1,444.3 million reduced by 1% compared to 2013 which amounted to € 1,459.9 million including the expenses of Emporiki Group for January 2013. The decrease was contributed by the new collective Labour Agreement, further changes to the remuneration policy as well as the reorganization of the network and the rationalization of expenses.

Finally, the Group on 30.6.2014 reassessed the recoverability of the deferred tax assets based on the above mentioned restructuring plan and recognized deferred tax assets of € 422 million, which had not been recognized on 31.12.2013 and is attributed to the loans from the acquisition of former Emporiki Bank.

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

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

- The issuance of senior debt securities guaranteed by the Greek State amounting to € 9.8 billion.
- The borrowing of special securities issued by the Greek State amounting to € 1.6 billion.

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

Other information

- The proper and effective functioning of the Group, the formation of a single strategy and policy the coordination of the work carried out both of the Boards and Committees. The Corporate Governance and Nominations Committee incorporated on 27.6.20014, ensures that the composition, structure and function of the Board meet the legal, regulatory and statutory requirements. The Committee seeks the implementation of international best practices in corporate governance and shapes policy for the election of candidates for Board members, recommending the candidates on the Board. The Committee, also, ensures the nomination of Board members with an effective and transparent process, creates the necessary conditions to ensure a smooth transition and continuity of the Board and oversees the implementation of all the policies, practices and procedures for their implementation.
- The Bank's Ordinary General Meeting of the Shareholders on 27.6.2014 decided the following:
  i. The non payment to the Greek State of the return of 2013 as defined by Article 1 paragraph 3 of Law 3723/2008 of the preference shares owned by the Greek State and
  ii. Not to distribute dividend to the common shareholders for 2013.

Risk Management

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

The final objective of the Group is to improve the internal corporate governance within the current crucial and variable macroeconomic and financial environment.

The main pursuit of the Group in 2014 was to maintain the high quality internal governance and compliance with regulatory and supervisory risk management provisions in order to ensure confidence in the conduct of its business operations by providing appropriate financial services.

Furthermore, from November of 2014, the Group falls within the Single Supervisory Mechanism (SSM) of the new financial supervision system which involves the European Central Bank (ECB) and the Bank of Greece and as a major banking institution is directly supervised by the European Central Bank (ECB).

The Single Supervisory Mechanism is working with the European Banking Authority (EBA), the European Parliament, the Eurogroup, the European Commission and the European Systemic Risk Board (ESRB) within their respective competences.

Since January 1, 2014 EU Directive 2013/36/EU dated June 26, 2013 along with the EU Regulation 575/2013/EU, dated June 26, 2013 ("CRD IV") are effective. The Directive and the

Regulation gradually introduce the new capital adequacy framework (Basel III) of credit institutions.

In this new regulatory and supervisory risk management framework, Alpha Bank Group further strengthens the internal governance and strategy of risk management and redefining its business model in order to achieve full compliance with the increased regulatory requirements and the extensive guidelines relating to the governance of data risks, the collection of these data and their incorporation in the required reports towards the management and supervisory authorities.

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

More specifically, the Group, taking into consideration the nature, the scale and the complexity of its business as well as the risk profile develops risk management strategy around the three following lines of defense, which constitute a key factor of the efficient operation:

- Development Units of banking and trading arrangements {host functions and handling customer requests, promotion and marketing of banking products to the public (credits, deposit products and investment facilities), and generally the conduct of transactions (front line)}, which are functionally separated from requests approval units, confirmation, accounting and settlement.

  They constitute the first line of defense and 'ownership' of risk, which recognizes and manages risks that will arise in exercising of banking business.

- Management and control risk and regulatory compliance Units, which are separated both between themselves and from the first line of defense.

  They constitute the second line of defence and their function is complementary in conducting banking business of the first line of defense in order to ensure objectivity in decision making, measuring the effectiveness of these decisions in terms of risk conditions and compliance with the existing legislative and institutional framework involving internal regulations and ethical standards and the total view and evaluation of the total exposure of the Bank and the Group to risk.

- Internal audit Units, which are separated from the first and second line of defense.

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

Credit Risk

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

The primary objective of the Group's strategy for the credit risk management, in order to achieve the maximization of the adjusted relative to the performance risk, ensuring the conduct of daily business within a clearly defined framework of granting credit, which is supported by strict credit criteria, is the continuous, timely and systematic monitoring of the loan book and the maintenance of credit risks within the framework of acceptable overall risk appetite limits.

The framework of the Group's credit risk management is developed based on a series of credit policy processes and systems and measurement, monitoring and auditing models of credit risk which are subject to an ongoing review process in order to ensure full compliance with the new institutional and regulatory framework and international best practices and their adaptation to the requirements of respective financial circumstances and the nature and extent of the Group's business.

The indicative actions below represent the development and improvement that occurred in 2014 with respect to the aforementioned framework:

- Ongoing upgrade of Wholesale and Retail Banking Credit Policies in Greece and abroad to adapt to the given macroeconomic and financial conditions, to the Group's risk profile as well as each acceptable maximum risk appetite limits totally for each kind of risk.
- Ongoing update of the credit rating models for corporate and retail banking in Greece and abroad in order to ensure their proper and effective operation.
- Updating the provisioning policy for Wholesale and Retail Banking.
- Centralized and automated approval process for retail banking applications in Greece and abroad.
- Complete centralization of the collections policy mechanisms for retail banking (mortgage loans, consumer loans, credit cards, retail banking corporate loans) in Greece and abroad.
- Systematic and periodic quality inspection of Corporate and Retail Banking credit.

- Systematic estimation and evaluation of credit risk per counterparty and per sector of economic activity.
- Periodic stress tests as a tool of assessment of consequences of various macroeconomic scenarios to establish the business strategy, business decisions and capital position of the Group. The stress tests are performed according to the requirements of the regulatory framework and concern fundamental parameter of the Group's credit risk management Policy.

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

- Initiation of the transition process for the Bank and the Group companies, including the portfolios of the former Emporiki Bank, 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 Ratings Based Approach method will be used with regards to corporate loan portfolios, retail banking, leasing and factoring.
- Determining a specific framework for the management of overdue and non-performing loans, alongside with the applicable obligations which arise from the Executive Committee Act 2015/227 on 9 January 2015 of the European Committee for amending Executive Committee Act (EU) No. 680/2014 of the Committee for establishing executive technical standards regarding the submission of supervisory reports by institutions in accordance with regulation (EU) No. 575/2013 of the European Parliament and the Council and Executive Committee Act of Bank of Greece, P.E.E. 42/05.30.2014 and the amendment of this with the Executive Committee Act of Bank of Greece, P.E.E. 47/02.09.2015 which define the framework of supervisory commitments for the management of overdue and non-performing loans from credit institutions.

  This framework is developing based on the following pillars:

  (a) The introduction of independent operation management for the "Troubled assets" (Troubled Asset Committee). This is achieved by the representation of the Administrative Bodies in the Evaluation and Monitoring of Denounced Customers Committee as well as in the Arrears Councils,

  (b) Establishing separate management strategy for these loans, and

  (c) Improving IT systems and processes in order to comply with the required periodic reporting to management and supervisory bodies.
- Continuous upgrade of databases on an ongoing basis in order to perform statistical tests in the Group's credit risk rating models. Upgrade and automation of the above mentioned process in relation to Wholesale and Retail banking by using specialized statistical software. Gradual implementation of an automatic interface of credit risk rating systems with the central systems (core banking systems I-flex) for all Group companies abroad.
- Reinforcing a mechanism for completeness and quality inspections of crucial areas of Wholesale and Retail Credit for monitoring, measuring and control of credit risk.

Liquidity, interest rate and foreign exchange risk of banking portfolio

In early 2014, the Bank made a successful share capital increase of EUR 1.2 billion and in April 2014 redeemed all of the preference shares (EUR 940 million) from the Greek State. Since May 2014 the Bank released from the ELA mechanism, while gradually reduced borrowing from the support mechanism of the European Central Bank. During the first half of the year, the Bank restarted the EMTN program by issuing on bond of EUR 500 million nominal value, which was fully subscribed by institutional investors.

Contribution in reinforcing Bank's liquidity had the acquisition of the operations of Retail Banking of Citi which took place on 13.06.2014 with the amount of €922 million as well as the renewal of the bond issued by the Bank which guaranteed by the Greek State (Pillar II - Support Scheme liquidity), with nominal value of €2,557 million, with new corresponding issue with nominal value of €1,600. The Bank's participation in the T-LTRO program (Targeted Long Term Refinancing Operation) of the European Central Bank, resulted in long-term financing with an amount of €1.0 billion, while the securitization of shipping loans in dollars, whom the carrying value as at 31.12.2014 amounted to €658,7 million, offered the Bank dollar funding and diversification of capital resource funding. It must be noted that this transaction was the first securitization transaction from a Greek Bank placed to investors since 2008 and one of the very few shipping loan transactions globally.

The risk level of the Bank changed and was within the Contingency Funding Plan under the Recovery Plan that operated until recently.

The framework of the new requirements of the regulatory environment (Basel III) for liquidity has introduced the need for systematic monitoring of cost, stability and the diversification of liquidity sources. Indicative for the implementation of the new regulatory framework Liquidity Coverage Ratio and Net Stable Funding Ratio, observed monthly database specific configuration (risk factors) at customer. Respectively, guidelines have been given on the subsidiaries concerned units to ensure intra-group common understanding of the principles governing the new regulatory framework.

During 2014, the Bank renewed and updated policies and procedures for Asset-Liability management (ALM), with a distinct role in Bank's and Group's ALM Risk and Group' s Market and Operational Risks Division. The Group in order to minimize liquidity and interest rate risk of Bank's portfolio, developed methods in line with best practices tailored to the Bank. In the context of the Contingency Funding Plan a new policy has adopted regarding the assessment and criteria of the liquidity buffer and the Liquidity Stress Scenarios.

The constant updating of an ALM system is essential for development and growth of the Bank's product structure taking into account the competition's current structure and economic conditions. Specifically, the monitoring and finalization of the conventions of re-pricing and movements of Non Maturing assets- liabilities, in collaboration with the Asset-Liabilities division, is under the efficient and effective management of asset-liability risk. It must be noted that by the end of 2015, is planning to integrate affiliate units in the bank ALM system for data quality analysis and the use of a common methodology.

The interbank financing (short-term, medium-long term) of the Bank, of its subsidiaries and foreign branches of the group is monitored on a daily basis with a corresponding production of reports, while major daily variations reported competently.

Regular stress tests are conducted for liquidity purposes to assess potential output (contractual or contingent) to determine the level of immediate liquidity available to meet Bank's needs.

In addition, stress tests carried out for the purpose of interest rate risk in the banking portfolio in order to estimate the volatility of net interest income of the banking portfolio and the economic value of customer loans and deposits.

Market and Counterparty Risk

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

The valuation of bonds and derivative positions are monitored on an ongoing basis and on a regular basis stress tests are conducted in order to assess the impact on the results and equity of various scenario in conditions in the markets where the Group operates.

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

Hedging relationships with derivatives is in effect to limit market risk in the banking book and hedge effectiveness is tested on a regular basis.

During 2014, for the improvement of the Market and Counterparty Risk management frameworks, a Fair Value Policy developed, the Market Risk Management Policy is updated together with the provisioning policy for investments in securities and for claims from Credit Institutions. Additionally the model for calculating the Credit Valuation Adjustment was assessed during the Asset Quality Review that conducted by the European Central Bank in collaboration with the Bank of Greece resulting in minimum impact on equity.

Operational Risk

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

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

Moreover, the Circulars and Acts of the Group concerning the Operational Risk Management have been updated, while a diagnostic study concerning the transition to a more advance methodologies for monitoring and measuring operational risks is in progress (Advance Measurement Approach).

The events of operational risk, the self-assessment results as well as, other current issues of operational risk are systematically monitored to all the Group Companies by the competent Operational Risk Management Committees with increased responsibilities relating to the review of relevant information as well as the adoption of Operational Risk mitigation measures.

Future prospects

Greece returned to positive GDP growth rate of 0.8% in 2014, for the first time since the beginning of economic crisis. The driving forces of recovery were the rebound of private consumption (+1.3%) and the increase in exports of goods and services (+9.0%) on the back of a record year in tourism. Moreover, an upturn of investment excluding residential investment has taken place. The continuing downward trend of the residential investment remains an impediment of economic recovery. Also, unemployment is stabilizing, twin surpluses in both fiscal and external sector (primary budget and current account) have been achieved for a second consecutive year, while the economy recouped in full the competitiveness losses of the previous decade. GDP growth rate is estimated to remain in positive territory in 2015 and accelerate in 2016. External sector and private consumption would be the main drivers for growth in 2015, while a restored confidence would stimulate business investment. Private consumption benefits from lower oil prices which further improve household disposable income. The latter is clearly depicted in the upward trend of the consumer confidence indicator. This favorable development will be further supported by the successful completion of negotiations and the achievement of a lasting deal with EU partners. This in turn would help restore business sentiment, facilitate the return of deposits and accelerate the restart of investment projects, thus further strengthening economic prospects.

Related parties

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

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

In thousands of Euro

Loans and advances to customers	32,529
Due to customers	46,912
Debt securities in issue	2,370
Employee defined benefit obligations	387
Letters of guarantee and approved limits	11,917
Interest and similar income	948
Fee and commission income	129
Interest expense and similar charges	1,363
Fees paid to key management and close family members	3,424

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

A. SUBSIDIARIES

In thousands of Euro

Name	Assets	Liabilities	Income	Expenses	Letters of guarantee and other guarantees
Banks					
1. Alpha Bank London Ltd	15,163	2,577	600	2,055	277,145
2. Alpha Bank Cyprus Ltd	643,157	175,027	5,075	3,867	165,693
3. Emporiki Bank Cyprus Ltd	189,706	30,088	1,650	33	
4. Alpha Bank Romania S.A.	1,823,063	95,419	46,986	2,287	477,592
5. Alpha Bank AD Skopje	5,558	269	117	28	502
6. Alpha Bank Srbija A.D.	173,795	12,880	1,979	122	43,025
7. Alpha Bank Albania SH.A.	16,287	11,613	434	1,185	13
Leasing					
1. Alpha Leasing A.E.	270,009	330	6,869	183	
2. ABC Factors A.E.	426,578	1,278	22,503	1	
3. Diners Club Greece A.E.P.P.	101,949	171	871		
Investment Banking					
1. Alpha Finance A.E.Π.E.Y.	294	18,640	1,717	468	56
2. SSIF Alpha Finance Romania S.A.		15			
3. Alpha A.E. Investment Holdings	3	5,844	15	132	
4. Alpha A.E. Ventures Capital Management - AKES	3	1,825	34	37	
5. Emporiki Ventures Capital Developed Markets Ltd					
6. Emporiki Ventures Capital Emerging Markets Ltd		99			
Asset Management					
1. Alpha Asset Management A.E.D.A.K.	2,997	10,352	12,801	362	

A. SUBSIDIARIES

In thousands of Euro

Name	Assets	Liabilities	Income	Expenses	Letters of guarantee and other guarantees
Insurance					
1. Alpha Insurance Agents A.E.		5,962	1	130	
2. Alpha Insurance Ltd		181			
3. Alphalife A.A.E.Z.	398	426	390	1,887	
Real estate and hotel					
1. Alpha Astika Akinita A.E.	455	22,628	1,585	5,232	
2. Ionian Hotel Enterprises A.E.	70,379	3,874	1,953	102	30
3. Oceanos A.T.O.E.E.		1,573	1	26	
4. Emporiki D evelopment and Real Estate Management A.E.		53,798		21	
5. Alpha Real Estate Bulgaria E.O.O.D.		261		27	
6. Chardash Trading E.O.O.D.		3,051		1,917	
7. Alpha Investment Property Chalandriou A.E.	18,075	6	403		
8. Alpha Investment Property Attikis A.E.	6,348	40	179		
9. Alpha Investment Property Attikis II A.E.	4	6,118	150	1	
10. Alpha Investment Property Amaroussion I A.E.		2,096	65		
11. Alpha Investment Property Amaroussion II A.E.		6,347	3	1	
12. Alpha Investment Property Eleonas A.E.			1		
13. Stockfort Ltd	23,797	1,173	1,210	2	
14. AGI-RRE Zeus S.R.L.	29,174		703		
15. AGI-RRE Poseidon S.R.L.	12,249		332		
16. AGI-BRE Participations 1 E.O.O.D.	4,312		160		
17. AGI-BRE Participations 2 E.O.O.D.	8,445	17	240		
18. AGI-BRE Participations 2BG E.O.O.D.	5,793	2	163		
19. AGI-BRE Participations 3 E.O.O.D.	19,628	53	402		
20. AGI-BRE Participations 4 E.O.O.D.		6	2		
21. APE Fixed Assets A.E.		147	1	5	
22. HT-1 E.O.O.D.	171		3		
23. SC Carmel Residential SRL	8,555		17		
24. AGI – RRE Hera S.R.L.	14,472		120		
25. Alpha Investment Property Neas Kifisias A.E.	2,850		11		
26. Alpha Investment Property Kalirois A.E.	353	11	1		
27. Alpha Investment Property Livadias A.E.	4,250	84			
Special purpose and holding entities					
1. Alpha Credit Group Plc	284.540	1.337.116	15.110	50.885	
2. Alpha Group Jersey Ltd	117				
3. Alpha Group Investments Ltd		8.059	1	4	
4. Ionian Holding A.E.		155.440	1	54	
5. Ionian Equity Participations Ltd	775	2.632	1	1	
6. Emporiki Group Finance Plc	41.057	450.492	1.788	17.264	
7. AGI – RRE Participations 1 Ltd		908			
8. Alpha Group Ltd		109.280		47	
9. Katanalotika Plc	1.193				
10. Epihiro Plc		1.254			
11. Irida Plc	433.012	44.778	1.990		
12. Pisti 2010-1 Plc		142			
13. Alpha Shipping Finance Ltd		367.129	369	1.194	
14. Umera Ltd	381.500	13.606	1.541	17	
15. AGI-RRE Poseidon Ltd	38.897		815		
16. AGI-BRE Participations 4 Ltd	3.203		174		
17. AGI-RRE Artemis Ltd	1.534		33		
18. Zerelda Ltd		1			
19. AGI-Cypre Ermis Ltd	742.393	65.194	1.308		193.260

A. SUBSIDIARIES

In thousands of Euro

Name	Assets	Liabilities	Income	Expenses	Letters of guarantee and other guarantees
Other					
1. Kafe Alpha A.E.		142	18	158	
2. Alpha Supporting Services A.E.	405	27,424	723	10,481	
3. Real Car Rental A.E.		11			
4. Zerelda Ltd		1			
5. Evisak A.E.		1,150	1	22	
6. Emporiki Management A.E.	22	1,419	61	167	

B. JOINT VENTURES

1. Cardlink A.E.	3,611	901	245	5,652	
2. APE Commercial Property A.E.		226	2		
3. APE Investment Property A.E.	151,672	5,537	4,975	96	
4. Alpha TANEO A.K.E.S.		456	1		
5. Rosqueens Properties S.R.L.	13,239		719		

C. ASSOCIATES

1. AEDEΠ Thessalias and Stereas Ellados		100			
2. Banking Information Systems A.E.		107			
3. Olganos A.E.	3,044				

Total	**5,998,484**	**3,067,786**	**139,623**	**106,153**	**1,157,316**

c. Other related party transactions

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

In thousands of Euro

	Assets	Liabilities	Income	Expenses
Employees Supplementary Funds - TAP		48,907		
Hellenic Financial Stability Fund – HFSF			576	

Athens, 19 March 2015

THE CHAIRMAN
OF THE BOARD OF DIRECTORS

VASILEIOS T. RAPANOS
ID. No AI 666242

Explanatory Report of the Board of Directors of Alpha Bank for the year 2014

The present Explanatory Report of the Board of Directors of Alpha Bank (hereinafter the "Bank") to the Ordinary General Meeting of Shareholders of the Bank for the year 2014 contains detailed information, pursuant to the provision of article 4 par. 7 of Law 3556/2007, the reference date being 31.12.2014, in accordance with the order in which they are written in the provision in question.

In particular:

a. 1. The Extraordinary General Meeting of Shareholders of 28 March 2014 approved a share capital increase by the amount of Euro 553,846,153.80, through payment in cash, with a simultaneous cancellation of the pre-emption rights of the common, paperless shares with voting rights and of the preference material shares without voting rights, issued by the Bank, by way of the issuance and offer by the latter of 1,846,153,846 common, nominal, paperless shares with full voting rights, of a nominal value of Euro 0.30 and an offer price equal to Euro 0.65 each, whereby the difference between issue price and offer price, amounting to a total of Euro 646,153,846.10 is credited in the special account by the issuance of shares above par value.

   Following the above, the share capital of the Bank amounted to the total amount of Euro 4,770,717,957.40 divided into 12,969,059,858 shares, of which 12,769,059,858 are common, nominal, paperless shares with voting rights, of a nominal value of Euro 0.30 each, and 200,000,000 are preference, nominal, material and redeemable shares without voting rights, issued in accordance with Law 3723/2008, of a nominal value of Euro 4.70 each. Out of the said common, nominal, paperless shares with voting rights, 10,388,636,364 had been issued by the Bank and had been subscribed by the Hellenic Financial Stability Fund (the "Fund"), pursuant to Law 3864/2010, governed by virtue of the terms thereof.

   2. The Bank, on 17 April 2014, redeemed all the Hellenic Republic preference shares (200,000,000) issued by the Bank and owned by the Hellenic Republic, amounting to a total of Euro 940 million, pursuant to the resolution of the Board of Directors of the Bank as of 17 April 2014, by which it was approved that the Bank exercise, according to article 1 par. 1 item six of Law 3723/2008, its option to redeem the abovementioned shares. On the same date, the Hellenic Republic transferred to the Bank the shares, through the multiple paper title issued by the Bank, which incorporated the sold shares.

Pursuant to the resolution of the Board of Directors of the Bank as of 24 April 2014, all the redeemed shares were cancelled, by deletion.

Following the above, the share capital of the Bank stood at the total amount of Euro 3,830,717,957.40 divided into 12,769,059,858 common, nominal, paperless shares with voting rights, of a nominal value of Euro 0.30 each. Out of the said common, nominal, paperless shares with voting rights, 10,388,636,364 had been issued by the Bank and had been subscribed by the Hellenic Financial Stability Fund, pursuant to Law 3864/2010, and were governed by virtue of the terms thereof.

The above preference shares granted to the Hellenic Republic, in accordance with provisions added as reference to the relevant provisions of the Articles of Incorporation, 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 preference share,
   i. before the common shares,
   ii. before the dividend amount which was distributed in accordance with par. 3 of article 1 of Law 3723/2008 and
   iii. independent of any dividend amount which was 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, satisfied the minimum ratios specified by the Bank of Greece.

The fixed return was calculated as accrued on an annual basis, proportional to the time that the Hellenic Republic was remaining as a Preference Shareholder, and was paid within a month after the approval of the annual financial statements of the respective year by the Ordinary General Meeting and was under the provision that there were 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 had been preceded by a relevant resolution 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 was a right of preferred drawing (before the common shares) of the above return until these amounts were depleted. The amount paid out to the Hellenic Republic, as per the above, was in addition to the dividend amount which was distributed in accordance with par. 3 of article 1 of Law 3723/2008 solely to the Common Shareholders of the Bank and which could 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 Preference Shareholders under the conditions specified by Codified Law 2190/1920.

C. The right to participate in the Board of Directors of the Bank, via a representative, thus appointing the Hellenic Republic as an additional Member of the Board of Directors.

D. The right of the Hellenic Republic, appointed as Member of the Board of Directors, to veto (via its representative) 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 deemed 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 said appointed additional Member of the Board of Directors to attend the General Meeting of the Common Shareholders of the Bank and the right to veto during the deliberations and the decision-making process 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 preference shares did not provide the right of cumulative returns.

The preference shares were 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 Hellenic Republic bonds of equal value. As it was mentioned above, the Bank, on 17 April 2014, redeemed all the Hellenic Republic preference shares issued by the Bank and owned by the Hellenic Republic.

3. The share capital of the Bank, following the settlement of the Titles Representing Share Ownership Rights (Warrants) exercise orders, including the fractional shares as of 16.6.2014 and 15.12.2014, amounts to a total amount of Euro 3,830,717,957.40, divided into 12,769,059,858 shares, of which:

i. 4,310,200,279 common, nominal, paperless shares with voting rights, of a nominal value of Euro 0.30 each, which are listed for trading on the Securities Market of the Athens Exchange.

ii. 8,458,859,579 common, nominal, paperless shares with voting rights, in accordance with the restrictions foreseen in the provision of article 7a of Law 3864/2010, owned by the Hellenic Financial Stability Fund - of a nominal value of Euro 0.30 each. These shares, which are listed for trading on the Securities Market of the Athens Exchange, have the rights stipulated by law and are subject to the restrictions of the law.

The common shares under (i) represent 33.64%, and the common shares under (ii) owned by the Hellenic Financial Stability Fund represent 66.36% of the total paid-in share capital of the Bank.

In detail, with regards to the shares under ii), it is noted that the Hellenic Financial Stabilility Fund:

- became a shareholder of the Bank, within 2013, in the context of the Recapitalisation of the Greek Credit Institutions, on the basis of Law 3864/2010, having, however, restricted voting rights at the General Meeting.
- has issued, in accordance with Law 3864/2010 and Cabinet Act 38/2012, Titles Representing Share Ownership Rights (Warrants) in order to offer the shares of the Bank it undertook to private investors. These Warrants may be exercised within the time periods referred to in the relevant legislation and, in any case, no later than five years since the participation of the Fund in the Bank's share capital increase. This period expires on 10.12.2017.
- may vote at the General Meeting only on resolutions pertaining to the amendment of the Articles of Incorporation, including the increase or reduction of the share capital or the grant of a relevant authorisation to the Board of Directors, the merger, split-up, conversion, revival, extension of the term of operation or winding-up of the Bank, the transfer of assets, including the sale of Group Companies or on any other item for which an enhanced majority is required in accordance with the stipulations of Codified Law 2190/1920.
- also possesses all the other rights stipulated by Law 3864/2010, as it is each time in force.

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

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

d. There are no shares issued by the Bank possessing special rights of control, with the exception of:

   i. the preference shares held by the Hellenic Republic (by virtue of Law 3723/2008) in reference to the rights and privileges bestowed upon it in accordance with the Articles of Incorporation of the Bank, until 17 April 2014 when they were all redeemed by the Bank, and then, cancelled, in total, by deletion, on 24 April 2014, and

   ii. the common shares held by the Hellenic Financial Stability Fund in reference to the rights that the Hellenic Financial Stability Fund enjoys by virtue of Law 3864/2010.

e. The Articles of Incorporation contain no restrictions on voting rights and the deadlines for exercising the same on shares issued by the Bank, 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 restrictions on the exercise of voting rights on shares issued by the Bank save as otherwise provided for in the provisions of the laws stipulating the rights of the Hellenic Financial Stability Fund.

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

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 law and the Articles of Incorporation.

   The Extraordinary General Meeting of Shareholders of 28 March 2014 approved the raising of capital by the Bank up to the amount of Euro 1.2 billion (including the amount corresponding to contributions above par value), by the increase of its share capital, through payment in cash, the cancellation of the pre-emption rights of the existing (common and preference) shares, the issuance and distribution by the Bank of 1,846,153,846 new, common, nominal, paperless shares with voting rights, of a nominal value of Euro 0.30 each and an offer price equal to Euro 0.65 per new share and the offer of the total number of the new shares by private placement to special investors in the sense of article 2 par. 1 case (f) of Law 3401/2005, the amendment of article 5 of the Articles of Incorporation of the Bank and the provision to the Board of Directors of the Bank of the power to attend to the total share capital increase and to provide for similar issues related to the capital increase.

   The General Meeting of Shareholders of 27 June 2014 renewed the validity of the authority (articles 13 par. 1 case (b) and 3a par. 3 item first of Codified Law 2190/1920) granted by the General Meeting to the Board of Directors of the Bank: (i) to increase the share capital of the Bank, through the issuance and distribution of new shares, the amount whereof shall be paid in cash and/or by contribution in kind, and (ii) to issue a bond loan convertible into shares issued by the Bank.

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

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

The Bank does not hold any of its own shares.

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

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

Corporate Governance Report for the year 2014

Pursuant to the provision of article 2 par. 2 of Law 3873/2010, the Annual Management Report of the Board of Directors of Alpha Bank (hereinafter the "Bank") includes the Corporate Governance Report, the reference date being 31.12.2014.

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

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

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

   The corporate governance practices, which are implemented by the Bank, are in accordance with the provisions of Law 3873/2010 and are quoted in the ALPHA BANK Corporate Governance Code, which sets the framework and guidelines for the governance of the Bank and is reviewed by the Board of Directors.

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

   In addition to the laws, the Bank has separated the duties of the Chairman of the Board of Directors from those of the Managing Director and implements a comprehensive system of internal audit for the Group in accordance with international standards and the regulatory framework in force.

   Additionally, the Bank has adopted a Code of Ethics for the performance of duties with the purpose to implement the standards required by modern corporate governance and effective Internal Audit. The Code of Ethics is posted on the Bank's website (www.alpha.gr).

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

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

   During 2014, five (5) new Members of the Board of Directors of the Bank were elected and provided by the Bank with a comprehensive and detailed introductory informational programme on Corporate Governance, Risk Management, Internal Control, Compliance, Capital Adequacy and Financial Services.

   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.

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

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

c. **Internal Control System**

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

The Internal Control System ensures:

- the consistent implementation of the business strategy with an effective utilisation of the available resources,
- the identification and management of all risks undertaken,
- the completeness and the credibility of the data and information required for the accurate and timely determination of the financial situation of the Bank and the generation of reliable financial statements,
- the compliance with the current regulatory framework, the internal regulations, the rules of ethics,
- the prevention and avoidance of erroneous actions that could jeopardise the reputation and interests of the Bank, the Shareholders and those transacting with it,
- the effective operation of the IT systems in order to support the business strategy and the secure circulation, processing and storage of critical business information

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

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

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

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

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

   The Audit Committee evaluated the Internal Control System of the Bank.

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

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

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

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

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

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

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

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

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

Risk Management

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

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

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

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

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

d. The items c), d), f), h), i) of article 10 of Directive 2004/25/EC of the European Parliament and of the Council, to which Law 3873/2010 is referred, as it was incorporated in the national law through article 30 of Law 3461/2006, which is article 11a of Law 3371/2005, as the latter was replaced by article 4 par. 7 of Law 3556/2007, are in line with items c), d), e), g), h) of article 4 par. 7 of Law 3556/2007.

In particular and in accordance with the numbering in article 4 par. 7 of Law 3556/2007, the required information is listed below:

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

d) There are no shares issued by the Bank possessing special rights of control, with the exception of:

i. the preference shares held by the Hellenic Republic (by virtue of Law 3723/2008) in reference to the rights and privileges bestowed upon it in accordance with the Articles of Incorporation of the Bank, until 17 April 2014 when they were redeemed in total by the Bank

ii. the common shares held by the Hellenic Financial Stability Fund (the "Fund") in reference to the rights that the Hellenic Financial Stability Fund enjoys by virtue of Law 3864/2010.

More specifically, with regards to shares under i), the Bank, on 17 April 2014, redeemed all the Hellenic Republic preference shares (200,000,000) issued by the Bank and owned by the Hellenic Republic, amounting to a total of Euro 940 million, pursuant to the resolution of the Board of Directors of the Bank as of 17 April 2014, by which it was approved that the Bank exercise, according to article 1 par. 1 item six of Law 3723/2008, its option to redeem the abovementioned shares. On the same date, the Hellenic Republic transferred to the Bank the shares, through the multiple paper title issued by the Bank, which incorporated the sold shares.

Pursuant to the resolution of the Board of Directors of the Bank as of 24 April 2014, all the redeemed shares were cancelled, by deletion.

The shares in question granted to the Hellenic Republic, in accordance with provisions added as reference to the relevant provisions of the Articles of Incorporation, 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 preference share,

i. before the common shares,

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

iii. independent of any dividend amount which was 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, satisfied the minimum ratios specified by the Bank of Greece.

The fixed return was calculated as accrued on an annual basis, proportional to the time that the Hellenic Republic was remaining as a Preference Shareholder and was paid within a month after the approval of the annual financial statements of the respective year by the Ordinary General Meeting and was under the provision that there were 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 had been preceded by a relevant resolution 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 was a right of preferred drawing (before the common shares) of the above return until these amounts were depleted. The amount paid out to the Hellenic Republic, as per the above, was in addition to the dividend amount which was distributed in accordance with par. 3 of article 1 of Law 3723/2008 solely to the Common Shareholders of the Bank and which could 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 Preference Shareholders under the conditions specified by Codified Law 2190/1920.

C. The right to participate in the Board of Directors of the Bank, via a representative, thus appointing the

Hellenic Republic as an additional Member of the Board of Directors.

D. The right of the Hellenic Republic, appointed as Member of the Board of Directors, to veto (via its representative) 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 deemed 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 said appointed additional Member of the Board of Directors to attend the General Meeting of the Common Shareholders of the Bank and the right to veto during the deliberations and the decision-making process 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 preference shares did not provide the right of cumulative returns.

The preference shares were 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 Hellenic Republic bonds of equal value. As it was mentioned above, the Bank, on 17 April 2014, redeemed all the Hellenic Republic preference shares issued by the Bank and owned by the Hellenic Republic, and cancelled them on 24 April 2014.

With regards to the shares under ii), it is noted that the Hellenic Financial Stabillity Fund:

- Became a shareholder of the Bank, within 2013, in the context of the Recapitalisation of the Greek Credit Institutions, on the basis of Law 3864/2010, having, however, restricted voting rights at the General Meeting.
- Has issued, in accordance with Law 3864/2010 and Cabinet Act 38/2012, Titles Representing Share Ownership Rights (Warrants) in order to offer the shares of the Bank it undertook to private investors. These Warrants may be exercised within the time periods referred to in the relevant legislation and, in any case, no later than five years since the participation of the Fund in the Bank's share capital increase. This period expires on 10.12.2017.
- Following the settlement of the Warrant exercise orders including the fractional shares as of 16.6.2014 and 15.12.2014 owns 8,458,859,579 common, nominal, with voting rights in accordance with the restrictions foreseen in the provision of article 7a of Law 3864/2010, paperless shares of a nominal value of Euro 0.30 each, out of the 12,769,059,858 shares of the share capital of the Bank. These shares, which are listed for trading on the Securities Market of the Athens Exchange, have the rights stipulated by law and are subject to the restrictions of the law. The common shares owned by the Hellenic Financial Stability Fund represent 66.36% of the total paid-in share capital of the Bank.
- May vote at the General Meeting only on resolutions pertaining to the amendment of the Articles of Incorporation, including the increase or reduction of the share capital or the grant of a relevant authorisation to the Board of Directors, the merger, split-up, conversion, revival, extension of the term of operation or winding-up of the Bank, the transfer of assets, including the sale of Group Companies or on any other item for which an enhanced majority is required in accordance with the stipulations of Codified Law 2190/1920.
- Also possesses all the other rights stipulated by Law 3864/2010, as it is each time in force.

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

i. With regards to the shares owned by the Hellenic Financial Stabilility Fund, the Fund exercises its voting rights at the General Meeting under the restrictions that have been previously mentioned under d).

ii. With regards to the shares owned by the Hellenic Republic, for the time period until 17.4.2014, when they were redeemed by the Bank, and then cancelled on 24.4.2014, the Hellenic Republic had the right to attend the General Meeting of the Common Shareholders of the Bank and the right to veto via its representative appointed as additional Member of the Board of Directors, during the deliberations concerning the decisions on the above-mentioned under d) i) E) items.

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

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 law and the Articles of Incorporation.

The Extraordinary General Meeting of Shareholders of 28.3.2014 approved the raising of capital by the Bank up to the amount of Euro 1.2 billion (including the amount corresponding to contributions above par value), by the increase of its share capital through payment in cash, the cancellation of the pre-emption rights of the existing (common and preference) shares, the issuance and distribution by the Bank of 1,846,153,846 new, common, nominal, paperless shares with voting rights of a nominal value of Euro 0.30 each and an offer price equal to Euro 0.65 per new share and the offer of the total number of the new shares by private placement to special investors in the sense of article 2 par. 1 section (f) of Law 3401/2005, the amendment of article 5 of the Articles of Incorporation of the Bank and the provision to the Board of Directors of the Bank of the power to attend to the total share capital increase and to provide for similar issues related to the capital increase.

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

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

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

The Bank does not hold any of its own shares.

e. General Meeting

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

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

a. Amend the Articles of Incorporation, including the resolutions to increase or to reduce the share capital;
b. elect Members to the Board of Directors and award the status of Independent Member of the Board of Directors;
c. appoint regular auditors and determine their remuneration;
d. approve and reform the Annual Financial Statements and determine the distribution of the annual profits of the Bank;
e. issue bond loans pursuant to articles 8 (without prejudice to article 3a par. 1 section b of Codified Law 2190/1920) and 9 of Law 3156/2003;
f. merge, split-up, convert, revive, extend the term of operation or wind-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 paid-in share capital of the Bank are entitled to ask for an Extraordinary General Meeting of the Shareholders to be convened, setting a date for the Meeting, which shall not be more than forty five (45) days from the date of service of the application to the Chairman of the Board of Directors. The application shall include the items of the Agenda. If the General Meeting is not convened by the Board of Directors within twenty (20) days from the service of the relevant application, it shall be convened by the applicant Shareholders at the company's expense, in accordance with the provisions of the law.
b. Shareholders representing at least one twentieth (1/20) of the paid-in share capital of the Bank are entitled to ask for the addition of items to the Agenda of the General Meeting, provided that an application to that effect is received by the Board of Directors of the Bank at least fifteen (15) days prior to the General Meeting, to which a reasoning or a draft resolution for approval by the General Meeting is attached. The Board of Directors is required to include the additional items on the Agenda and publish the same at least thirteen (13) days prior to the General Meeting.
c. Shareholders representing at least one twentieth (1/20) of the paid-in share capital of the Bank are entitled to ask, by means of an application to be delivered to the Board of Directors of the Bank at least seven (7) days prior to the General Meeting, for the posting on the Bank's website (www.alpha.gr), at least six (6) days prior to the General Meeting, of draft resolutions on items included in the initial or the revised Agenda.

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

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

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

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

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

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

f. Board of Director

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

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

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

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

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

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

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

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

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

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

The **Corporate Governance and Nominations Committee**, which was established on 27.6.2014, attends to the implementation of the legal, regulatory and supervisory frameworks with regards to the composition, structure and operation of the Board of Directors, and of international corporate governance best practices. Additionally, it formulates the nomination policy regarding candidate Members of the Board of Directors. The Committee convenes at least twice a year.

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

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

Remuneration Policy

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

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

For the determination of the fixed remuneration, further to the provisions of the labour legislation and the collective labour agreements, the market practices and the significance of each position are also taken into account. In order to establish an objective and fair Remuneration Policy, the assessment of job positions is required. Furthermore, the performance management system motivates the achievement of outstanding long-term results without encouraging excessive risk undertaking. More specifically, the evaluation of the performance of an Executive takes into account the achievement of his/her predefined goals, which include, operational results, adherence to internal procedures, client relations and subordinates management, but also includes qualitative criteria relating to his/her personality demonstrated in the performance of his/her duties. The proper and selective implementation of the variable remuneration policy is considered a necessary tool of Human Resources Management and is required for attracting and/or keeping Executives at Bank and Group level, thus contributing significantly to the achievement of the long-term business objectives of the Bank and the Group Companies.

Composition of the Board of Directors and the Board of Directors' Committees for the year 2014

Board of Directors	**Audit Committee**	**Risk Management Committee**	**Remuneration Committee**	**Corporate Governance and Nominations Committee (as of 27.6.2014)**
Chairman (Executive Member until 29.5.2014) **Honorary Chairman** (from 27.6.2014) Yannis S. Costopoulos				
Chairman (Non-Executive Member) Vasileios T. Rapanos (from 29.5.2014) Professor, University of Athens				
Vice Chairman (Non-Executive Independent Member) Minas G. Tanes Chairman, FOOD PLUS S.A.	○ (from 29.5.2014)	●		●
EXECUTIVE MEMBERS				
Managing Director - CEO Demetrios P. Mantzounis				
Executive Directors and General Managers				
Spyros N. Filaretos		○ (until 29.5.2014)		
Artemios Ch. Theodoridis				
George C. Aronis				
NON-EXECUTIVE MEMBERS				
Paul G. Karakostas (until 29.5.2014) Chairman and Managing Director, GENKA COMMERCIAL S.A.	●			
Ioanna E. Papadopoulou President and Managing Director, E.J. PAPADOPOULOS S.A. BISCUIT AND FOODWARE INDUSTRY			○ (until 29.5.2014)	○
Efthimios O. Vidalis (from 29.5.2014) Executive Member of the Board of Directors, TITAN S.A.				
NON-EXECUTIVE INDEPENDENT MEMBERS				
George E. Agouridis (until 29.5.2014) Lawyer	○		●	
Athanassios M. Veremis (until 29.5.2014) Professor Emeritus, University of Athens				
Pavlos A. Apostolides Honorary Ambassador			● (from 29.5.2014)	○
Evangelos J. Kaloussis Chairman, NESTLE HELLAS S.A.	○ (until 29.5.2014) ● (from 29.5.2014)	○		
Ioannis K. Lyras President, PARALOS MARITIME CORPORATION S.A	○ (from 29.5.2014)		○	
Ibrahim S. Dabdoub (from 29.5.2014) Vice Chairman, INTERNATIONAL BANK OF QATAR			○	
Shahzad A. Shahbaz (from 29.5.2014) Investment Advisor		○		
NON-EXECUTIVE MEMBER in accordance with Law 3723/2008				
THE GREEK STATE, via its appointed representative: - Mr. Sarantis-Evangelos G. Lolos (until 17.3.2015) Professor of Economics, Panteion University - Ms. Marica S. Ioannou – Frangakis (as of 17.3.2015) Economist				
NON-EXECUTIVE MEMBER in accordance with Law 3864/2010				
Nikolaos G. Koutsos, (until 30.1.2014) Panagiota S. Iplixian, (from 30.1.2014) As representative, and upon instruction of the Hellenic Financial Stability Fund.	○ ○	○ ○	○ ○	○

● Committee Chairman ○ Committee Member

CVs of the Members of the Board of Directors

Chairman
(Executive Member)

Yannis S. Costopoulos, until 29.5.2014
He was born in Athens in 1938. He holds a BSc in Naval Architecture from King's College, University of Durham, England. He joined the Commercial Credit Bank (as Alpha Bank was then called) in 1963. He served as Managing Director and General Manager of the Bank from 1973 and was Chairman of the Board of Directors and General Manager from 1984 to 1996. From 1996 to 2005 he served as Chairman of the Board of Directors and Managing Director of Alpha Bank. From February 2005 to May 2014 he served as Executive Chairman of the Board of Directors of the Bank, while in June 2014 the Ordinary General Meeting of Shareholders conferred upon him the title of Honorary Chairman of the Board of Directors.

Chairman
(Non-Executive Member)
Vasileios T. Rapanos, as of 29.5.2014
He was born in Kos in 1947. He is Professor of Public Finance at the Department of Economics of the Faculty of Law, Economics and Political Sciences of the University of Athens. He studied Business Administration at the Athens School of Economics and Business (1975) and holds a Master's in Economics from Lakehead University, Canada (1977) and a PhD from Queen's University, Canada. He was Deputy Governor and Governor of the Mortgage Bank (1995-1998), Chairman of the Board of Directors of the Hellenic Telecommunications Organization (1998-2000), Chairman of the Council of Economic Advisors at the Ministry of Economy and Finance (2000-2004), and Chairman of the Board of Directors of the National Bank of Greece and the Hellenic Bank Association (2009-2012).

Vice Chairman
(Non-Executive Independent Member)

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

EXECUTIVE MEMBERS

Managing Director - CEO

Demetrios P. Mantzounis

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

Executive Directors and General Managers

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

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

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

NON-EXECUTIVE MEMBERS

Paul G. Karakostas, until 29.5.2014
He was born in 1945 and is the Chairman and Managing Director of GENKA COMMERCIAL S.A. He joined the Board of Directors of the Bank in 2000. He was Chairman of the British Hellenic Chamber of Commerce and of the Greek Wine Federation.

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

Efthimios O. Vidalis, as of 29.5.2014
He was born in 1954. He holds a BA in Government from Harvard University and an MBA from the Harvard Graduate School of Business Administration. He worked at Owens Corning (1981-1998), where he served as President of the Global Composites and Insulation Business Units. Furthermore, he was Chief Operating Officer (1998-2001) and Chief Executive Officer (2001-2011) of the S&B Industrial Minerals Group. He is Secretary General of the Hellenic Federation of Enterprises (SEV) and Chairman of the SEV Business Council for Sustainable Development. He is executive member of the Board of Directors of the TITAN Group and member of the Board of Directors of RAYCAP.

NON-EXECUTIVE INDEPENDENT MEMBERS

George E. Agouridis, until 29.5.2014
He was born in 1952 and is a Lawyer, Chairman of the Board of Directors of the "Stavros Niarchos Foundation Cultural Center S.A." and a member of the Board of Directors of the "Stavros Niarchos" Foundation. He has been a Member of the Board of Directors of the Bank since 2000.

Athanassios M. Veremis, until 29.5.2014
He was born in 1943 and is a Professor Emeritus of Political Sciences at the University of Athens. He is Vice President of the Board of Directors of the HELLENIC FOUNDATION FOR EUROPEAN & FOREIGN POLICY (ELIAMEP), having served as its President from 1995 to 2000. He has been a Member of the Board of Directors of the Bank since 2000.

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

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

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

Ibrahim S. Dabdoub, as of 29.5.2014

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

Shahzad A. Shahbaz, as of 29.5.2014

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

NON-EXECUTIVE MEMBER (pursuant to the provisions of Law 3723/2008)

THE GREEK STATE, via its appointed representative:

Sarantis-Evangelos G. Lolos, until 17.3.2015

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

Marica S. Ioannou - Frangakis, as of 17.3.2015

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

NON-EXECUTIVE MEMBER (pursuant to the provisions of Law 3864/2010)

Nikolaos G. Koutsos, until 30.1.2014

He was born in Athens in 1944. He studied Business Administration at the Graduate School of Industrial Studies and holds a Masters degree from the Athens University of Economics and Business. From 1962 until 2011 he worked at the National Bank of Greece. He was a Member of the Board of Directors of the Bank, representing the Hellenic Financial Stability Fund, from June 2012 to January 2014.

Panagiota S. Iplixian, as of 30.1.2014

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

Management Committees

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

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

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

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

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

The **Operational Risk Committee** convenes regularly every quarter under the chairmanship of the Managing Director and with the participation of the General Managers, the Information Technology and Operations Executive General Manager and the Manager of the Market and Operational Risk Division. The Operational Risk Committee ensures that the appropriate organisational structure, processes, methodologies and infrastructure to manage operational risk are in place. In addition, it is regularly updated on the operational risk profile of the Group and the results of the operational risk assessment process; reviews recommendations for minimising operational risk; assesses forecasts regarding Third Party Lawsuits against the Bank; approves the authorisation limits of the Committees responsible for the management of operational risk events of the Bank and the Group Companies and reviews the operational risk events whose financial impact exceeds the limits of the other Committees.

The **Credit Risk Committee** convenes regularly every quarter under the chairmanship of the Managing Director and with the participation of the General Managers and the Managers of the Wholesale Banking Credit Risk Division, the Retail Banking Credit Risk Division and the Capital Management and Banking Supervision Division. The Credit Risk Committee assesses the adequacy and the efficiency of the credit risk management policy and procedures of the Bank and the Group with regard to the undertaking, monitoring and management of credit risk per Business Unit (Wholesale Banking, Retail Banking, Wealth Management/Private Banking), geographical area, product, activity, industry et al. and resolves on the planning of the required corrective actions.

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

Athens, 19 March 2015

THE CHAIRMAN
OF THE BOARD OF DIRECTORS

VASILEIOS T. RAPANOS
ID. No AI 666242

Independent Auditors' Report

(Translated from the original in Greek)

To the Shareholders of
ALPHA BANK A.E.

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 2014 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 2014 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosures made in note 1.31.1 to the consolidated financial statements, which refer to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments, that affect the banking sector and in particular its liquidity. These material uncertainties may cast significant doubt on the Group's ability to continue as a going concern.

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 3e 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, 31 March 2015

KPMG Certified Auditors A.E.
AM SOEL 114

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

Group Financial Statements as at 31.12.2014

Consolidated Income Statement

(in thousands of Euro)

	Note	From 1 January to 31.12.2014	31.12.2013
Interest and similar income	2	3,282,288	3,512,375
Interest expense and similar charges	2	(1,343,757)	(1,854,554)
Net interest income	2	1,938,531	1,657,821
Fee and commission income		455,220	429,378
Commission expense		(58,081)	(59,071)
Net fee and commission income	3	397,139	370,307
Dividend income	4	1,573	1,048
Gains less losses on financial transactions	5	41,289	256,551
Other income	6	64,995	74,626
		107,857	332,225
Total income		**2,443,527**	**2,360,353**
Staff costs	7	(662,601)	(661,569)
Voluntary separation scheme cost	7	(200,800)	-
General administrative expenses	8	(614,506)	(584,554)
Depreciation and amortization	20, 21, 22	(97,953)	(92,161)
Other expenses	9	(69,251)	(87,568)
Total expenses		**(1,645,111)**	**(1,425,852)**
Impairment losses and provisions to cover credit risk	10	(1,853,205)	(1,923,213)
Negative goodwill from acquisitions	47	40,287	3,283,052
Share of profit/(loss) of associates and joint ventures	19	(10,759)	(16,194)
Profit/(loss) before income tax		**(1,025,261)**	**2,278,146**
Income tax	11	695,553	701,195
Profit/(loss) after income tax, from continuing operations		**(329,708)**	**2,979,341**
Profit /(loss) after income tax, from discontinued operations	49	-	(57,117)
Profit/(loss) after income tax		**(329,708)**	**2,922,224**
Profit/(loss) attributable to:			
Equity owners of the Bank			
- from continuing operations		(329,809)	2,979,286
- from discontinued operations		-	(57,117)
		(329,809)	**2,922,169**
Non-controlling interests			
- from continuing operations		101	55
Earnings/(losses) per share:			
Basic and diluted (€ per share)	12	(0.03)	0.44
Basic and diluted from continuing operations (€ per share)	12	(0.03)	0.45
Basic and diluted from discontinued operations (€ per share)	12		(0.01)

The attached noted (pages 45-180) form an integral part of these consolidated financial statements

Consolidated Balance Sheet

(in thousands of Euro)

	Note	31.12.2014	31.12.2013
ASSETS			
Cash and cash balances with central banks	13	2,019,017	1,688,182
Due from banks	14	2,771,739	2,566,230
Trading securities	15	4,189	8,836
Derivative financial assets	16	1,148,476	797,393
Loans and advances to customers	17	49,556,985	51,678,313
Investment securities			
- Available for sale	18a	5,688,286	4,966,934
- Held to maturity	18b	310,818	1,369,786
- Loans and receivables	18c	4,299,101	4,308,556
Investments in associates and joint ventures	19	46,383	50,044
Investment property	20	567,212	560,453
Property, plant and equipment	21	1,083,348	1,122,470
Goodwill and other intangible assets	22	331,424	242,914
Deferred tax assets	23	3,689,446	2,788,688
Other assets	24	1,365,066	1,542,830
		72,881,490	73,691,629
Assets held for sale	25	53,971	5,638
Total Assets		**72,935,461**	**73,697,267**
LIABILITIES			
Due to banks	26	17,300,114	19,082,724
Derivative financial liabilities	16	1,948,541	1,373,500
Due to customers (including debt securities in issue)	27	42,900,633	42,484,860
Debt securities in issue held by institutional investors and other borrowed funds	28	1,523,521	782,936
Liabilities for current income tax and other taxes	29	61,794	56,768
Deferred tax liabilities	23	25,502	35,160
Employee defined benefit obligations	30	105,353	78,700
Other liabilities	31	1,091,747	1,156,000
Provisions	32	212,712	278,884
Liabilities related to assets held for sale	25	58,994	-
Total Liabilities		**65,228,911**	**65,329,532**
EQUITY			
Equity attributable to equity owners of the Bank			
Share capital	33	3,830,718	4,216,872
Share premium	34	4,858,216	4,212,062
Reserves	35	105,712	631,033
Amounts recognized directly in equity for held for sale items	25	(25)	
Retained earnings	36	(1,142,801)	(747,572)
		7,651,820	**8,312,395**
Non-controlling interests		**23,266**	**23,640**
Hybrid securities	37	**31,464**	**31,700**
Total equity		**7,706,550**	**8,367,735**
Total liabilities and equity		**72,935,461**	**73,697,267**

The attached noted (pages 45-180) form an integral part of these consolidated financial statements

Consolidated Statement of Comprehensive Income

(in thousands of Euro)

		From 1 January to	
	Note	31.12.2014	31.12.2013
Profit/(loss), after income tax, recognized in the Income Statement		**(329,708)**	**2,922,224**
Other comprehensive income recognized directly in Equity:	11		
Amounts that may be reclassified in the Income Statement			
Net change in available for sale securities reserve		(481,006)	226,865
Net change in cash flow hedge reserve		(224,342)	153,151
Exchange differences on translating and hedging the net investment in foreign operations		(2,909)	(2,449)
Net change in the share of other comprehensive income of associates and joint ventures		(1,318)	1,131
Income tax		182,822	(94,196)
Total amounts that may be reclassified in the income statement after income tax from continuing operations		**(526,753)**	**284,502**
Amounts that may be reclassified in the income statement from discontinued operations	49	-	47,037
		(526,753)	**331,539**
Amounts that will not be reclassified in the Income Statement from continuing operations			
Net change in actuarial gains/(losses) of defined benefit obligations		(38,364)	(5,074)
Income tax		9,930	3,510
		(28,434)	**(1,564)**
Total of other comprehensive income recognized directly in equity, after income tax	11	**(555,187)**	**329,975**
Total comprehensive income for the period, after income tax		**(884,895)**	**3,252,199**
Total comprehensive income for the period attributable to:			
Equity owners of the Bank			
- from continuing operations		(884,928)	3,262,233
- from discontinued operations		-	(10,080)
		(884,928)	**3,252,153**
Non controlling interests			
- from continuing operations		33	46

The attached noted (pages 45-180) form an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

(in thousands of Euro)

	Note	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Hybrid securities	Total
Balance 1.1.2013		**1,100,281**	**2,757,653**	**268,315**	**(3,538,207)**	**588,042**	**11,904**	**147,554**	**747,500**
Changes for the period 1.1 - 31.12.2013									
Profit for the period, after income tax					2,922,169	2,922,169	55		2,922,224
Other comprehensive income recognized directly in equity, after income tax				331,527	(1,543)	329,984	(9)		329,975
Total comprehensive income for the period, after income tax		-	-	**331,527**	**2,920,626**	**3,252,153**	**46**	-	**3,252,199**
Share capital increase through issuance of commons shares to Hellenic Financial Stability Fund	43	2,741,591	1,279,409			4,021,000			4,021,000
Share capital increase paid in cash	43	375,000	175,000			550,000			550,000
Share capital increase expenses, after income tax					(163,828)	(163,828)			(163,828)
Purchases/sales and change of ownership interests in subsidiaries					(392)	(392)	11,690		11,298
(Purchases), (redemptions)/sales of hybrid securities, after income tax					50,926	50,926		(115,854)	(64,928)
Appropriation of reserves				31,191	(31,191)	-			-
Other					14,494	14,494			14,494
Balance 31.12.2013		**4,216,872**	**4,212,062**	**631,033**	**(747,572)**	**8,312,395**	**23,640**	**31,700**	**8,367,735**

(in thousands of Euro)

	Note	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Hybrid securities	Total
Balance 1.1.2014		**4,216,872**	**4,212,062**	**631,033**	**(747,572)**	**8,312,395**	**23,640**	**31,700**	**8,367,735**
Changes for the period 1.1 - 31.12.2014									
Profit for the period, after income tax					(329,809)	(329,809)	101		(329,708)
Other comprehensive income recognized directly in equity, after income tax				(526,692)	(28,427)	(555,119)	(68)		(555,187)
Total comprehensive income for the period, after income tax		**-**	**-**	**(526,692)**	**(358,236)**	**(884,928)**	**33**	**-**	**(884,895)**
Share capital increase	33,34	553,846	646,154			1,200,000			1,200,000
Repayment of preference shares	33	(940,000)				(940,000)			(940,000)
Share capital increase expenses, after income tax	36				(35,764)	(35,764)			(35,764)
Purchases/sales and change of ownership interests in subsidiaries					74	74	(407)		(333)
(Purchases), (redemptions)/sales of hybrid securities, after income tax								(236)	(236)
Appropriation of reserves				1,346	(1,346)				-
Other					43	43			43
Balance 31.12.2014		**3,830,718**	**4,858,216**	**105,687**	**(1,142,801)**	**7,651,820**	**23,266**	**31,464**	**7,706,550**

Consolidated Statement of Cash Flows

(in thousands of Euro)

	Note	From 1 January to 31.12.2014	31.12.2013
Cash flows from operating activities			
Profit / (loss) before income tax		(1,025,261)	2,278,146
Adjustments for gain/(losses) before income tax for:			
Depreciation and impairment of fixed assets	20, 21	116,180	127,028
Amortization and impairment of intangible assets	22	35,222	23,110
Impairment losses from loans, provisions and staff leaving indemnity		1,916,767	2,006,379
(Gains)/losses from investing activities		(154,054)	(89,089)
(Gains)/losses from financing activities		149,770	(92,406)
Share of (profit)/loss of associates and joint ventures	19	10,759	16,194
Negative goodwill from acquisitions	47	(40,287)	(3,283,052)
Other adjustments		8,250	
		1,017,346	**986,310**
Net (increase)/decrease in assets relating to continuing operating activities:			
Due from banks		(315,235)	737,179
Trading securities and derivative financial assets		(346,436)	155,809
Loans and advances to customers		537,723	1,226,519
Other assets		95,627	311,545
Net increase /(decrease) in liabilities relating to continuing operating activities:			
Due to banks		(1,892,410)	(7,843,535)
Derivative financial liabilities		350,701	(156,433)
Due to customers		(713,645)	182,214
Other liabilities		(40,207)	(9,820)
Net cash flows from continuing operating activities before taxes		**(1,306,536)**	**(4,410,212)**
Income taxes and other taxes paid		(15,312)	(19,674)
Net cash flows from continuing operating activities		**(1,321,848)**	**(4,429,886)**
Net cash flows from discontinued operating activities			**(2,479)**
Cash flows from continuing investing activities			
Investments in subsidiaries and associates		148	(12,479)
Acquisition during the period		645,396	645,215
Amounts received from disposal of subsidiary		60	81,385
Dividends received	4	1,573	1,048
Acquisition of fixed and intangible assets		(83,863)	(127,139)
Disposals of fixed and intangible assets		3,127	7,720
Net (increase)/decrease in investement securities		(50,547)	2,257,071
Net cash flows from continuing investing activities		**515,894**	**2,852,821**
Net cash flows from discontinued investing activities			**(415)**
Cash flows from continuing financing activities			
Dividends paid		(604)	(2,283)
Receipts of debt securities in issue and other borrowed funds		926,265	96,851
Repayments of debt securities in issue and other borrowed funds		(115,146)	(84,818)
(Purchases)/sales of hybrid securities		(236)	(45,064)
Share capital increase		1,200,000	550,000
Redemptions of preference shares		(940,000)	
Share capital increase expenses		(48,329)	(68,386)
Net cash flows from continuing financing activities		**1,021,950**	**446,300**
Effect of exchange rate fluctuations on cash and cash equivalents		5,081	(3,267)
Net increase/(decrease) in cash flows – continuing activities		**221,077**	**(1,134,032)**
Net increase/(decrease) in cash flows – discontinued activities		**-**	**(2,894)**
Cash and cash equivalents at the beginning of the year	13	**973,167**	**2,110,093**
Cash and cash equivalents at the end of the year	13	**1,194,244**	**973,167**

The attached noted (pages 45-180) form an integral part of these consolidated financial statements

Notes to the Group Financial Statements

GENERAL INFORMATION

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

The parent company of the Group is Alpha Bank A.E. which operates under the brand name of Alpha Bank A.E.. The Bank's registered office is 40 Stadiou Street, Athens and is listed as a societé anonyme with registration number 6066/06/B/86/05 and in the General Commercial Register with registration number 223701000. The Bank's duration is until 2100 but may be extended by the General Meeting of Shareholders.

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

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

The Board of Directors as at December 31, 2014, consists of:

CHAIRMAN (Non Executive Member)

Vasileios Th. Rapanos (from 29.5.2014)

VICE CHAIRMAN (Non Executive Independent Member)

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

EXECUTIVE MEMBERS

MANAGING DIRECTOR

Demetrios P. Mantzounis

EXECUTIVE DIRECTORS AND GENERAL MANAGERS

Spyros N. Filaretos (COO)

Artemis Ch. Theodoridis

George K. Aronis

NON-EXECUTIVE MEMBERS

Efthymios O. Vidalis (from 29.5.2014)

Ioanna E. Papadopoulou ****

NON-EXECUTIVE INDEPENDENT MEMBERS

Paul A. Apostolidis **/****

Evangelos J. Kaloussis */***

Ioannis K. Lyras */**

Ibrahim S.Dabdoub ** (from 29.5.2014)

Shahzad A.Shahbaz *** (from 29.5.2014)

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* *Member of the Audit Committee*

** *Member of the Remuneration Committee*

*** *Member of the Risk Management Committee*

**** *Member of Corporate Governance and Nominations Committee*

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

Sarantis – Evangelos G. Lolos (on 17.3.2015 was replaced by Mrs Marica S. Ioannou - Fragkakis)

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

Panagiota S. Iplixian */**/***/**** (she replaced Mr Nikolaos G. Koutsos on 30.1.2014)

SECRETARY

Georgios P. Triantafyllidis

The General Meeting of 27.6.2014, in recognition of the significant contribution to the development and progress of the Bank, awarded, according to the 8.2 of the Statute of the Bank, the title of the Honorary Chairman, to the former Member and Chairman of the Board, Yannis S. Costopoulos.

Moreover, the Ordinary General Meeting of Shareholders, has appointed, for the fiscal year 2014, KPMG Certified Auditors A.E. as certified auditors of the Bank, by the following persons:

a. Principal Auditors:	Marios T. Kyriacou
	Harry G. Sirounis
b. Substitute Auditors:	Michael A. Kokkinos
	John A. Achilas

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

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

As a result of the Bank's share capital increase which took place in March 2014, redeemed all the Hellenic Republic preference shares issued by the Bank and owned by the Hellenic Republic, amounting to a total of Euro 940 million.

The share capital of the Bank as at 31.12.2014 amounted to 12,769,059,858 ordinary shares.

4,310,200,279 ordinary shares of the Bank are traded in the Athens Exchange while the Hellenic Financial Stability Fund ("HFSF") possesses the remaining 8,458,859,579 ordinary, registered, voting, paperless shares or percentage equal to 66.24% on the total of ordinary shares issued by the Bank. The exercise of the voting rights for the shares of HFSF is subject to restrictions according to the article 7a of Law 3864/2010.

In addition, on the Athens Exchange there are 1,141,747,967 warrants that are traded each one incorporating the right of its holder to purchase 7,408683070 new shares owned by the HFSF.

During the year 2014, the average daily volume per session for shares was € 15,721,587 and for warrants € 3,748,826.

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

- Moody's: Caa1
- Fitch Ratings: B-
- Standard & Poor's: CCC+

The financial statements have been approved by the Board of Directors on 19 March 2015.

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

ACCOUNTING POLICIES APPLIED

1.1 Basis of presentation

These consolidated financial statements relate to the fiscal year 1.1 – 31.12.2014 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:

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

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

The accounting policies for the preparation of the financial statements have been consistently applied by the Group to the years 2013 and 2014, after taking into account the following amendments to standards and Interpretation 21 which were issued by the International Accounting Standards Board (IASB), adopted by the European Union and applied on 1.1.2014:

- **Amendment to International Financial Reporting Standard 10** "Consolidated Financial Statements", **to International Financial Reporting Standard 12** "Disclosure of Interests in Other Entities" and **to International Accounting Standard 27** "Separate Financial Statements": Investment Entities (Regulation 1174/20.11.2013)

On 31.10.2012, the International Accounting Standards Board issued the above amendment which defines "investment entities" and introduces an exception for investment entities from consolidating particular subsidiaries. An investment entity shall not consolidate its subsidiaries or apply IFRS 3 when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9. The above does not apply to subsidiaries that are not held for the purpose of obtaining returns from the investment, but for providing services that relate to the investment activities of the parent. However, a parent of an investment entity, that is not itself an investment entity, shall consolidate all entities that it controls, including those controlled through an investment entity subsidiary.

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

- **Amendment to International Accounting Standard 32** "Financial Instruments: Presentation": Offsetting financial assets and financial liabilities (Regulation 1256/13.12.2012)

On 16.12.2011, the International Accounting Standards Board issued an amendment to IAS 32 regarding offsetting of financial assets and financial liabilities. The amendment to IAS 32 relates to the addition of application guidance concerning the right to offset.

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

- **Amendment to International Accounting Standard 36** "Impairment of assets": Recoverable amount disclosures for non-financial assets (Regulation 1374/19.12.2013)

On 29.5.2013, the International Accounting Standards Board issued an amendment to IAS 36 with which it removed the requirement, introduced following the issuance of IFRS 13, to disclose the recoverable amount of each cash generating unit to which a material amount of the carrying amount of goodwill or intangible assets with indefinite useful life has been allocated, regardless of whether an impairment loss had been recognized. Furthermore, the above amendment added the following disclosure requirements:

- the recoverable amount of the asset (or cash-generating unit) for which an impairment loss has been recognized or reversed during the period,
- if the recoverable amount is fair value less costs of disposal, the level of the fair value hierarchy,
- for fair value measurements categorized within level 2 and level 3 of the fair value hierarchy, a description of the valuation techniques and the key assumptions used for their determination, as well as the discount rate used if fair value less costs of disposal was calculated using a present value technique.

The adoption of the above amendment by the Group had as a result the addition of disclosures which are presented in notes 20, 21.

- **Amendment to International Accounting Standard 39** "Financial Instruments: Recognition and Measurement": Novation of derivatives and continuation of hedge accounting (Regulation 1375/19.12.2013)

On 27.6.2013, the International Accounting Standards Board issued an amendment to IAS 39 which provides an exception to the requirement to discontinue hedge accounting when the hedging instrument expires or is sold, terminated or exercised. The exception is provided when the over-the-counter (OTC) derivative designated in a hedging relationship is novated to a central counterparty and at the same time the novation meets all the following conditions:

- it arises as a result of laws or regulations,

- it achieves the replacement of the previous counterparty with a central one which becomes the new counterparty to each of the parties and finally,
- no changes are expected to the contract's initial terms other than changes directly attributable to the change in the counterparty (changes in the collateral requirements, rights to offset receivables and payables balances and charges levied).

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

- **IFRIC Interpretation 21** "Levies" (Regulation 634/13.6.2014)

On 20.5.2013, the International Accounting Standards Board issued IFRIC 21 "Levies" which addresses the accounting treatment of levies imposed by governments. According to IFRIC 21, a liability to pay a levy shall be recognized in the financial statements when the obligating event, that triggers the payment of the levy, occurs. The obligating event that triggers the payment of the levy is defined as the activity of the entity that triggers the liability in accordance with the relevant legislation.

The adoption of IFRIC 21 had no impact on the financial statements of the Group.

Except for the standards mentioned above, the European Union has adopted the following amendments to standards which are effective for annual periods beginning after 1.1.2014 and have not been early adopted by the Group.

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

Effective for annual periods beginning on or after 1.7.2014

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

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

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

Effective for annual periods beginning on or after 1.7.2014

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

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

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

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

Effective for annual periods beginning on or after 1.1.2018

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

Classification and measurement

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

i. The entity's business model for managing the financial assets and
ii. The contractual cash flow characteristics of the financial assets.

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

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

Impairment

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

Hedging

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

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

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

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

The Group is evaluating the impact from the adoption of IFRS 9 on its financial statements.

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

Effective for annual periods beginning on or after 1.1.2016

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

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

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

Effective for annual periods beginning on or after 1.1.2016

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

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

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

- **Amendment to International Financial Reporting Standard 11** "Joint Arrangements": Accounting for acquisition of interests in joint operations

Effective for annual periods beginning on or after 1.1.2016

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

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

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

Effective for annual periods beginning on or after 1.1.2016.

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

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

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

Effective for annual periods beginning on or after 1.1.2017

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

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

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

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

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

The new IFRS 15 supersedes:

(a) IAS 11 "Construction Contracts";

(b) IAS 18 "Revenue";

(c) IFRIC 13 "Customer Loyalty Programmes";

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

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

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

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

- **Amendment to International Accounting Standard 1** "Presentation of Financial Statements": Disclosure Initiative

Effective for annual periods beginning on or after 1.1.2016

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

- the restriction to disclose only a summary of significant accounting policies is removed;
- it is clarified that even when other standards require specific disclosures as minimum requirements, an entity may not provide them if this is considered immaterial. In addition, in case the disclosures required by the IFRS are insufficient to enable users to understand the impact of particular transactions, the entity shall consider whether to provide additional disclosures;
- it is clarified that the line items that IFRS require to be presented in the balance sheet and the statements of profit or loss and other comprehensive income are not restrictive and that the entity may present additional line items, headings and subtotals;
- it is clarified that in the Statement of Comprehensive Income the share of other comprehensive income of associates and joint ventures accounted for using the equity method shall be separated into:
  - amounts that will not be reclassified subsequently to profit or loss and
  - amounts that will be reclassified subsequently to profit or loss;
- it is clarified that the standard does not specify the presentation order of the notes and that each entity shall determine a systematic manner of presentation taking into account the understandability and comparability of its financial statements.

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

- **Amendment to International Accounting Standard 16** "Property, Plant and Equipment" and **to International Accounting Standard 38** "Intangible Assets": Clarification of Acceptable Methods of Depreciation and Amortization

Effective for annual periods beginning on or after 1.1.2016

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

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

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

- **Amendment to International Accounting Standard 16** "Property, Plant and Equipment" and **to International Accounting Standard 41** "Agriculture": Bearer Plants

Effective for annual periods beginning on or after 1.1.2016

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

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

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

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

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

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

- **Amendment to International Accounting Standard 27** "Separate Financial Statements": Equity Method in Separate Financial Statements

Effective for annual periods beginning on or after 1.1.2016

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

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

- **Improvements to International Accounting Standards – cycle 2012-2014**

Effective for annual periods beginning on or after 1.1.2016

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

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

1.2 Basis of consolidation

The consolidated financial statements include the parent company Alpha Bank, its subsidiaries, associates and joint ventures. The financial statements used to prepare the consolidated financial statements have been prepared as at 31.12.2014 and the accounting policies applied in their preparation, when necessary, were adjusted to ensure consistency with the Group accounting policies.

a. Subsidiaries

Subsidiaries are entities controlled by the Group.

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

i. power over the investee,

ii. exposure, or rights, to variable returns from its involvement with the investee, and

iii. the ability to use its power over the investee to affect the amount of the investor's return.

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

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

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

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

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

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

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

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

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

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

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

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

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

- In case it has been classified in equity, it is not re-measured.
- In case it is a financial instrument within the scope of IAS 39, it is measured at fair value through profit or loss.
- In case it is not within the scope of IAS 39, it is accounted for in accordance with IAS 37 or other IFRSs as appropriate.

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

Any difference between:

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

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

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

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

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

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

b. Associates

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

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

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

c. Joint ventures

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

A detailed list of all Group subsidiaries, associates and joint ventures, as well as the Group's ownership interest in them, is provided in note 39.

1.3 Operating Segments

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

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

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

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

- Greece
- Other Countries

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

Detailed information relating to operating segments is provided in note 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-monetary item.

b. Translation of foreign operations

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

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

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

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

1.5 Cash and cash equivalents

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

a. Cash on hand

b. Non-restricted placements with Central Banks and

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

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

1.6 Classification and measurement of financial instruments

Initial recognition

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

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

Subsequent measurement of financial assets

The Group classifies its financial assets as:

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

For each of the above categories the following apply:

a) Loans and receivables

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

i. loans to customers,

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

iii. all receivables from customers, banks etc.,

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

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

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

b) Held-to-maturity investments

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

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

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

sets 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, at initial recognition, 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. For investments in shares, in particular, a significant and prolonged decline in their fair value below their acquisition cost is considered as an objective evidence of impairment. The Group considers as "significant" a decrease of over 20% compared to the cost of the investment. Respectively, "prolonged" is a decrease in the fair value below amortised cost for a continuous period exceeding one year. The above criteria are assessed in conjunction with the general market conditions.

In case of impairment, the cumulative loss already recognised in equity is reclassified in profit 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, even when there are no rare circumstances, only if the financial assets meet the definition of loans and receivables and there is the intention to hold them for the foreseeable future or until maturity.

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

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

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

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

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

Derecognition of financial assets

The Group derecognizes financial assets when:

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

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

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

Subsequent measurement of financial liabilities

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

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

i. This category includes financial liabilities held for trading, that is:

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

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

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

b) Financial liabilities carried at amortized cost

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

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

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

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

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

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

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

Derecognition of financial liabilities

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

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

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

Offsetting financial assets and financial liabilities

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

1.7 Derivative financial instruments and hedge accounting

Derivative financial instruments

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

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

Derivatives are entered into for either hedging or trading purposes and they are measured at fair value irrespective of the purpose for which they have been transacted.

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

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

The Group uses derivatives as a means of exercising Asset-Liability management within the guidelines established by the Asset-Liability Committee (ALCO).

In addition the Group uses derivatives for trading purposes to exploit short-term market fluctuations, within the Group risk level set by the Asset-Liability Committee (ALCO).

Valuation differences arising from these derivatives are recognized in gains less losses on financial transactions.

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

We emphasize the following:

a. Synthetic Swaps

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

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

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

b. FX Swaps

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

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

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

Hedge accounting

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

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

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

a. Fair value hedges

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

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

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

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

b. Cash flow hedge

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

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

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

- If the result is the recognition of a financial asset or a financial liability, the amount is reclassified to profit or loss in the same periods during which the hedged forecast cash flows affect profit or loss.
- If the result is the recognition of a non-financial asset or a non-financial liability or a firm commitment for which fair

value hedge accounting is applied, the amount recognized in equity either is reclassified to profit or loss in the same periods during which the asset or the liability affect profit or loss or adjusts the carrying amount of the asset or the liability.

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

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

c. Hedges of net investment in a foreign operation

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

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

1.8 Fair Value Measurement

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

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

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

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

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

In particular, the Group applies the following:

Financial instruments

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

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

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

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

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

- Bond prices - quoted prices available for government bonds and certain corporate securities.

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

Non financial assets and liabilities

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

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

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

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

- Market approach (or sales comparison approach), which measures the fair value by comparing the property to other identical ones for which information on transactions is available.
- Income approach, which capitalizes future cash flows arising from the property using an appropriate discount rate.
- Cost approach, which reflects the amount that would be required currently to replace the asset with another asset with similar specifications, after taking into account the required adjustment for impairment.
- Examples of inputs used to determine the fair value of properties and which are analysed to the individual valuations, are the following:
- Commercial property: price per square meter, rent growth per annum, long-term vacancy rate, discount rate, expense rate of return, lease term, rate of non leased properties/units for rent.
- Residential property: Net return, reversionary yield, net rental per square meter, rate of continually non leased properties/units, expected rent value per square meter, discount rate, expense rate of return, lease term etc.
- General assumptions such as the age of the building, residual useful life, square meter per building etc are also included in the analysis of the individual valuation assessments.

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

1.9 Property, Plant and Equipment

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

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

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

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

Expenditure on repairs and maintenance is recognized in profit or loss as an expense as incurred.

Depreciation is charged on a straight line basis over the estimated useful lives of property, plant and equipment and it is calculated on the asset's cost minus residual value.

The estimated useful lives are as follows:

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

Land is not depreciated but it tested for impairment.

The right to use of land for indefinite period that is held by Alpha Real Estate D.O.O. Belgrade, a subsidiary of the Group, is recorded as land and is not depreciated.

The residual value of property and equipment and their useful lives are periodically reviewed and adjusted if necessary at each reporting date.

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

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

1.10 Investment property

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

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

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

Subsequent expenditure is recognized on the carrying amount of the item when it increases future economic benefit. All costs for repairs and maintenance are recognized in profit or loss as incurred.

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

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

1.11 Goodwill and other intangible assets

Goodwill

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

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

Negative goodwill is recognized in profit or loss.

Other intangible assets

The Group has included in this caption:

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

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

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

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

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

No residual value is estimated for intangible assets.

1.12 Leases

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

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

All other lease agreements are classified as operating leases.

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

a) When the Group is the lessor

i. Finance leases:

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

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

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

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

ii. Operating leases:

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

b) When the Group is the lessee

i. Finance leases:

For finance leases, where the Group is the lessee, the leased asset is recognized as property, plant and equipment and a respective liability is recognized in other liabilities.

At the commencement of the lease the leased asset and liability are recognized at amounts equal to the fair value of leased property or, if lower, the present value of the minimum lease payments. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease or if, this is not available, the Group's borrowing rate for similar financing.

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

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

ii. Operating leases:

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

1.13 Insurance activities

a) Insurance reserves

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

i. Mathematical reserves

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

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

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

ii. Unearned premiums reserves

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

iii. Outstanding claims reserves

They concern liabilities on claims occurred and reported but not yet paid at the balance sheet date. These claims are determined on a case-by-case basis based on existing information (loss adjustors' reports, doctors' reports, court decisions etc) at the balance sheet date.

Provisions are also determined for claims incurred but not reported at the balance sheet date (IBNR). The calculation of these provisions is based on the estimated average cost of claim.

iv. Reserves for investments held on behalf and at risk of the insurance policy holders

These reserves are accounted for as assets and liabilities at the current value of the associated investments.

b) Revenue recognition

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

c) Reinsurance

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

d) Distinction of insurance products

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

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

i. The individual unit-linked contracts with zero insured capital,

ii. Group pension fund contracts under unit-linked management,

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

e) Liability adequacy test

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

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

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

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

1.14 Impairment losses on loans and advances

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

Specifically, the steps performed are the following:

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

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

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

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

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

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

A detailed analysis of the loans that belong to the wholesale and the retail sectors, of the trigger events for impairment as well as of the characteristics used for the determination of the groups for the collective assessment is included in note 42.1

b. Methodology in determining future cash flows from impaired loans

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

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

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

c. Interest income recognition

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

d. Impairment recognition – Write – offs

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

The policy of the Group regarding write downs/write offs is presented in detail in note 42.1.

e. Recoveries

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

1.15 Impairment losses on non-financial assets

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

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

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

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

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

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

1.16 Income tax

Income tax consists of current and deferred tax.

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

Deferred tax is the tax that will be paid or for which relief will be obtained in future periods due to the different period that certain items are recognized for financial reporting purposes and for taxation purposes. It is calculated based on the temporary differences between the tax base of assets and liabilities and their respective carrying amounts in the financial statements.

Deferred tax assets and liabilities are calculated using the tax rates that are expected to apply when the temporary difference reverses, based on the tax rates (and laws) enacted at the balance sheet date.

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

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

1.17 Non-current assets held for sale

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

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

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

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

Assets in this category are not depreciated.

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

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

1.18 Employee benefits

The Group has both defined benefit and defined contribution plans.

A defined contribution plan is where the Group pays fixed contributions into a separate entity and the Group has no legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to employee service in current or prior years. The contributions are recognized as employee benefit expense on an accrual basis. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

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

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

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

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

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

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

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

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

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

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

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

- actuarial gains and losses;
- return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- any change in the effect of the limitation in the asset recognition, excluding amounts included in net interest on the net defined benefit liability (asset), are recognized directly in other comprehensive income and are not reclassified in profit or loss in a subsequent period.

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

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

1.19 Share options granted to employees

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

The fair value calculated at grant date is recognized over the period from the grant date 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.

1.20 Provisions and contingent liabilities

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

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

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

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

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Additionally, provisions are not recognized for future operating losses.

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

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

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

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

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

1.21 Sale and repurchase agreements and securities lending

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

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

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

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

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

1.22 Securitization

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

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

1.23 Equity

Distinction between debt and equity

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

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

Incremental costs of share capital increase

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

Share premium

Share premium includes the difference between the nominal value of the shares and the 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.

1.24 Interest income and expense

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

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

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

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

1.25 Fee and commission income

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

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

1.26 Dividend Income

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

1.27 Gains less losses on financial transactions

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

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

1.28 Discontinued operations

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

- a major line of Group's business; or

- a geographical area of operations; or
- a subsidiary acquired exclusively with a view to resale.

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

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

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

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

1.29 Related parties definition

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

a) An entity that constitutes for the Group:

i) a joint venture,

ii) an associate and

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

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

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

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

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

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

1.30 Comparatives

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

1.31 Estimates, decision making criteria and significant sources of uncertainty

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

Fair value of assets and liabilities

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

Impairment losses of financial assets

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

Within the year ended 31.12.2014, the Group has updated some estimates, assumptions and parameters used in the calculation of impairment losses on loans and advances to customers, as further described in Note 42.1.

Impairment losses of non – financial assets

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

Income Tax

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

Employee defined benefit obligations

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

Provisions and contingent liabilities

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

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

1.31.1 Going concern principle

The Group applied the going concern principle for the preparation of the financial statements as at 31.12.2014.

For the application of this principle, the Group takes into consideration current economic developments in order to make projections for future economic conditions of the environment in which it operates. The main factors that create uncertainties regarding the application of this principle relate to the adverse economic environment in Greece, and abroad, as well to the progress of the negotiations of the Greek Republic for the financial support program for Greece and the impact from all these uncertainties on the liquidity levels of the Hellenic Republic and the banking system.

In particular, with respect to the economic environment in Greece, the operations of the Group have been adversely affected, during the last years, by the crisis of the Greek public debt. The adverse effects were mainly caused by the participation of the Group, in 2012, in the exchange program of Greek Government bonds and loans guaranteed by the Hellenic Republic (PSI) under unfavorable to their holders terms, and by the prolonged recession of the Greek economy which led to an increase in non performing loans and, consequently, to an increase in impairment losses on loans and advances to customers.

As far as liquidity levels are concerned, due to the uncertainty in the internal economic environment, there were outflows of deposits, especially in December 2014 and the first two months of 2015. In particular for the first two months of 2015, customer deposits decreased by € 5.7 billion, resulting in an increase in the borrowing from the European Central Bank and the Bank of Greece, which, as at 28.2.2015, amounted to € 22 billion. In addition, on 4.2.2015, the European Central Bank decided to lift the waiver for securities issued or guaranteed by the Hellenic Republic. The waiver allowed these instruments to be used in Eurosystem monetary policy operations despite the fact that they did not fulfill minimum credit rating requirements. This decision was based on the fact that it was not possible at that time to assume a successful conclusion of the assessment for financial support program of Greece, which expired on 28.2.2015 after an initial two-month extension that was granted until its completion. According to the respective announcement of the European Central Bank, this decision does not bear consequences for the participation of Greek financial institutions in monetary policy operations, since their liquidity needs can be satisfied by the Emergency Liquidity mechanisms of the Bank of Greece. The maximum funding of the credit institutions by the Bank of Greece is short-term and is determined by the European Central Bank with a decision of its Board of Directors that is periodically reviewed.

The Group taking into account:

- The share capital increases of the Group in the second quarter of 2013 and the first quarter of 2014, of € 4.571 billion and € 1.2 billion respectively, that fully covered the capital needs of the Group, as determined by the Bank of Greece and the outcome of the diagnostic studies and stress testing (note 43),
- The maintenance of capital adequacy ratios at sufficiently higher levels than those defined by the supervisory authorities (note 44),

- The approval by the European Commission, on 9.7.2014, of the Group's restructuring plan, noting that the measures already implemented and those included in the restructuring plan create suitable conditions in order for the Bank to return to viability,
- The completion, during 2014, of the European Central Bank comprehensive assessment, the outcome of which was announced on 26.10.2014 exceeding the CET1 hurdle rates of 5.5% and 8% for the adverse and baseline scenarios, for both static and dynamic assumptions, ensuring a safe margin ranging between € 1.3 billion and € 3.1 billion,
- The participation of the Bank in the Single Supervisory Mechanism of the systemically important banks of the European Union by the European Central Bank.
- The accessibility of the Bank, with sufficient collaterals, to the liquidity mechanisms of the Eurosystem and the Bank of Greece as well as the internal procedures for managing the relative risks (note 42.3),
- The decision of the council of the ministers of finance of the Euro zone, on 20.2.2015, for the four-month extension of the Greek financial support program,
- The estimations for the assessment of the reforms that the Hellenic Republic undertook to make, which is in progress, and the completion of which is expected to lead to the disbursement of financial resources to the Hellenic Republic, to the acceptance by the European Central Bank of the eligibility of Greek Government securities as collaterals for refinancing operations and to discussions for the midterm financing of Greece

estimates that the conditions for the application of the going concern principle for the preparation of the Group's financial statements are met, noting, however, the negative impact of any significant deterioration in the economic environment that would have on the application of the going concern principle.

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

The Group's total exposure to Greek Government securities and loans related to the Hellenic Republic is presented in note 42.1. The main uncertainties regarding the estimations for the recoverability of the Group's total exposure relate to the debt service capacity of the Hellenic Republic, which in turn, is affected by the development of the macroeconomic environment in Greece and the Eurozone as well as by the liquidity levels of the Hellenic Republic.

Following the decision of the council of the ministers of finance of the Eurozone on 20.2.2015, regarding the four-month extension of the financial support program of Greece, the evaluation process of the reforms that the Hellenic Republic undertook to make is in progress. The completion of the above process is expected to lead to the disbursement of financial resources to the Hellenic Republic and subsequently to discussions for the midterm financing of Greece. In addition, it is noted that after the actions taken for the restructuring of the Greek debt, its interest rate has lowered while there has been an increase in its weighted average duration, both being factors that facilitate its midterm servicing prospects.

Based on the above, the Group has not recognized impairment losses on the Greek Government securities it held as at 31.12.2014, while, for the loans that relate to the Hellenic Republic, it applies the credit risk policy which is presented in detail in note 42.1. The Group assesses the developments relating to the Greek Government debt in conjunction with the market conditions and it reviews its estimations for the recoverability of its total exposure at each reporting date.

1.31.3 Recoverability of deferred tax assets

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

The main categories of deferred tax assets which have been recognized by the Group relate to the tax losses carried forward, to the losses from the Greek government bonds exchange program (PSI) and the December 2012 Greek government bond buyback program and to the deductible temporary differences arising from loans' impairment. Total deferred tax assets amount to € 3.66 billion, as described in detail in note 23.

Deferred tax assets on tax losses carried forward arise, to their greater extent, from the Bank and they relate to the years 2012-2014. Tax losses can be offset against taxable profits within five years from their formation. The Group recognized the aforementioned assets since, according to the estimated future taxable profits of the Bank, for the coming years until the expiry of the right to set-off tax losses, these are recoverable even after the deduction of the temporary differences that are expected to occur within these years. The estimation of future taxable profits for the assessment of the recoverability of tax losses took into account:

- the existence of significant tax profits in the last decade, with the exception of the years from 2012, because of the unexpected major recession of the Greek economy and the loss from the PSI and
- the positive impact on the profitability of the Bank from the synergies due to the integration of Emporiki Bank,

while it was based on forecasts for the development of the accounting results, as these are reflected in the approved by the European Commission restructuring plan of the Bank, taking also into consideration the effect of factors that may adversely affect the figures of the Group.

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

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

The Group, based on the above, estimates that the total deferred tax assets it has recognized and that has been derived both from temporary differences and from tax losses carried forward is recoverable. In this context, during the second quarter of 2014 it recognized the amount of € 422 million of deferred tax assets, which had not been recognized and which is derived from temporary differences arising from the impairment/valuation of loans from the acquisition of former Emporiki Bank.

In addition, and regardless of the assessment of the recoverability of deferred tax assets that the Group carries out based on what is mentioned above, Law 4303/2014 provides that in case that the after tax accounting result for the period is a loss, the deferred tax assets arising from the PSI debit difference and from the accumulated provisions and other general losses due to credit risk relating to outstanding receivables as at 31.12.2014, are eligible to be converted into a final and settled claim against the Greek State, as described in detail in note 11.

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

INCOME STATEMENT

2. Net interest income

	From 1 January to	
	31.12.2014	31.12.2013
Interest and similar income		
Due from banks	15,467	15,827
Loans and advances to customers	2,476,836	2,666,455
Securitized loans	275,372	255,346
Trading securities	598	1,207
Available for sale securities	226,682	280,951
Held to maturity securities	15,166	16,516
Loans and receivables securities	26,818	13,957
Derivative financial instruments	216,049	226,952
Other	29,300	35,164
Total	**3,282,288**	**3,512,375**
Interest expense and similar charges		
Due to banks	(86,946)	(262,340)
Due to customers	(760,396)	(997,005)
Debt securities in issue and other borrowed funds	(170,496)	(255,741)
Derivative financial instruments	(232,782)	(252,086)
Other	(93,137)	(87,382)
Total	**(1,343,757)**	**(1,854,554)**
Net interest income	**1,938,531**	**1,657,821**

3. Net fee and commission income

	From 1 January to	
	31.12.2014	31.12.2013
Loans	123,646	126,428
Letters of guarantee	71,013	67,331
Imports-exports	12,835	11,288
Credit cards	50,401	47,659
Transfer of funds	53,368	56,418
Mutual funds	27,605	21,405
Advisory and securities transaction fees	6,476	857
Brokerage services	10,312	9,938
Foreign exchange trades	13,176	10,845
Issuance of securities of Law 3723/2008	(10,725)	(4,007)
Commission 1% on the nominal value of EFSF bonds	-	(12,667)
Other	39,032	34,812
Total	**397,139**	**370,307**

4. Dividend income

	From 1 January to	
	31.12.2014	31.12.2013
Available for sale securities	1,573	1,048
Total	**1,573**	**1,048**

5. Gains less losses on financial transactions

	From 1 January to	
	31.12.2014	31.12.2013
Foreign exchange differences	9,054	27,576
Trading securities:		
- Bonds	1,622	6,516
- Shares	(378)	1,014
- Other securities	-	(46)
Investment securities (note 18) :		
- Bonds	78,460	65,407
- Shares	3,775	(1,387)
- Other securities	2,047	(6,220)
From sale of holdings	(4,183)	(997)
Derivative financial instruments	(34,748)	11,237
Valuation of convertible bond loan held by Credit Agricole	(25,000)	110,400
Other financial instruments	10,640	43,051
Total	**41,289**	**256,551**

6. Other income

	From 1 January to	
	31.12.2014	31.12.2013
Insurance activities	3,655	4,598
Hotel activities	28,670	25,624
Operating lease income	14,145	14,008
Sale of fixed assets	625	1,025
Other	17,900	29,371
Total	**64,995**	**74,626**

Specifically, income from insurance activities is analyzed as follows:

	From 1 January to	
	31.12.2014	31.12.2013
Non-life Insurance		
Premiums and other related income	17,861	18,026
Less:		
- Reinsurance premiums ceded	(4,855)	(5,097)
- Commissions	(479)	(502)
- Claims from policyholders	(6,908)	(8,642)
Reinsurers' participation	907	1,903
Net income from non-life insurance	**6,526**	**5,688**
Life Insurance		
Premiums and other related income	62,862	50,559
Less:		
- Reinsurance premiums ceded	(5,278)	(5,429)
- Commissions	(4,273)	(3,798)
- Claims from policyholders	(61,150)	(46,828)
Reinsurers' participation	4,968	4,406
Net income from life insurance	**(2,871)**	**(1,090)**
Total	**3,655**	**4,598**

7. Staff costs

	From 1 January to	
	31.12.2014	31.12.2013
Wages and salaries	467,264	489,643
Social security contributions	139,185	146,575
Common Insurance Fund for Bank Employees	7,934	12,829
Staff leaving indemnity for the Bank in accordance with Law 2112/1920 (note 30)	4,272	(10,532)
Employee defined benefit obligation of Group (note 30)	11,526	(14,208)
Other charges	32,420	37,262
Total	**662,601**	**661,569**

The total number of employees in the Group as at 31.12.2014 was 15,193 (31.12.2013: 16,934) out of which 9,570 (31.12.2013: 11,140) are employed in Greece and 5,623 (31.12.2013: 5,794) are employed abroad.

The 2014 accounts include expenses from the merger with Emporiki Group which amounted to € 0.2 million (2013: € 3.4 million).

Defined contribution plans

All the employees of the Group in Greece are insured for their main pension by the Social Insurance Fund (IKA). Also for the Bank's employees, the following applies:

a. The supplementary pension plan for employees of 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 has accounted for it as such.

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

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

d. Employees of former Alpha Credit Bank, which were insured, for supplementary pension plan in T.A.P. (the Insurance Fund of employees of Alpha Credit Bank), since 1.1.2008, they are insured for supplementary pension in E.T.A.T according to article 10, Law 3620/2007. The Bank pays to E.T.A.T. the annual installment that relates to the total cost of joining E.T.A.T. which amounts to € 543 million, which was calculated in accordance with a special economic study as stipulated by Law 3371/2005 as of 31.12.2006. The outstanding balance including accrued interest amounts to € 194 million as at 31.12.2014, which equals to the last three interest bearing installments of € 67.3 million each.

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

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

When E.T.A.T. was absorbed by E.T.E.A. (Joint Suplementary Insurance Fund) after 1.3.2013:

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

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

e. The Bank, in cooperation with AXA Insurance, has created a new group savings plan for its employees that were hired and insured for the first time on 1.1.1993 and onwards. The plan's effective date is January 1, 2011 and its aim is to provide a lump sum monetary benefit to retiring employees. The plan assets consist of investment from the fixed monthly contributions of the Bank and its employees in low risk mutual funds. For employees hired by the Bank and insured after 1.1.2005 this is a defined contribution plan since the benefit arises solely from the savings capital accumulated up to their date of departure.

Employee defined benefit obligations

An analysis of obligations arising from defined benefit plans is set out in note 30.

Voluntary Separation Scheme

The Bank prepared a voluntary separation scheme for their employees in Greece, in order to achieve substantial benefits to operating costs, as provided in the approved Restructuring Plan of the Bank by the European Competition Committee. Upon receiving the relevant approvals from the Financial Stability Fund and its Board of Directors, the Bank has set the date for commencement of the Scheme on 15.9.2014 with acceptance period until 3.10.2014.

The Scheme provided an offer of 100% of legal compensation plus incentives which depend on the age and increases for the population outside urban centers of Athens and Thessaloniki. A total number of 2,193 employees left in 2014 and during the first half of 2015 an amount of 15 employees will retire. In the income statement an amount of € 200.8 million is recognized as cost of voluntary redundancy program. As at 31.12.2014 from this amount, an amount of € 1.8 million has been recognized as provision in order to cover retirements that will occur in 2015.

8. General administrative expenses

	From 1 January to	
	31.12.2014	31.12.2013
Operating leases for buildings	48,140	54,072
Rent and maintenance of EDP equipment	21,422	22,625
EDP expenses	39,644	34,623
Marketing and advertisement expenses	26,612	24,480
Telecommunications and postage	25,818	27,346
Third party fees	117,569	109,025
Consultants fees	7,519	7,264
Contribution to the Deposit guarantee fund and Investment fund	44,873	45,886
Insurance	12,133	12,109
Consumables	7,149	6,439
Electricity	16,450	17,298
Taxes (VAT, real estate etc.)	99,270	96,269
Services from collection agencies	20,803	11,490
Buidings and equipment maintenance	9,502	13,045
Security	14,646	13,805
Cleaning fees	6,504	5,986
Other	96,452	82,792
Total	**614,506**	**584,554**

The above figures include expenses of € 11.3 million (2013: € 17.5 million) that arose during 2014 from the acquisition of Emporiki Bank and expenses of € 2 million that arose from the acquisition of the retail banking operations of Citibank.

9. Other expenses

	From 1 January to	
	31.12.2014	31.12.2013
Losses from write-off/impairments on fixed assets	64,177	71,043
Other provisions	5,074	527
Impairment losses of other assets		15,998
Total	**69,251**	**87,568**

Losses from write-offs/impairment on fixed assets as of 31.12.2014, includes an amount of € 59.3 million (2013: € 62.6 million) which is a result from the recognition of impairment losses on the value of investment property, property plant and equipment and Group property obtained through auctions.

Other provisions include provision of € 3.4 million concerning legal cases against the Group.

In losses from write-off/impairments on fixed assets in 2013 has been included costs relating to the merger of Emporiki Group amounting to € 6.5 million.

10. Impairment losses and provisions to cover credit risk

	From 1 January to	
	31.12.2014	31.12.2013
Impairment losses on loans and advances to customers (note 17)	1,924,068	1,932,371
Provisions to cover credit risk relating to off balance sheet items (note 32)	(51,430)	18,164
Recoveries	(19,433)	(27,322)
Total	**1,853,205**	**1,923,213**

11. Income tax

For the Bank's subsidiaries and branches operating in other countries, the applicable nominal tax rates for accounting periods 2013 and 2014 are as follows:

Cyprus	12.5	
Bulgaria	10	
Serbia	15	
Romania	16	
FYROM	10[1]	
Albania	15[2]	(from 1.1.2014)
Jersey	10	
United Kingdom	21[3]	(from 1.4.2014)

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

The tax audit of the year is considered finalized after eighteen months from the issuance of an Unqualified Tax Compliance Report and on the precondition that no tax violations have been identified by audits performed by the Ministry of Finance, the tax audit of the year is considered finalized.

The year 2011, following the expiry of the deadline set by the Ministry of Finance Circular (POL 1236/18.10.2013) is considered audited, except under certain circumstances (e.g. receiving or issuing fake tax documents, additional information from other sources) for which the Ministry of Finance can require re-examination.

For the fiscal years 2012 and 2013 the Bank and its local subsidiaries have obtained the relevant tax certificate without any qualifications on the tax issues audited whereas for the year 2014 the tax audit is in progress and no material findings are expected.

The income tax in the income statement from continuing operations concerning the year 2013 is analysed in the below table, while the income tax from discontinued operations is analysed in note 49:

	From 1 January to	
	31.12.2014	31.12.2013
Current	16,615	28,619
Deferred	(712,168)	(729,814)
Total	**(695,553)**	**(701,195)**

The Bank, as part of its assessment for recoverability of deferred tax assets recognized in 2014 additional deferred tax asset of € 422,034 for temporary differences arising from impairment/valuation of loans derived from the acquisition of Emporiki Bank that were not recognized on 31.12.2013.

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

(1) *From 1.1.2015 the tax rate for legal entities changed. The tax rate of 10% is imposed on taxable profits and not on the non deductible expenses or distributable profits. The above apply to the profits of 2014.*

(2) *Until 31.12.2013 the tax rata was 10%.*

(3) *Until 31.3.2014 the tax rate was 23%.*

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

	From 1 January to	
	31.12.2014	**31.12.2013**
Debit difference of Law 4046/2012	39,946	(205,364)
Revaluation/impairment of assets	(13,448)	(32,826)
Write-offs and fixed assets depreciation	22,839	26,846
Valuation/impairment of loans	(627,353)	(306,016)
Valuation of loans due to hedging	(399)	(1,460)
Employee defined benefit obligations	18,984	(5,229)
Valuation of derivatives	(9)	(20,939)
Effective interest rate	(943)	(2,746)
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(6,230)	873
Valuation/impairment of bonds and other securities	7,148	(21,136)
Tax losses carried forward	(191,853)	(151,543)
Other temporary differences	39,150	(10,274)
Total	**(712,168)**	**(729,814)**

The above amounts of 2013 include the effect from the change in the income tax rate from 20% to 26%.

Tax losses carried forward include an amount of debit reserves, which is considered deductible, according to article Law 2238/1994. According to Article 72 of Law 4172/2013 the abovementioned reserves are offsetting with tax losses carried forward. According to the circular POL 1143/15.5.2014of Ministry of Finance any debit balance reduce the taxable profit for the year 2014 and in case of losses are added to those.

According to article 5 of Law 4303/17.10.2014 "Ratification of the Legislative Act "Emergency legislation to replenish the General Secretary of Revenue upon early termination of office" (A 136) and other provisions", deferred tax assets that have been or will be recognized and result from the debit difference arising from the PSI and the accumulated provisions and other general losses due to credit risk, with respect to existing amounts up to 31 December 2014, are converted into final and settled claims against the State, if, the accounting result for the period, after taxes, is a loss, according to the audited and approved financial statements by the Ordinary Shareholders' General Meeting. The total amount of the claim is determined by multiplying the above mentioned deferred tax asset with a ratio that represents the accounting loss after tax of the period as a percentage of total equity as shown in the annual financial statements, excluding the accounting loss of the period.

This claim arises at the time that the financial statements are approved and is netted off against the relevant income tax. When the amount of income tax is not sufficient to cover the tax credit, then, a tax receivable is created. In addition, a special reserve equal to 110% of the above tax credit is recorded as well as (free) offer warrant to the State that will result from the capitalization of the abovementioned reserve. These securities are freely transferrable and within reasonable period from the date of issue, the shareholders have a call option right based on the proportions of their participation in the share capital at the time of issuance of the securities.

The inclusion in the Law is implemented by the Shareholders' General Meeting, concerns tax assets created from 2016 onwards, whereas it is envisaged the end of inclusion in the Law with the same procedure and after obtaining relevant approval from the Regulatory Authority.

As at 31.12.2014 the amount of the deferred tax assets estimated that is under the provisions of the above mention Law amounted to € 2,713,987 and is included in the deferred tax asset categories "Debit difference of Law 4046/2012" and "Valuation/impairment of loans".

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

	From 1 January to			
	31.12.2014		31.12.2013	
	%		%	
Profit/(loss) before income tax		**(1,025,261)**		**2,278,146**
Income tax (nominal tax rate)	23.88	(244,814)	24.53	558,764
Increase/(decrease) due to:				
Additional tax on income from property	(0.04)	383	0.02	363
Non taxable income	1.55	(15,845)	(0.38)	(8,763)
Non deductible expenses	(3.41)	34,976	1.32	30,096
Debit reserves of Law 4172/2013	7.38	(75,689)		
Effect of changes of tax rates used for deferred tax			(18.23)	(415,291)
Taxation of reserves under Law 4172/2013			0.22	5,047
Negative goodwill from the acquisition of Diners/Emporiki Bank not subject to tax	(1.02)	10,475	(30.02)	(683,990)
Tax losses carried forward			(5.27)	(119,965)
Other temporary differences	(1.66)	16,995	(2.96)	(67,456)
Total	**26.68**	**(273,519)**	**(30.77)**	**(701,195)**
Deferred tax asset from impairment/valuation of Emporiki Bank's loans that were not recognized in previous year		(422,034)		
Income tax		**(695,553)**		

The tax rate of 23.88% for 2014 and 24.53% for 2013 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

	Από 1 Ιανουαρίου έως					
	31.12.2014			31.12.2013		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Amounts that may be reclassified to the Income Statement						
Net change in available for sale securities' reserve	(481,006)	123,439	(357,567)	226,865	(59,642)	167,223
Net change in cash flow hedge reserve	(224,342)	58,329	(166,013)	153,151	(39,819)	113,332
Foreign exchange differences on translating and hedging the net investment in foreign operations	(2,909)	1,054	(1,855)	(2,449)	352	(2,097)
Tax rate adjustment (Law 4110/2013)					4,913	4,913
Net change in the share of other comprehensive income of associates and joint ventures	(1,318)		(1,318)	1,131		1,131
Total amounts that may be reclassified in the Income Statement from continuing operations	**(709,575)**	**182,822**	**(526,753)**	**378,698**	**(94,196)**	**284,502**
Amounts that may be reclassified in the Income Statement from discontinued operations				47,346	(309)	47,037
	(709,575)	**182,822**	**(526,753)**	**426,044**	**(94,505)**	**331,539**
Amounts that will not be reclassified to the Income Statement						
Change in actuarial gains/(losses) of defined benefit obligations	(38,364)	9,930	(28,434)	(5,074)	1,628	(3,446)
Tax rate adjustments (Law 4110/2013)					1,882	1,882
Total	**(747,939)**	**192,752**	**(555,187)**	**420,970**	**(90,995)**	**329,975**

In 2014, "Retained Earnings" include a deferred tax asset of € 12,565, arising from the share capital issue costs which were recorded on the same account and relate to the share capital increase which was completed during the current year (note 33). The respective amount in prior year amounted to € 57,561.

12. Earnings/(losses) per share

a. Basic

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

For the calculation of basic earnings/(losses) per share, profit or loss for the period is adjusted with the deduction of the after-tax amount of 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 dividends of preference shares on non-cumulative dividend preference shares declared for distribution during the period.

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

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

b. Diluted

Diluted earnings/(losses) per share are calculated by adjusting the weighted average number of ordinary shares outstanding to 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 that held until 17.4.2014 and the convertible bond loan with Credit Agricole S.A., basic and dilutive earnings/(losses) per share should not differ.

	From 1 January to	
	31.12.2014	31.12.2013
Profit/(loss) attributable to equity owners of the Bank	**(329,809)**	**2,922,169**
Weighted average number of outstanding ordinary shares	12,334,075,664	6,639,922,965
Basic and diluted earnings/(losses) per share (in €)	(0.03)	0.44

	From 1 January to	
	31.12.2014	31.12.2013
Profit/(loss) from continuing operations attributable to equity owners of the Bank	**(329,809)**	**2,979,286**
Weighted average number of outstanding ordinary shares	12,334,075,664	6,639,922,965
Basic and diluted earnings/(losses) from continuing operations per share (in €)	(0.03)	0.45

	From 1 January to	
	31.12.2014	31.12.2013
Profit/(loss) from discontinued operations attributable to equity owners of the Bank	**-**	**(57,117)**
Weighted average number of outstanding ordinary shares	12,334,075,664	6,639,922,965
Basic and diluted earnings/(losses) from discontinued operations per share (in €)	-	(0.01)

The weighted average number of common shares, on 31.12.2014, is calculated based on the days during which the ordinary shares are in issue compared to the total number of days of the reporting period, taking into account the new total number of common shares resulting from the share capital increase of Bank on 28.3.2014 (note 33).

ASSETS

13. Cash and balances with Central Banks

	31.12.2014	31.12.2013
Cash	405,010	419,150
Cheques receivable	18,062	16,716
Balances with central banks	1,595,945	1,252,316
Total	**2,019,017**	**1,688,182**
Less: Deposits pledged to central banks	(1,274,589)	(1,000,939)
Balance	**744,428**	**687,243**

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

The Bank of Greece also requires, that all financial institutions established in Greece maintain reserve deposits with the Central Bank equal to 1% of customer deposits.

These deposits are interest bearing equal to the refinancing rate set by the European Central Bank which as at 31.12.2014 was 0.05% (31.12.2013: 0.25%).

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

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

	31.12.2014	31.12.2013
Cash and balances with central banks	744,428	687,243
Short-term placements with other banks	449,816	285,924
Cash and cash equivalents	**1,194,244**	**973,167**

14. Due from banks

	31.12.2014	31.12.2013
Placements with other banks	1,269,962	1,373,618
Guarantees for derivative securities coverage (note 38e)	1,497,550	1,189,771
Sale and repurchase agreements (Reverse Repos)	109	
Loans to credit institutions	13,083	11,806
Less:		
Allowance for impairment losses	(8,965)	(8,965)
Total	**2,771,739**	**2,566,230**

15. Trading securities

	31.12.2014	31.12.2013
Bonds		
Greek Government	1,729	6,538
Other issuers:		
- Listed		464
Shares		
Listed	2,380	1,834
Other variable yield securities	80	
Total	**4,189**	**8,836**

16. Derivative financial instruments (assets and liabilities)

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

	31.12.2013		
	Contractual nominal amount	Fair value	
		Assets	Liabilities
Derivatives held for trading purposes			
a. Foreign exchange derivatives			
Foreign exchange forwards	242,172	5,509	3,834
Foreign exchange swaps	1,203,931	669	6,977
Cross currency swaps	10,630,689	431,752	523,855
Currency options	20,984	300	59
Currency options embedded in customer products	1,311	2	
Total non-listed	**12,099,087**	**438,232**	**534,725**
Futures	39,858		77
Total listed	**39,858**		**77**
b. Interest rate derivatives			
Interest rate swaps	10,620,906	284,002	325,605
Interest rate options (caps και floors)	1,179,362	22,314	5,627
Total non-listed	**11,800,268**	**306,316**	**331,232**
Futures	4,219,626	1,297	99
Total listed	**4,219,626**	**1,297**	**99**
c. Commodity derivatives			
Commodity swaps	193,158	3,935	3,086
Total non-listed	**193,158**	**3,935**	**3,086**
d. Index derivatibes			
OTC options	49,000	293	293
Total non-listed	**49,000**	**293**	**293**
Futures	610	2	36
Total listed	**610**	**2**	**36**
e. Other derivatives			
GDP linked security	1,920,680	22,453	
Total listed	**1,920,680**	**22,453**	
Derivatives for hedging purposes			
a. Foreign exchange derivatives			
Cross currency swaps	2,020,237	23,179	40,584
Total non-listed	**2,020,237**	**23,179**	**40,584**
b. Interest rate derivatives			
Interest rate swaps	1,908,636	1,686	463,368
Interest rate options (caps και floors)	3,766		
Total non-listed	**1,912,402**	**1,686**	**463,368**
Grand Total	**34,254,926**	**797,393**	**1,373,500**

17. Loans and advances to customers

	31.12.2014	31.12.2013
Individuals		
Mortgages:		
- Non-securitized	20,274,246	20,128,867
- Securitized	-	99,096
Consumer:		
- Non-securitized	3,701,797	3,859,647
- Securitized	1,462,066	1,319,169
Credit cards:		
- Non-securitized	773,928	529,613
- Securitized	579,353	471,800
Other	4,401	20,504
Total	**26,795,791**	**26,428,696**
Companies:		
Corporate loans:		
- Non-securitized	27,860,246	28,990,910
- Securitized	2,084,171	1,480,643
Leasing:		
- Non-securitized	268,880	312,336
- Securitized	459,666	449,050
Factoring	578,763	503,431
Total	**31,251,726**	**31,736,370**
Receivables from insurance and re-insurance activities		14,363
Other receivables	339,745	455,018
	58,387,262	**58,634,447**
Less:		
Allowance for impairment losses (1)	(8,830,277)	(6,956,134)
Total	**49,556,985**	**51,678,313**

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

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

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

The Bank has proceeded with the direct issuance of covered bonds, secured by mortgage loans. As at 31.12.2014, the balance of the covered bonds amounted to € 3.7 billion and the value of mortgage loans provided as coverage for these bonds amounted to € 4.5 billion.

Loans and advances to customers of 31.12.2014 include loans obtained from the acquisition of retail banking operations of Citibank and Diners. The carrying amount of these loans at the acquisition date amounted to € 375,390 and has been recognized in loans before impairment (note 47).

Loans and advances to customers as at 31.12.2013 include loans obtained from the acquisition of Emporiki Group. The carrying amount of these loans on acquisition date amounted to € 14.9 billion and has been recognized in loans and advances to customers before impairment.

The balance of securitized mortgage loans as at 31.12.2013 regards loans acquired in the context of the acquisition of Emporiki Bank. This transaction of securitization was recalled on 24.2.2014 with the exercise of the respective right by the Bank.

(1) *In addition to the allowance for impairment losses regarding loans and advances to customers, a provision of € 15,551 (31.12.2013: € 66,986) has been recorded to cover credit risk relating to off-balance sheet items. The total provision recorded to cover credit risk amounts to € 8,845,828 (31.12.2013: € 7,023,120).*

Allowance for impairment losses

Balance 1.1.2013	**4,606,220**
Changes for the period 1.1 - 31.12.2013	
Accumulated provisions of companies which are consolidated for the first time	5,564
Impairment losses for the year from continuing operations (note 10)	1,932,371
Impairment losses for the year from discontinued operations	863
Change in present value of the allowance account	381,630
Loans written-off during the year	(126,498)
Other adjustments for credit risk	174,416
Accumulated provisions of disposed companies	(8,270)
Foreign exchange differences	(10,162)
Balance 31.12.2013	**6,956,134**
Changes for the period 1.1 - 31.12.2014	
Impairment losses for the year (note 10)	1,924,068
Change in present value of the allowance account	513,998
Reclassification to provisions from contingent liabilities	775
Reclassification to assets held for sale	(3,223)
Loans written-off during the year	(565,521)
Foreign exchange differences	4,046
Balance 31.12.2014	**8,830,277**

The finance lease receivables by duration are as follows:

	31.12.2014	31.12.2013
Up to 1 year	398,910	393,578
From 1 year to 5 years	186,968	208,857
Over 5 years	280,637	313,017
	866,515	**915,452**
Non accrued finance lease income	(137,969)	(154,066)
Total	**728,546**	**761,386**

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

	31.12.2014	31.12.2013
Up to 1 year	376,693	369,858
From 1 year to 5 years	116,121	129,859
Over 5 years	235,732	261,669
Total	**728,546**	**761,386**

18. Investment securities

a. Available for sale

	31.12.2014	31.12.2013
Greek Government:		
- Bonds	1,550,565	881,269
- Treasury bills	2,157,482	2,474,087
Other states:		
- Bonds	314,789	320,496
- Treasury bills	338,773	202,208
Other issuers:		
- Listed	1,204,701	937,403
- Non-listed	4,062	2,476
Shares		
- Listed	20,917	24,809
- Non-listed	53,007	62,106
Other variable yield securities	43,990	62,080
Total	**5,688,286**	**4,966,934**

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

During 2013 the Group recognized impairment losses amounting to €43,647 which is analyzed as an amount of €9,006 that relates to shares and other variable yield securities and an amount of €34,641 which relates to bonds of other issuers.

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

b. Held to maturity

	31.12.2014	31.12.2013
Greek Government:		
- Bonds		891,641
- Treasury bills		17,308
Other States:		
- Bonds	28,111	29,988
- Treasury bills		39,818
Other issuers:		
- Listed	291,107	545,795
- Non-listed	1,224	1,578
	320,442	**1,526,128**
Less:		
Allowance for impairment losses	(9,624)	(156,342)
Total	**310,818**	**1,369,786**

In 2013, the held to maturity Greek Government bonds include only the bonds transferred to the Bank's ownership for the issuance of the preference shares owned by the Greek State according to Law 3723/2008 and matured on 21.5.2014.

Allowance for impairment losses

Balance 1.1.2013	**157,110**
Changes for the period 1.1 - 31.12.2013	
Amounts written-off during the period	(768)
Balance 31.12.2013	**156,342**
Changes for the period 1.1 - 31.12.2014	
Reversal of impairment of bonds of other issuers	(204)
Amounts written-off during the period	(146,514)
Balance 31.12.2014	**9,624**

The amount of € 146,514 regards the write off of a subordinated bond of Agricultural Bank and the amount of € 204 regards the proceeds from the liquidation of this bond.

c. Loans and receivables

Loans and receivables include bonds issued by the European Financial Stability Facility (E.F.S.F.) at a nominal value of € 3,960,544 received by the Bank as a result of the share capital increase which was completed on 6.6.2013 and of nominal value of € 284,628 which were transferred to the Bank from the Hellenic Financial Stability Fund for the undertaking of customer deposits from the Cooperative Banks of Western Macedonia, Evia and Dodecanese in December 2013. The total carrying amount of these bonds as at 31.12.2014 amounted to € 4,299,101 (31.12.2013: € 4,308,556).

19. Investments in associates and joint ventures

	31.12.2014	31.12.2013
Opening balance	**50,044**	**74,610**
Purchase/recognition and increase in participation		615
Share capital increase	764	1,304
Transformation of joint venture to subsidiary		(24,168)
Return of capital	(1,524)	
Share of profit/(loss) and other comprehensive income	(2,901)	(2,317)
Total	**46,383**	**50,044**

In 2014, the share capital increase and return of capital concern the joint venture "Alpha TANEO A.K.E.S".

The amounts recognized in 2013 concern the "Bank Information Systems SA" and "Propindex AEDA" companies which became associates of the combined entity after the acquisition of Emporiki Bank, as well as the company "Olganos A.E.". The share capital increase concerns the joint venture "Alpha TANEO A.K.E.S.".

The transformation of joint venture to subsidiary concerns "APE Fixed Assets AE" which after the acquisition of Emporiki Bank became a subsidiary of the combined entity and is fully consolidated.

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

		Group's ownership interest %	
Name	**Country**	31.12.2014	31.12.2013
a. Associates			
AEDEP Thessalias & Stereas Ellados	Greece	50.00	50.00
A.L.C Novelle Investments Ltd	Cyprus	33.33	33.33
Olganos AE	Greece	30.44	30.44
Bank Information Systems SA	Greece	23.77	23.77
Propindex A.E.D.A	Greece	35.58	35.58
b. Joint ventures			
Cardlink A.E.	Greece	50.00	50.00
APE Commercial Property A.E	Greece	72.20	72.20
APE Investement Property A.E.	Greece	72.80	72.80
Alpha TANEO A.K.E.S.	Greece	51.00	51.00
Rosequeens Properties Ltd	Cyprus	33.33	33.33
Rosequeens Properties S.R.L.	Romania	33,33	33,33

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

	Group's share on equity		Share of profit/(loss)		Share of other comprehensive income in equity	
	From 1 January to		From 1 January to		From 1 January to	
Name	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
a. Associates						
AEDEP Thessalias & Stereas Ellados	74	74				
A.L.C. Novelle Investments Ltd	980	1,061	(24)	(30)	(57)	(85)
Olganos AE	25	30	(6)			
Bank Infromation Systems SA	301	748	(447)	220		
Propindex A.E.D.A	86	94	(9)	37		
Total (a)	**1,466**	**2,007**	**(486)**	**227**	**(57)**	**(85)**
b. Joint ventures						
Cardlink A.E.				(148)		
APE Commercial Property A.E.	41,993	43,167	(1,140)	(2,866)	(33)	(12)
Alpha TANEO A.K.E.S.	2,924	4,870	43	(661)	(1,228)	1,228
Total (b)	**44,917**	**48,037**	**(1,097)**	**(3,675)**	**(1,261)**	**1,216**
Total (a) + (b)	**46,383**	**50,044**	**(1,583)**	**(3,448)**	**(1,318)**	**1,131**
Impairment losses on loans to Cardlink A.E.			(382)	(422)		
Impariments losses on loans to APE Investment Property A.E.			(8,794)	(12,324)		
Total (c)		**-**	**(9,176)**	**(12,746)**	**-**	**-**
Total (a) + (b) +(c)	**46,383**	**50,044**	**(10,759)**	**(16,194)**	**(1,318)**	**1,131**

Investments in material associates and joint ventures

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

The Group has no participation in joint operations.

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

			Group's ownership interest %	
Name	**Country**	**Consolidation method**	**31.12.2014**	**31.12.2013**
APE Commercial Property A.E.	Greece	Equity method	72.20	72.20

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

Condensed other comprehensive income

	31.12.2014	31.12.2013
Interest and similar income	375	497
Gains less losses on financial transactions	(2,571)	(4,064)
Depreciation and amortization expenses		(1)
Other expenses	(51)	(30)
Profit/(loss) before income tax	**(2,247)**	**(3,598)**
Income tax	668	(372)
Profit/(loss) after income tax	**(1,579)**	**(3,970)**
Other comprehensive income recognized directly in Equity	(46)	**(17)**
Total comprehensive income for the year, after income tax	**(1,625)**	**(3,987)**
Amount attributed to the participation of the Group to profits/(losses) of the joint venture	(1,140)	(2,866)
Amount attributed to the participation of the Group to other comprehensive income recorded directly in the equity of the joint venture	(33)	(12)

No dividends have been received from the joint venture in 2014 and 2013.

Condensed balance sheet

	31.12.2014	31.12.2013
Cash and cash equivalents	13,504	13,222
Other current assets	191	133
Total current assets	**13,695**	**13,355**
Non current assets	**44,476**	**46,823**
Short-term liabilities	**9**	**391**
Long-term liabilities	**-**	**-**
Total Equity	**58,162**	**59,787**
Group participation (%)	72.20%	72.20%
Carrying amount of participation	**41,993**	**43,167**

Other information for associates and joint ventures and significant restricitions

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

With respect to Cardlink A.E. and APE Investment Properties A.E., where our participation is fully impaired, the Group recognized a loss of € 9,176 in 2014 (2013: € 12,746) for the impairment of long term loans in order to recognize its share in the loss of these companies.

The Group has no contingent liabilities regarding its participation in associates or joint ventures. The Bank has undertaken the obligation to participate in additional investments in the joint venture Alpha TANEO AKES amounting up to € 7.3 million. Further to this, there are no other unrecognized commitments of the Group relating with its participation in joint ventures which could result in future cash or other outflows.

No significant restrictions exist (e.g. arising from loan agreements, conventional, regulatory) on associates or joint ventures to transfer capital in the entity either as dividends or to repay loans that have been financed by the Group.

20. Investment property

	Land - Buildings
Balance 1.1.2013	
Cost	510,252
Accumulated depreciation and impairment losses	(16,754)
1.1.2013 - 31.12.2013	
Net book value 1.1.2013	493,498
Additions	39,679
Additions from companies consolidated for the first time in 2013	82,919
Disposals/Write-offs	(2,596)
Reclassifications	(2,500)
Impairments	(39,385)
Foreign exchange differences	(399)
Accumulated depreciation from continuing operations	(10,763)
Net book value 31.12.2013	**560,453**
Balance 31.12.2013	
Cost	627,457
Accumulated depreciation and impairment losses	(67,004)
1.1.2014 - 31.12.2014	
Net book value 1.1.2014	560,453
Additions	14,540
Additions from companies consolidated for the first time in 2014	52,735
Disposals/Write-offs	(4,088)
Reclassifications to "Asset held for sale" (Property)	109
Reclassification from "Property, plant and equipment"	4,682
Reclassification from "Other assets"	1,926
Reclassification to "Assets held for sale" (Alpha Insurance Ltd.)	(1,269)
Foreign exchange differences	(328)
Depreciation	(11,079)
Impairment losses	(50,469)
Net book value 31.12.2014	**567,212**
Balance 31.12.2014	
Cost	693,486
Accumulated depreciation and impairment loss	(126,274)

In 2014, an impairment loss amounting to € 50.5 million was recognized, in order for the carrying amount of investment property not to exceed their recoverable amount as at 31.12.2014, as estimated by certified valuators. In 2013, the impairment loss amounted to € 39.4 million. The impairment amount of 2014 and 2013 was recorded in "Other Expenses". The recoverable amount of investment property which were impaired during the current year amounted to € 153.3 million and was calculated as the fair value less costs to sell. The fair value of investment property as at 31.12.2014 amounts to € 578.4 million. The fair value of investment property is calculated in accordance with the methods mentioned in note 1.8 and are classified, in terms of fair value hierarchy, in Level 3, since they have made use of research inputs, assumptions and inputs relating to properties of relevant characteristics and therefore encompass a wide range of non-observable market inputs. The capitalization rate used is between 7.0% and 8.5%.

The additions from companies consolidated for the first time in 2014 and 2013 relate to investment property which were obtained as collateral for loans and acquired by the group in the context of its credit risk management.

21. Property, plant and equipment

	Land and buildings	Leasehold improvements	Equipment	Total
Balance 1.1.2013				
Cost	1,261,028	3,747	497,024	1,761,799
Accumulated depreciation and impairment losses	(350,284)	(2,444)	(421,686)	(774,414)
1.1.2013 - 31.12.2013				
Net book value 1.1.2013	910,744	1,303	75,338	987,385
Additions	13,551	1,042	14,647	29,240
Additions from companies consolidated for the first time in 2013	190,914		22,540	213,454
Sale of subsidiary	(4,673)		(1,104)	(5,777)
Disposals/Write-offs	(15,195)	(83)	(924)	(16,202)
Reclassifications	(8,920)		(195)	(9,115)
Reclassifications from "Investment property"	2,161			2,161
Impairments	(18,571)		(21)	(18,592)
Foreign exchange differences	(1,121)	(13)	(31)	(1,165)
Depreciation charge from discontinued operations	(217)		(414)	(631)
Depreciation charge from continuing operations	(30,980)	(531)	(26,777)	(58,288)
Net book value 31.12.2013	**1,037,693**	**1,718**	**83,059**	**1,122,470**
Balance 31.12.2013				
Cost	1,428,120	4,378	515,075	1,947,573
Accumulated depreciation and impairment losses	(390,427)	(2,660)	(432,016)	(825,103)
1.1.2014 - 31.12.2014				
Net book value 1.1.2014	1,037,693	1,718	83,059	1,122,470
Foreign exchange differences	(1,480)	(2)	(59)	(1,541)
Additions	15,816	14	14,432	30,262
Additions from companies consolidated for the first time in 2014	37		473	510
Disposals/Write-offs	(4,622)		(537)	(5,159)
Reclassification from "Other intangible assets"			145	145
Reclassifications to "Investment property"	(4,682)			(4,682)
Reclassification internally to property, plant and equipment	(216)		216	-
Reclassification to "Other assets"	(3,572)			(3,572)
Reclassification to "Assets held for sale"	(212)		(241)	(453)
Depreciation	(29,960)	(580)	(21,112)	(51,652)
Impairment losses	(3,001)		21	(2,980)
Net book value 31.12.2014	**1,005,801**	**1,150**	**76,397**	**1,083,348**
Balance 31.12.2014				
Cost	1,410,759	4,302	518,133	1,933,194
Accumulated depreciation and impairment losses	(404,958)	(3,152)	(441,736)	(849,846)

In 2014, an impairment loss of € 3 million (2013: € 18.6 million) was recognized for property, plant and equipment and was recorded in "Other Expenses". The recoverable amount of "Property, plant and equipment" which were impaired during the current year amounted to € 19,979. During the impairment test of property, plant and equipment, the estimation is based on the value in use incorporating the carrying amount of an asset and all the improvements which render it absolutely suitable for use from the Group.

The carrying amount of owned land and buildings included in the above balances amounts to € 934,308 as at 31.12.2014 (2013: € 953,160). "Additions from companies consolidated for the first time in 2013" mainly includes the fair value of Emporiki Group's assets on the acquisition date.

22. Goodwill and other intangible assets

	Goodwill	Software	Other intanginle	Total
Balance 1.1.2013				
Cost	41,656	347,339	54,597	443,592
Accumulated amortization and impairment loss	(40,520)	(234,898)	(26,417)	(301,835)
1.1.2013 - 31.12.2013				
Net book value 1.1.2013	1,136	112,441	28,180	141,757
Additions		48,737	389	49,126
Additions from companies consolidated for first time in 2013		24,008	46,100	70,108
Additions from acquisitions of Cooperative Banks			9,094	9,094
Sale of subsidiary	(1,136)	(80)	(22)	(1,238)
Disposals/Write-offs		(2,693)		(2,693)
Reclassifications		(1,972)	1,972	
Foreign exchange differences		(68)	3	(65)
Accumulated amortization from discontinued operations		(63)	(2)	(65)
Accumulated amortization from continuing opearations		(16,685)	(6,425)	(23,110)
Net book value 31.12.2013		**163,625**	**79,289**	**242,914**
Balance 31.12.2013				
Cost		418,490	112,361	530,851
Accumulated amortization and impairment loss		(254,865)	(33,072)	(287,937)
1.1.2014 - 31.12.2014				
Net book value 1.1.2014		163,625	79,289	242,914
Additions		39,059	2	39,061
Additions from companies consolidated for first time in 2014		9	85,164	85,173
Sale of subsidiary		(1)		(1)
Disposals/Write-offs		(220)		(220)
Reclassifications		25,003	(25,148)	(145)
Reclassification to “assets held for sale”		(74)		(74)
Foreign exchange differences		(62)		(62)
Depreciation		(17,551)	(17,671)	(35,222)
Net book value 31.12.2014		**209,788**	**121,636**	**331,424**
Balance 31.12.2014				**-**
Cost		488,347	155,103	643,450
Accumulated amortization and impairment loss		(278,559)	(33,467)	(312,026)

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

“Additions from companies consolidated for first time in 2013” includes the fair value of intangible assets of Emporiki Group obtained on the acquisition date.

In particular, an amount of € 46.1 million relates to the recognition of intangible asset regarding the acquired customer deposit base of Emporiki Bank with an estimated useful life of 6 years.

Additionally, an amount of € 9.1 million relates to the recognition of intangible asset regarding the acquired customer deposit base of Cooperative Banks of Dodecanese, Evia and Macedonia, with an estimated useful life of 2 years.

The amount of € 1,136 relates to the goodwill arising from the initial acquisition of JSC Astra Bank.

23. Deferred tax assets and liabilities

	31.12.2014	31.12.2013
Assets	3,689,446	2,788,688
Liabilities	(25,502)	(35,160)
Total	**3,663,944**	**2,753,528**

Deferred tax assets and liabilities are analysed as follows:

	1.1 - 31.12.2014				
		Recognized in			
	Balance 1.1.2014	Income Statement	Equity	Acquisition of Diners and Citibank operations	Balance 31.12.2014
Debit difference of Law 4046/2012	1,118,479	(39,946)			1,078,533
Revaluation/Impairment of fixed assets	47,706	17,036		(10,110)	54,632
Depreciation and fixed assets write-offs	(41,878)	(22,839)			(64,717)
Valuation/impairment of loans	1,009,279	625,322		2,031	1,636,632
Valuation of loans due to hedging	(2,496)	399			(2,097)
Employee defined benefit obligations	85,406	(19,747)	9,930	763	76,352
Valuation of derivatives	125,931	9	58,329		184,269
Effective interest rate	996	943			1,939
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(59,923)	6,230			(53,693)
Valuation/impairment of bonds and other securities	3,207	(7,148)	123,439		119,498
Tax losses carried forward	269,193	191,853			461,046
Share capital increase expenses	57,561		12,565		70,126
Other temporary differences	136,960	(39,944)		794	97,810
Exchange differences from translation of foreign operations	3,107		507		3,614
Total	**2,753,528**	**712,168**	**204,770**	**(6,522)**	**3,663,944**

	1.1 - 31.12.2013				
		Recognized in			
	Balance 1.1.2013	Income Statement	Equity	Negative goodwill from the acquisition of Emporiki Bank	Balance 31.12.2013
Debit difference of Law 4046/2012	811,773	205,364		101,342	1,118,479
Revaluation/Impairment of fixed assets	10,856	32,826		4,024	47,706
Depreciation and fixed assets write-offs	(15,032)	(26,846)			(41,878)
Valuation/impairment of loans	162,059	306,016		541,204	1,009,279
Valuation of loans due to hedging	(3,956)	1,460			(2,496)
Employee defined benefit obligations	54,253	5,229	3,510	22,414	85,406
Valuation of derivatives	121,392	20,939	(28,938)	12,538	125,931
Effective interest rate	(1,750)	2,746			996
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(4,274)	(873)		(54,776)	(59,923)
Valuation/impairment of bonds and other securities	46,517	21,136	(64,446)		3,207
Tax losses carried forward	117,650	151,543			269,193
Share capital increase expenses			57,561		57,561
Other temporary differences	90,724	10,274	10,388	25,574	136,960
Exchange differences from translation of foreign operations	3,919		(812)		3,107
Total	**1,394,131**	**729,814**	**(22,737)**	**652,320**	**2,753,528**

24. Other assets

	31.12.2014	31.12.2013
Tax advances and withholding taxes	375,967	346,874
Deposit and Investment Guarantee Fund	603,396	592,825
Assets obtained from auctions	186,029	187,447
Investments on behalf of life insurance policyholders		22,180
Prepaid expenses	39,978	65,320
Accrued income	9,683	8,578
Other	150,013	319,606
Total	**1,365,066**	**1,542,830**

In accordance with article 6 of Law 3714/7.11.2008 deposits guaranteed by the deposit guarantee system increased from € 20 to € 100 per customer. The percentages used for calculating the contribution paid by banks to the Deposit Guarantee Fund also increased. In accordance with the Ministry decision 23384/27.5.2011 the law was extended until 31.12.2015.

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

In 2013, this specific asset includes the amounts of former Emporiki Bank as well as the amounts from Cooperative Banks of Evia, Western Macedonia and Dodecanese, in the context of the decision of Bank of Greece of 8.12.2013 for the transfer to the Bank, among other assets, the rights of Cooperative Banks towards the Deposit and Investment Guarantee Fund (DIGF) which had applied before the recall of their licenses.

On 31.12.2014 the Group measured its fixed assets that have been classified as other assets at the lowest value between the carrying amount and their fair value. In cases where the fair value was less than the carrying amount, an impairment loss was recognized which amounted to € 5.9 million in total and is included in "Other expenses" of the income statement. On 31.12.2013, the relevant impairment loss amounted to € 4.6 million. The fair value of fixed assets acquired from auction are calculated in accordance with the methods mentioned in note 1.8 and are classified in terms of fair value hierarchy in Level 3, since they have made use of research inputs, assumptions and inputs relating to properties of relevant characteristics and therefore encompass a wide range of non-observable market. The capitalization rate used was between 7% and 8.5%.

"Other" as at 31.12.2013 includes the claim of the Bank of € 157 million from the Hellenic Financial Stability Fund for the payment of the difference between the transferred assets and liabilities of the above mentioned Cooperative Banks, the cash settlement of which incurred during the current year of 2014.

25. Assets held for sale

On 11.12.2014 the Group signed a contract to sell the total number of shares in its subsidiary Alpha Insurance Ltd which was completed on 16.01.2015. At the balance sheet date the assets of Alpha Insurance Ltd along with the related liabilities meet the conditions to be classified as ''Available for sale'' according to IFRS 5. Therefore, for the purpose of consolidated financial statements of 31.12.2014, the Group measured the assets and liabilities of Alpha Insurance Ltd in the lower price between the carrying amount and the fair value less costs to sell and recorded an amount of € 5.3 million as a loss in "Gains less losses on financial transactions". Following the above valuation, the assets of Alpha Insurance Ltd amount to € 46,114, the liabilities amount to € 58,994, whereas the amounts recognized in Equity are losses of € 25. It is noted that the amounts that have been recognized in equity will be reclassified subsequently to profit or loss with the sale of the subsidiary. It is also noted that due to the limited materiality of the figures of the company compared to those of the Group, the requirements for the classification as discontinued operation are not met. The above mentioned company is part of in South-Eastern Europe sector for reporting purposes per operational segment.

The table below presents an analysis of assets, liabilities and equity of Alpha Insurance Ltd after the elimination of intercompany transactions.

(in thousands of Euro)

	31.12.2014
Assets	
Cash and cash balances with central banks	2
Due from banks	1,863
Trading securities	1,005
Loans and advances to customers	15,347
Investment securities	5,145
Investment property	1,269
Property, plant and equipment	453
Goodwill and other intangible assets	73
Deferred tax assets	26,227
Total	**51,384**
Valuation at fair value	(5,270)
Assets held for sale	**46,114**
Liabilities	
Liabilities for current income tax	(399)
Deferred tax liabilities	160
Other liabilities	2,052
Provisions	57,181
Total Liabilities related to assets held for sale	**58,994**
Equity	
Reserve for available for sale securities	53
Exchange differences	(78)
Amounts that were recognized in equity and regard assets held for sale	**(25)**

The total of assets held for sale is analysed as follows:

	31.12.2014	31.12.2013
Alpha Insurance Ltd	46,114	
Property	7,358	4,793
Technical equipment	499	845
Total	**53,971**	**5,638**

LIABILITIES

26. Due to banks

	31.12.2014	31.12.2013
Deposits:		
- Current accounts	107,863	69,757
- Term deposits		
Central Banks	14,819,325	17,177,211
Other credit institutions	511,191	538,517
Sale and repurchase agreements (Repos)	1,606,716	857,590
Borrowing funds	255,019	439,649
Total	**17,300,114**	**19,082,724**

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

	31.12.2014	31.12.2013
Deposits:		
- Current accounts	7,807,296	7,274,532
- Saving accounts	8,909,311	8,404,234
- Term deposits	25,770,803	25,871,350
Debt securities in issue	248,525	268,575
Sale and repurchase agreements (Repos)	46,000	514,608
	42,781,935	**42,333,299**
Cheques payable	118,698	151,561
Total	**42,900,633**	**42,484,860**

The above amounts on 31.12.2014 are included deposits acquired by the acquisition of the Retail Banking operations of Citibank (Note 47).

In addition, on 31.12.2013 the above amounts included cash balances acquired from the Cooperative Banks, after the decision of the Bank of Greece for the removal of the operating license of the Cooperative Banks of Evia, Western Macedonia and Dodecanese.

28. Debt securities in issue and other borrowed funds

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

Under the programme for the enhancement of the Greek economy's liquidity, according to Law 3723/2008, as at 31.12.2014, the total balance of senior debt securities guaranteed by the Greek State amounts to € 9.8 billion (31.12.2013: € 9.8 billion).

During the period the Bank proceeded in issuing the following senior debt securities with a floating interest rate of three month Euribor plus a spread of 12%:

- On 17.2.2014, issued bond amounting to € 950 million maturing on 17.3.2015.
- On 15.5.2014, issued bond amounting to € 2.6 billion which matured on 15.8.2014.
- On 16.6.2014, issued bond amounting to € 2.3 billion which matured on 16.9.2014.
- On 13.8.2014, issued bond amounting to € 1.6 billion maturing on 13.11.2014.
- On 9.9.2014, issued bond amounting to € 2 billion maturing on 9.3.2015.
- On 31.10.2014, issued bond amounting to € 957 million maturing on 31.3.2015.
- On 24.12.2014, issued bond amounting to € 1.5 billion maturing on 24.3.2015.
- On 31.12.2014, issued bond amounting to € 810 million maturing on 31.3.2015.

During the period, bonds guaranteed by the Greek State of notional amount of € 12.7 billion which had been issued under the Pillar II Programme for the Enhancement of the Greek Economy's Liquidity, matured.

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

ii. Covered bonds [1]

Covered bonds issued by the Bank as at 31.12.2014 amounts to € 3.7 billion.

Covered bonds are not included in "Debt securities in issue and other borrowed funds" since the corresponding securities are held by the Bank.

iii. Short term securities

Balance 1.1.2014	**35,851**
Changes for the period 1.1 - 31.12.2014	
New issues	127,031
Maturities/Repayaments	(141,207)
Accrued interest	838
Foreign exchange differences	3,826
Balance 31.12.2014	**26,339**

The amount of "new issues" includes the following issues:

- On 12.3.2014, the Group issued short term securities of nominal value of USD 5 million and USD 45 million which matured on 14.4.2014 and 11.6.2014 respectively.
- On 12.6.2014, the Group issued short term securities of nominal value of USD 5 million and USD 37.8 million which matured on 10.7.2014 and 10.9.2014 respectively.
- On 11.7.2014, the Group issued short term securities of nominal value USD 3.5 million and USD 1.5 million which matured on 11.8.2014 and 10.9.2014 respectively.
- On 11.9.2014, the Group issued short term securities of nominal value of USD 2.5 million and USD 37 million maturing on 9.10.2014 and 10.12.2014 respectively.
- On 11.12.2014, the Group issued short term securities of nominal value of USD 32.1 million on 10.3.2015.
- On 31.12.2014, the total balance of short term securities amounts to USD 32.1 million.

During the period, short term securities of nominal value of USD 187 million matured.

iv. Senior debt securities

Balance 1.1.2014	**744,254**
Changes for the period 1.1 - 31.12.2014	
New issues	519,687
(Purchases)/sales	(89,609)
Maturities/repayments	(108,953)
Fair value changes	3,039
Accrued interest	43,884
Foreign exchange differences	317
Balance 31.12.2014	**1,112,619**

The amount of "new issues" includes the following issues:

- On 17.6.2014, the Group issued senior debt securities of nominal value of € 500 million with three-year maturity and a fixed annual interest rate of 3.375%.
- On 21.8.2014, the Group issued senior debt securities of nominal value of USD 3 million with ten-year maturity, a step-up annual interest rate of 4.6% and annual increase of 20 basis points.
- On 28.11.2014, the Bank issued senior debt security of nominal value of € 50 million maturing on 28.11.2032 with a fixed annual interest rate of 2%.

[1] *Financial disclosures regarding covered bond issues, as determined by the 2620/28.08.2009 directive of Bank of Greece are published at the Bank's website.*

v. Liabilities from the securitization of mortgage loans

Balance 1.1.2014	**68,517**
Changes for the period 1.1 - 31.12.2014	
Maturities/repayments	(69,948)
Accrued interest	1,431
Balance 31.12.2014	**-**

These obligations occurred after the acquisition of Emporiki Bank and refer to issues by the special purpose entity Lithos Mortgage Financing Plc. The transaction was recalled on 24.2.2014 after the exercise of the respective option of the Bank.

Additional liabilities arising from the securitization of consumer loans, corporate loans and credit cards are not included in "Debt securities in issue and other borrowed funds" since these securities amounting to a nominal value of € 4.2 billion, were issued by special purpose entities, held by the Group.

vi. Securitization liabilities of shipping loans

Balance 1.1.2014	
Changes for the period 1.1 - 31.12.2014	
New issues	406,578
Accrued interest	840
Foreign exchange differences	7,028
Balance 31.12.2014	**414,446**

During 2014, the Bank proceeded in a shipping loan securitization transaction, transferring them in the fully consolidated Special Purpose Entity, Alpha Shipping Finance Ltd. Subsequently, Alpha Shipping Finance Ltd issued bonds, which are not held by the company. The Group's liability to third parties, amounts to € 414.4 million.

vii. Subordinated debt

Balance 1.1.2014	**163,289**
Changes for the period 1.1 - 31.12.2014	
(Repurchases)/sales	(8,822)
Accrued interest	(425)
Balance 31.12.2014	**154,042**

viii. Convertible bond loan

Balance 1.1.2014	**39,600**
Changes for the period 1.1 - 31.12.2014	
Fair value change	25,000
Balance 31.12.2014	**64,600**

The increase in the liability of the convertible bond amounting to € 25 million was recognized in gain less losses on financial transactions.

Total of Debt securities in issue and other borrowed funds	**1,772,046**

Of the above debt securities in issue amounting to € 1,772,046 an amount of € 248,525 (31.12.2013: € 268,575) held by Bank customers has been reclassified to "Due to customer". Therefore, the balance of "Debt securities in issue held by institutional investors and other borrowed funds" as at 31.12.2014, amounts to € 1,523,521 (31.12.2013: € 782,936).

29. Liabilities for current income tax and other taxes

	31.12.2014	31.12.2013
Current income tax	7,233	14,857
Other taxes	54,561	41,911
Total	**61,794**	**56,768**

30. Employee defined benefit obligations

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

	Balance Sheet – Liabilities	
	31.12.2014	31.12.2013
Bank employee's indemnity provision due to retirement in accordance with Law 2112/1920	64,906	70,029
TAP – Lump sum benefit	29,230	4,452
Savings program guarantee	547	93
Group employee's indemnity provision due to retirement	5,003	4,126
Pension plan for Diners	5,001	
Health care plan for Diners	666	
Total liabilities	**105,353**	**78,700**

	Income statement Expenses/(Income) From 1 January to	
	31.12.2014	31.12.2013
Bank employee's indemnity provision due to retirement in accordance with Law 2112/1920 (note 7)	4,272	(10,532)
TAP – Lump sum benefit	10,379	(14,654)
Savings program guarantee	8	36
Group employee's indemnity provision due to retirement	1,086	410
Pension plan for Diners	49	-
Health care plan for Diners	4	-
Total	**15,798**	**(24,740)**

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

i. Bank

a. Employee indemnity due to retirement in accordance with Law 2112/1920

From 14 February 2012, when Law 4046/2012 was published and in accordance with Cabinet act 6/28.2.2012 employment contracts that mature at the age limit or when the retirement conditions have been met are considered open term employee contracts and if cancelled, the provisions of Law 2112/1920 and 3198/1955 apply, as amended by Law 4093/2012, which provide the lump sum benefit payment. The obligation as at 31.12.2013 was affected by the acquisition of Emporiki Bank on 1.2.2013.

The amounts recognized in the balance sheet are as follows:

	31.12.2014	31.12.2013
Present value of defined obligations	64,906	70,029
Liability/ (asset)	**64,906**	**70,029**

The amounts recognized in the income statement are as follows:

	From 1 January to	
	31.12.2014	31.12.2013
Current service cost	859	4,001
Net interest cost resulted from net asset/liability	2,691	4,111
Recognition of past service cost	-	(21,293)
Settlement/curtailment/termination loss/(gain)	722	2,649
Total (included in staff costs)	**4,272**	**(10,532)**

In 2013, there was a gain from the calculation of employee defined obligations for the employees from Emporiki Bank taking into consideration the modification introduced by Law 4093/2012.

The movement in the present value of defined obligations is as follows:

	2014	2013
Opening balance	**70,029**	**48,243**
Liability from the acquisition of Emporiki Bank on 1.2.2013	-	45,555
Liability from the acquisition of the retail banking operations of Citibank	2,936	-
Current service cost	859	4,001
Interest cost	2,691	4,111
Benefits paid	(1,833)	(3,042)
Settlement/curtailment/termination (gain)/loss	722	2,649
Past service cost	-	(21,293)
Actuarial (gain)/loss - financial assumptions	17,375	
Actuarial (gain)/loss – experience adjustments	(1,321)	(10,195)
Amounts paid to employees left in the context of voluntary separation scheme	(26,552)	
Closing balance	**64,906**	**70,029**

The amounts recognized in equity during the year are analyzed as follows:

	2014	2013
Change in liability gain/(loss) due to changes in financial and demographic assumptions	(17,375)	
Change in liability gain/(loss) due to experience adjustments	1,321	10,195
Total actuarial gain/(loss) recognized in Equity	**(16,054)**	**10,195**

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

	2014	2013
Opening balance	**70,029**	**48,243**
Liability from the acquisition of Emporiki Bank	-	45,555
Liability from the acquisition of the retail banking operations of Citibank	2,936	-
Benefits paid	(1,833)	(3,042))
Loss/ (Gain) recognized in income statement	4,272	(10,532)
Loss/ (Gain) recognized in equity	16,054	(10,195)
Amounts paid to employees left in the context of voluntary separation scheme	(26,552)	-
Closing balance	**64,906**	**70,029**

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

The obligation to the Supplementary Pension Fund (TAP) of former Alpha Credit Bank employees, after it was absorbed by the Common Insurance Fund of Bank Employees for the supplementary pension (Article 10, Law 3620/2007) is restricted to paying a lump sum benefit to retiring employees, which is guaranteed by the Bank. On 18.11.2013 the Bank signed a new operational agreement with the Personnel Union, whereby the amount paid by the supplementary pension fund, will not exceed the difference between the amount corresponding to the overall lump sum provision, according to the statute of the Supplementary Pension Fund (TAP), and the amount of compensation that the Bank must pay, according to the labor legislation, which is in effect on the termination of employment contracts. This adjustment is not affected by a potential reduction of the compensation amount in the future.

The amounts included in the balance sheet are as follows:

	31.12.2014	31.12.2013
Present value of defined obligations	82,475	78,835
Fair value of plan assets	(53,245)	(74,383)
Liability	**29,230**	**4,452**

The amounts included in the income statement are as follows:

	From 1 January to	
	31.12.2014	31.12.2013
Current service cost	2,819	2,803
Net interest cost resulted from net asset/liability	165	(123)
General expenses	13	1
Total of current service cost	**2,997**	**2,681**
Past service cost	(117)	(17,649)
Settlement/curtailment/termination loss/(gain)	7,499	314
Total (included in staff costs)	**10,379**	**(14,654)**

The movement in the present value of defined benefit obligation is as follows:

	2014	2013
Opening balance	**78,835**	**102,967**
Current service cost	2,819	2,803
Interest cost	2,879	3,202
Employee contributions	338	425
Benefits paid	(18,566)	(7,849)
Contributions paid directly by the Bank	(3,219)	(1,187)
Settlement/curtailment/termination loss/(gain)	7,499	314
Past service cost	(117)	(17,649)
Actuarial (gain)/loss - financial assumptions	12,429	(1,460)
Actuarial (gain)/loss - demographic assumptions	(3,336)	(2,516)
Actuarial (gain)/loss – experience adjustments	2,914	(215)
Closing balance	**82,475**	**78,835**

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

	2014	2013
Opening balance	**74,383**	**103,378**
Expected return	2,714	3,325
Employee contributions	338	425
Bank's contributions	3,222	-
Benefits paid	(18,566)	(7,849)
Expenses	(13)	(2)
Actuarial losses	(8,833)	(24,894)
Closing balance	**53,245**	**74,383**

The plan assets include bonds issued by Alpha Credit Group Plc of € 19 million, receivables from Alpha Bank of € 29.9 million, Alpha Bank's shares and warrants of € 2.5 million and other receivables of € 1.8 million.

The amounts recognized directly in equity during the year are analyzed as follows:

	2014	2013
Change in liability gain/(loss) due to financial and demographic assumptions	(9,093)	3,976
Change in liability gain/(loss) due to experience adjustments	(2,914)	215
Return on plan assets excluding amounts included in income statement	(8,833)	(24,894)
Total actuarial gain/(loss) recognized in Equity	**(20,840)**	**(20,703)**

The movement of the liability/(asset) in the balance sheet is as follows:

	2014	2013
Opening balance	**4,452**	**(411)**
Benefits paid directly by the Bank	(3,219)	(1,187)
Bank's contributions	(3,222)	-
Loss/(Gain) recognized in income statement	10,379	(14,653)
Loss/(Gain) recognized in equity	20,840	20,703
Closing balance	**29,230**	**4,452**

c. Guarantee of the minimum benefit for newly insured employees (after 1993) that were hired up to 31.12.2004 and joined the new Bank's savings plan

For employees hired by the Bank and insured from 1.1.1993 until 31.12.2004 the final amount to be received upon retirement has, according to the provisions of the insurance plan, as minimum limit the benefit as defined in Law 2084/1992 and the Cabinet Act 2/39350/0022/2.3.99.

The amounts included in the balance sheet are analyzed as follows:

	31.12.2014	31.12.2013
Present value of defined obligations	547	93
LIability	**547**	**93**

The amount included in the income statement are analyzed as follows:

	From 1 January to	
	31.12.2014	31.12.2013
Current service cost	5	12
Net interest cost resulted from the net asset/liability	3	24
Total (included in staff costs)	**8**	**36**

The movement in the present value of defined benefit obligations is as follows:

	2014	2013
Opening balance	**93**	**476**
Current service cost	5	12
Interest cost	3	24
Actuarial (gain)/loss - financial assumptions	401	(142)
Actuarial (gain)/loss - demographic assumptions		(29)
Actuarial (gain)/loss – experience adjustments	45	(248)
Closing balance	**547**	**93**

The amounts recognized directly in equity during the year are analyzed as follows:

	2014	2013
Change in liability gain/(loss) due to financial and demographic assumptions	(401)	171
Change in liability gain/(loss) due to experience adjustments	(45)	248
Total actuarial gain/(loss) recognized in equity	**(446)**	**419**

The movement in the obligation is as follows:

	2014	2013
Opening balance	**93**	**476**
Loss/(Gain) recognized in income statement	8	36
Loss/(Gain) recognized in equity	446	(419)
Closing balance	**547**	**93**

The results of the abovemetioned valuations are based on the assumptions of the actuarial reports.

The principal actuarial assumptions used are as follows:

	31.12.214	31.12.2013
Discount rate	2.0%	3.8%
Inflation rate	1.5%	1.5%
Future salary growth	1.0%	1.0%

The discount rate was based on the iboxx Euro Corporate AA+ adapted to the characteristics of the Programs.

The average duration per program is depicted in the table below:

	31.12.2014	31.12.2013
Bank's employees indemnity due to retirement in accordance with Law 2112/1920	17.8	21.6
TAP-Lump sum benefit	14.4	8.3
Saving Program Guarantee	16.8	9.6

The table below presents the sensitivity of the obligation of the above programs on the financial assumptions:

	31.12.2014	31.12.2013
Increase in discount rate by 0.5%	(6.2)%	(5.0)%
Decrease in discount rate by 0.5%	6.9%	5.5%
Increase in future salary growth rate by 0.5%	7.1%	5.5%
Decrease in future salary growth rate by 0.5%	(6.3)%	(5.1)%

ii. Group companies

a. Employee's indemnity provision due to retirement

The employees of the Greek subsidiaries with open ended employment contracts receive a lump sum payment on retirement, which is defined by Law 2112/1920 as modified by Law 4093/2012. In the subsidiary Alpha Bank Srbija A.D., the employees receive a lump sum payment on retirement, which equals two salaries of the Serbian State from 2014 compared to three salaries applied in prior year as a result of the change of the respective law.

The Bank guarantees from 30.09.2014, date of acquisition of Diners Club Greece A.E.P.P., the Supplementary Pension Fund and Health Care Plan of the Company, which is managed by an independent insurance company. These programs cover the company's retirees and the employees left the company who have acquired pension rights for the future.

The amounts recognized in the financial statements regarding the defined benefit obligations are analyzed as follows:

	Balance Sheet - Liabilities	
	31.12.2014	31.12.2013
Employees Indemnity provision due to retirement	5,003	4,126
Pension plan for Diners	5,001	
Health care plan for Diners	666	
Total Liability	**10,670**	**4,126**

	Income Statement Expenses/(Income)	
	From 1 January to	
	31.12.2014	31.12.2013
Employees indemnity provision due to retirement	1,086	410
Pension plan for Diners	49	
Health care plan for Diners	4	
Total	**1,139**	**410**

The amount of actuarial gain/losses that recognized in equity for the defined benefit programs of the Group companies' amounts to € 1,023 loss for 2014 against € 5,015 profit for 2013.

31. Other liabilities

	31.12.2014	31.12.2013
Dividends payable		604
Liabilities to third parties	102,690	122,620
Liabilities to Insurance Funds (note 7)	193,997	343,908
Brokerage services	17,271	34,101
Deferred income	10,957	7,826
Accrued expenses	61,529	67,636
Liabilities from credit cards	228,063	188,649
Other	477,240	390,656
Total	**1,091,747**	**1,156,000**

32. Provisions

	31.12.2014	31.12.2013
Insurance provisions	132,211	138,701
Provisions to cover credit risk and other provisions	80,501	140,183
Total	**212,712**	**278,884**

a. Insurance

	31.12.2014	31.12.2013
Non-life insurance		
Unearned premiums		5,388
Outstanding claim reserves		9,261
Total		**14,649**
Life insurance		
Mathematical reserves	132,177	95,841
Outstanding claim reserves	34	6,031
Total	**132,211**	**101,872**
Reserves for investments held on behalf and at risk of life insurance policy holders		**22,180**
Total	**132,211**	**138,701**

As at 31.12.2014, the amount of insurance provisions amounting to € 57,181 concern Alpha Insurance Ltd and have been reclassified to "liabilities related to assets held for sale".

b. Provisions to cover credit risk and other provisions

Balance 1.1.2013	**38,354**
Changes for the period 1.1. - 31.12.2013	
Provisions to cover credit risk relating to off-balance sheet items (note 10)	18,164
Other provisions (note 9)	527
Reversal of other provisions	(388)
Write-offs	(1,478)
Provisions to cover credit risk relating to off-balance sheet items and other provisions from companies consolidated for the first time	235,628
Reclassification to "Other assets"	(136,273)
Reclassification to "Loans and advances to customers"	(8,000)
Other provisions used during the period	(6,510)
Accumulated provisions from discontinued operations	(158)
Foreign exchange differences	317
Balance 31.12.2013	**140,183**
Changes for the period 1.1. - 31.12.2014	
Provisions to cover credit risk relating to off-balance sheet items (note 10)	(51,430)
Other provisions (note 9)	5,074
Reclassification to provisions from other contingent liabilities	(775)
Other provisions used during the period	(4,548)
Reclassification to "Other liabilities"	(9,807)
Provision for voluntary separation scheme	1,786
Other provisions from Citibank acquisition	117
Foreign exchange differences	(99)
Balance 31.12.2014	**80,501**

The amounts of other provisions charged to the profit and loss account are included in the account "Other Expenses" of the income statement.

On 31.12.2014 the balance of provisions to cover credit risk relating to off-balance sheet items amounts to € 15.6 million and other provisions to € 64.9 million out of which, € 32.3 million relates to pending legal cases.

The transfers from other provisions to other balance sheet positions at 31.12.2013 resulted from the acquisition of Emporiki Bank and are attributed to the fact that these provisions are not related to Bank's contingent liabilities but to impairment on receivables.

EQUITY

33. Share capital

The Bank's share capital as at 31.12.2014 is analysed as follows:

	Opening balance of shares as at 1.1.2014	Changes for the period from 1.1. to 31.12.2014 (units)			Balance of shares as at 31.12.2014	Paid-in capital as at 31.12.2014
		Share capital increase	Warrants exercise	Repayment of preference shares		
a. Ordinary shares						
Number of ordinary shares	1,997,638,231		466,408,202		2,464,046,433	739,214
Number of ordinary shares owned by the HFSF	8,925,267,781		(466,408,202)		8,458,859,579	2,537,658
Share capital increase		1,846,153,846			1,846,153,846	553,846
Balance 31.12.2014	**10,922,906,012**	**1,846,153,846**			**12,769,059,858**	**3,830,718**
b. Preference shares						
Number of preference shares	200,000,000			(200,000,000)		
Total	**11,122,906,012**	**1,846,153,846**		**(200,000,000)**	**12,769,059,858**	**3,830,718**

On 28.3.2014 the share capital increase of the Bank was completed through payment in cash, cancelation of pre-emption rights of existing ordinary and preference shares and distribution of all new shares through a private placement to qualified investors, as specified in article 2 paragraph 1 of Law 3401/2005. An amount of € 1.2 billion was raised through the increase while the share capital increased by € 553.8 million. A total amount of 1,846,153,846 new ordinary shares with voting right were registered and issued of per value € 0.30 and a offer price of € 0.65 each.

The share capital increase intended, among other things, to create the conditions for satisfaction of the terms of Law 3723/2008 for the repayment of preference shares issued by the Bank and owned by the Hellenic Republic and its replacement with high quality capital.

On 17.4.2014, the Bank fully redeemed to the Hellenic Republic the total amount of preference shares of € 940 million, issued to the latter by the Bank.

In the process of warrant's exercise on the shares of Hellenic Financial Stability Fund, held in 16.6.2014, 60,899,318 warrants were exercised by the common shareholders which corresponded to 451,179,721 ordinary shares and on 15.12.2014, 2,055,556 warrants which corresponded to € 15,228,481 ordinary shares resulting in the increase of issued shares.

Thus, on 31.12.2014 the Bank's share capital amounts to € 3,830,718, divided to 12,769,059,858 shares, out of which:

a) 4,310,200,279 ordinary, registered, voting, non-paper shares of nominal value of € 0.30 each and

b) 8,458,859,579 ordinary, registered, voting, pursuant to restrictions of the article 7a of Law 3864/2010, non paper shares owned by the Hellenic Financial Stability Fund of nominal value of € 0.30 each.

34. Share premium

Opening balance 1.1.2014	**4,212,062**
Share capital increase – share premium on issuance of ordinary shares	646,154
Balance 31.12.2014	**4,858,216**

At 28.3.2014 after the share capital increase and the issuance of 1,846,153,846 new common shares with a nominal amount of € 0.30 and an offer price of € 0.65, the total difference of € 646.2 between the nominal value and the shares' offer price increased the caption "Share Premium".

35. Reserves

Reserves are analysed as follows:

a. Statutory reserve

	31.12.2014	31.12.2013
Statutory reserve	533,246	531,900

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

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

b. Available for sale securities reserve

	2014		2013	
Opening balance 1.1		**231,430**		**66,232**
Changes for the period 1.1 - 31.12				
Net change in fair value of available for sale securities, after income tax	(218,202)		202,393	
Fair value of available for sale securities transferred to profit and loss	(129,332)		(37,195)	
Total		**(357,534)**		**165,198**
Balance 31.12		**(126,104)**		**231,430**

c. Other reserves

	2014	2013
Opening balance 1.1	**(20,884)**	**(145,098)**
Change in cash flow hedge reserve after income tax	(166,013)	124,214
Balance 31.12	**(186,897)**	**(20,884)**

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

	2014	2013
Opening balance 1.1	**(113,044)**	**(154,029)**
Change in exchange differences on translating and hedging the net investment in foreign operations	(1,827)	40,985
Balance 31.12	**(114,871)**	**(113,044)**

e. Share of other comprehensive income of associates and joint ventures

	2014	2013
Balance 1.1	**1,631**	**500**
Change in the share of other comprehensive income of associates and joint ventures	(1,318)	1,131
Balance 31.12	**313**	**1,631**

Total reserves (a+b+c+d+e)	**105,687**	**631,033**

36. Retained earnings

a. Due to the Bank's recorded losses for the year 2013 and after taking into account article 44a of Codified Law 2190/1920, the Ordinary General Meeting of Shareholders on 27.6.2014 decided:

- the non payment to the Greek State of the respective return for the year 2013 on its preference shares under article 1 paragraph 3 of Law 3723/2008 and
- the non distribution of dividend to ordinary shareholders of the Bank for 2013.

b. Since the above are valid for 2014 the Bank's Board of Directors will repeat the same proposals to the Ordinary General Meeting of the shareholder's.

c. The caption "Retained Earnings" as of 31.12.2014 includes expenses concerning the share capital increase, which is referred to note 33, amounting to € 35.8 million net of income tax.

37. Hybrid securities

	31.12.2014	31.12.2013
Hybrid securities		
Perpetual with 1st call option on 18.2.2015 and per year	31,700	35,400
Total	**31,700**	**35,400**
Securities held by Group companies	(236)	(3,700)
Total	**31,464**	**31,700**

On 21.5.2014 an amount of € 3.7 million of nominal value from the CMS Hybrid Security (ISIN:DE000A0DX3M2) without interest step up clause has been cancelled.

Since the requirement for non existence of distributable funds for 2013 is fulfilled, on 17.1.2014 the non payment of dividend for the CMS hybrid security (ISIN: DE000A0DX3M2) which does not have an interest step up clause was announced for 18.2.2014.

ADDITIONAL INFORMATION

38. Contingent liabilities and commitments

a) Legal issues

The Group, in the ordinary course of business, is a defendant in claims from customers and other legal proceedings. According to the estimations of the legal department, the ultimate settlement of these matters is not expected to have a material effect on the financial position or the operations of the Group. The Group on 31.12.2014 has recorded a provision for pending legal cases amounting to €32.3 million which is included in "Provisions" in Balance Sheet.

b) Tax issues

Alpha Bank has been audited by the tax authorities for the years up to and including 2009. The year 2011 is considered final, while it has obtained a tax certificate without any qualification for 2012 and 2013. Former Emporiki Bank has been audited by the tax authorities for the years up to and including 2008. The year 2011 is considered final as a tax certificate with no qualifications for 2012 was obtained.

The Bank's branches in London and Bulgaria have been audited by the tax authorities up to and including 2011 and 2007 respectively. Emporiki Bank's Cyprus branch has not been audited by the tax authorities since the commencement of its operations (2011).

On 30 September 2014, the acquisition of Retail Banking operations of Citibank International Plc (CIP) in Greece was completed. The acquisition does not affect the tax liabilities of the Bank since any obligations against the State until the date of acquisition remain with CIP.

In contrast, after the acquisition of the total amount of shares of "Diners Club Greece A.E.P.P." the company is considered as a subsidiary. This entity has been audited up to and including 2010. For fiscal years 2011 to 2013 a tax certificate without qualification has been received.

Additional taxes and penalties may be imposed for the unaudited years due to the fact that some expenses may not be recognized as deductible by the tax authorities.

The Group's subsidiaries have been audited by the tax authorities up to and including the year indicated in the table below:

Name	Year
Banks	
1. Alpha Bank London Ltd (voluntary settlement of tax obligation)	2011
2. Alpha Bank Cyprus Ltd (tax audit is in progress for years from 2008 – 2011)	2007
3. Emporiki Bank Cyprus Ltd (tax audit is in progress for years from 2003 – 2011)	2002
4. Alpha Bank Romania S.A.	2006
5. Alpha Bank AD Skopje (the years 1998 – 2006 have not been audited by the tax authorities)	2009
6. Alpha Bank Srbija A.D.	2004
7. Alpha Bank Albania SH.A.	2011
Leasing Companies	
1. Alpha Leasing A.E. **	2007
2. Alpha Leasing Romania IFN S.A.	2007
3. ABC Factors A.E. **	2009
4. Diners Club Greece A.E.P.P. **	2010
Investment Banking	
1. Alpha Finance A.E.P.E.Y. **/***	2009
2. SSIF Alpha Finance Romania S.A. (tax audit is in progress for years from 2003 – 2007)	2002
3. Alpha A.E. Investment Holdings **/***	2009
4. Alpha A.E. Ventures Capital Management - AKES **/***	2009
5. Emporiki Ventures Capital Developed Markets Ltd	2007
6. Emporiki Ventures Capital Emerging Markets Ltd	2008
Asset Management	
1. Alpha Asset Management A.E.D.A.K. **/***	2009
2. ABL Independent Financial Advisers Ltd (voluntary settlement of tax obligation)	2011

** *These companies received tax certificate for the years 2011, 2012 and 2013 without any qualification. (note 11)*

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

Name	Year
Insurance	
1. Alpha Insurance Agents A.E. **/***	2009
2. Alpha Insurance Ltd	2011
3. Alpha Insurance Brokers S.R.L.	2005
4. Alphalife A.A.E.Z. **/***	2009
Real Estate and Hotel	
1. Alpha Astika Akinita A.E.**	2009
2. Ionian Hotel Enterprises A.E. **	2010
3. Oceanos A.T.O.E.E. **/***	2009
4. Emporiki Development and Real Estate Management A.E. (tax audit is in progress for years from 2005 - 2008)	2004
5. Alpha Real Estate D.O.O. Beograd	2008
6. Alpha Astika Akinita D.O.O.E.L. Skopje	2007
7. Alpha Real Estate Bulgaria E.O.O.D. (commencement of operation 2007)	*
8. Chardash Trading E.O.O.D. (commencement of operation 2006)	*
9. Alpha Real estate Services S.R.L.	1998
10. Alpha Investment Property Chalandriou A.E. (commencement of operation 2012)	* *
11. Alpha Investment Property Attikis A.E. (commencement of operation 2012)	* *
12. Alpha Investment Property Attikis II A.E. (commencement of operation 2012)	* *
13. Alpha Investment Property Amaroussion I A.E. (commencement of operation 2012)	* *
14. Alpha Investment Property Amaroussion II A.E. (commencement of operation 2012)	* *
15. AGI – RRE Participations 1 S.R.L. (commencement of operation 2010)	* *
16. AGI – BRE Participations 1 E.O.O.D. (commencement of operation 2010)	2011
17. Stockfort Ltd (commencement of operation 2010)	*
18. Romfelt Real Estate SA (commencement of operation 1991)	*
19. AGI – RRE Zeus S.R.L. (commencement of operation 2012)	*
20. AGI – RRE Athena S.R.L. (commencement of operation 2012)	*
21. AGI – RRE Poseidon S.R.L. (commencement of operation 2012)	*
22. AGI – RRE Hera S.R.L. (commencement of operation 2012)	*
23. AGI - BRE Participations 2 E.O.O.D. (commencement of operation 2012)	*
24. AGI – BRE Participations 2BG E.O.O.D. (commencement of operation 2012)	*
25. AGI – BRE Participations 3 E.O.O.D. (commencement of operation 2012)	*
26. AGI – BRE Participations 4 E.O.O.D. (commencement of operation 2012)	*
27. APE Fixed Assets A.E.**/***	2009
28. SC Cordia Residence S.R.L.	2011
29. HT-1 E.O.O.D	*
30. AGI-RRE Venus S.R.L. (commencement of operation 2014)	*
31. AGI-RRE Cleopatra S.R.L. (commencement of operation 2014)	*
32. AGI-RRE Hermes S.R.L. (commencement of operation 2014)	*
33. SC Carmel Residential S.R.L. (commencement of operation 2014)	*
34. Alpha Investment Property Neas Kifissias A.E. (commencement of operation 2014)	*
35. Alpha Investment Property Kalirois A.E. (commencement of operation 2014)	*
36. Alpha Investment Property Livadias A.E. (commencement of operation 2014)	*
Special purpose and holding entities	
1. Alpha Credit Group Plc (voluntary settlement of tax obligation)	2011
2. Alpha Group Jersey Ltd	****
3. Alpha Group Investments Ltd (commencement of operation 2007)	*
4. Ionian Holdings A.E.**/***	2009
5. Ionian Equity Participations Ltd (commencement of operation 2006)	2007
6. Emporiki Group Finance Plc	2011
7. AGI – BRE Participations 1 Ltd (commencement of operation 2009)	*
8. AGI – RRE Participations 1 Ltd (commencement of operation 2009)	*
9. Alpha Group Ltd (commencement of operation 2012)	*
10. Katanalotika Plc (voluntary settlement of tax obligation)	2011
11. Epihiro Plc (voluntary settlement of tax obligation)	2011
12. Irida Plc (voluntary settlement of tax obligation)	2011
13. Pisti 2010 - 1 Plc (voluntary settlement of tax obligation)	2011

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

** *These companies received tax certificate for the years 2011, 2012 and 2013 without any qualification (note 11).*

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

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

Name	Year
14. Alpha Shipping Finance Ltd (commencement of operation 2014)	*
15. AGI – RRE Athena Ltd (commencement of operation 2011)	*
16. AGI - RRE Poseidon Ltd (commencement of operation 2012)	*
17. AGI - RRE Hera Ltd (commencement of operation 2012)	*
18. Umera Ltd (commencement of operation 2012)	*
19. AGI – BRE Participations 2 Ltd (commencement of operation 2011)	*
20. AGI – BRE Participations 3 Ltd (commencement of operation 2011)	*
21. AGI – BRE Participations 4 Ltd (commencement of operation 2010)	*
22. Alpha Real Estate services Ltd (commencement of operation 2010)	*
23. AGI – RRE Ares Ltd (commencement of operation 2010)	*
24. AGI – RRE Venus Ltd (commencement of operation 2012)	*
25. AGI – RRE Artemis Ltd (commencement of operation 2012)	*
26. AGI – BRE Participations 5 Ltd (commencement of operation 2012)	*
27. AGI-RRE Cleopatra Ltd (commencement of operation 2013)	*
28. AGI-RRE Hermes Ltd (commencement of operation 2013)	*
29. AGI-Cypre Arsinoe Ltd (commencement of operation 2013)	*
30. AGI-SRE Ariadni Ltd (commencement of operation 2014)	*
31. Zerelda Ltd (commencement of operation 2012)	*
32.AGI-Cypre Alaminos Ltd (commencement of operation 2014)	*
33. AGI-Cypre Tochini Ltd (commencement of operation 2014)	*
34. AGI-Cypre Evagoras Ltd (commencement of operation 2014)	*
35. AGI-Cypre Tersefanou Ltd (commencement of operation 2014)	*
36. AGI-Cypre Mazotos Ltd (commencement of operation 2014)	*
37. AGI-Cypre Ermis Ltd (commencement of operation 2014)	*
Other companies	
1. Alpha Bank London Nominees Ltd	****
2. Alpha Trustees Ltd (commencement of operation 2002)	*
3. Flagbright Ltd	****
4. Kafe Alpha A.E. **/***	2009
5. Alpha Supporting Services A.E. **/***	2009
6. Real Car Rental A.E. **/***	2009
7. Evisak A.E. **/***	2009
8. Emporiki Management A.E ***.	2009

c) Operating leases

The Group's minimum future lease payments are:

	31.12.2014	31.12.2013
- Less than one year	51,144	51,869
- Between one and five years	126,856	145,326
- Over five years	187,550	228,186
Total	**365,550**	**425,381**

The minimum future lease fees are:

	31.12.2014	31.12.2013
- Less than one year	11,108	10,205
- Between one and five years	36,733	28,548
- Over five years	39,996	19,148
Total	**87,837**	**57,901**

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

** *These companies received tax certificate for the years 2011, 2012 and 2013 without any qualification (note 11).*

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

d) Off balance sheet commitments

The Group as part to its normal operations, is binded by contractual commitments, that in the future may result to changes in its asset structure. These commitments are monitored in off balance sheet accounts and relate to letters of credit, letters of guarantee, undrawn credit facilities and credit limits.

Letters of credit are used to facilitate trading activities and relate to the financing of contractual agreements for the transfer of goods locally or abroad, by undertaking the direct payment on behalf of the third party bound by the agreement on behalf of the Group's client. Letters of credit, as well as letters of guarantee, are commitments under specific terms and are issued by the Group for the purpose of ensuring that its clients will fulfill the terms of their contractual obligations.

The outstanding balances are as follows:

	31.12.2014	31.12.2013
Letters of credit	53,731	51,387
Letters of guarantee and other guarantees	3,933,314	5,869,824

In addition, contingent liabilities for the Group arise from undrawn loan agreements and credit limits that may not be fulfilled immediately or may be partly fulfilled as long as the agreed upon requirements are fulfilled by counterparties.

Committed limits that can not be recalled in case where counterparties fail to meet their contractual obligations as at 31.12.2014 amounts to € 367.5 million (31.12.2013: € 375.8 million) and are included in the calculation of risk weighted assets.

In addition, the Bank has guaranteed the fulfillment of the liabilities of its subsidiary Alpha Leasing Romania IFN S.A., arising from open finance lease contracts amounting to € 1,120.

e) Pledged Assets

Pledged assets, amounting to € 26.8 billion as at 31.12.2014 include:

- Deposits pledged amounting to € 0.2 billion concerning guarantees granted and provided for or on behalf of the Greek State.
- Deposits pledged to credit institutions amounting to € 1.5 billion which have been provided as guarantee for derivative transactions.
- Loans and advances to customers amounting to € 14.8 billion out of which:
  - i. an amount of € 12.4 billion has been pledged as collateral to Central Banks for liquidity purposes.
  - ii. an amount of € 2.4 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 € 1.6 billion in accordance with Law 3723/2008.
- Trading securities and investment securities portfolio amounting to € 10.3 billion out of which:
  - i. an amount of € 2.4 billion that is part of the € 3.7 billion covered bond issue secured by mortgage loans amounting to € 4.5 billion is pledged as collateral in repo transactions.
  - ii. an amount of € 3.7 billion that relates to greek government bonds and other bonds of which an amount of € 3.5 billion is pledged as collateral to Central Banks for participation in main refinancing operations, to the Bank of Greece for participation in the TARGET system (Intra-Europe clearing of payments system on ongoing time), to the Athens Derivatives Exchange Clearing House and to the European Investment Bank, while an amount of € 0.2 billion has been given as collateral for the repurchase agreements (repo).
  - iii. an amount of € 4.2 billion relates to securities issued by the European Financial Stability Facility (EFSF), with a value of € 4.3 billion that provided to Bank by HFSF, in the context of a) its participation to the Bank's share capital increase that was completed on 6.6.2013 and b) due to the coverage of the difference between the values of assets and liabilities transferred from Cooperative Banks.

In addition, an amount of € 9 billion that relates to securities issued with the guarantee of the Greek State in accordance with Law 3723/2008 and are held by the Bank, are pledged as collateral to Central Banks for participation in main refinancing operations.

39. Group Consolidated Companies

The consolidated financial statements, apart from the parent company Alpha Bank include the following entities:

a. Subsidiaries

Name	Country	Group's ownerhip interest% 31.12.2014	31.12.2013
Banks			
1. Alpha Bank London Ltd	United Kigdom	100.00	100.00
2. Alpha Bank Cyprus Ltd	Cyprus	100.00	100.00
3. Emporiki Bank Cyprus Ltd (50w)	Cyprus	100.00	99.27
4. Alpha Bank Romania S.A.	Romania	99.92	99.92
5. Alpha Bank AD Skopje	FYROM	100.00	100.00
6. Alpha Bank Srbija A.D.	Serbia	100.00	100.00
7. Alpha Bank Albania SH.A.	Albania	100.00	100.00
Leasing Companies			
1. Alpha Leasing A.E.	Greece	100.00	100.00
2. Alpha Leasing Romania IFN S.A.	Romania	100.00	100.00
3. ABC Factors A.E.	Greece	100.00	100.00
4. Diners Club Greece A.E.P.P. (47, 50i, 50o)	Greece	100.00	
Investment Banking			
1. Alpha Finance A.E.P.E.Y.	Greece	100.00	100.00
2. SSIF Alpha Finance Romania S.A.	Romania	100.00	100.00
3. Alpha A.E. Ventures (50h)	Greece	100.00	100.00
4. Alpha A.E. Ventures Capital Management –AKES	Greece	100.00	100.00
5. Emporiki Ventures Capital Developed Markets Ltd (50w)	Cyprus	100.00	100.00
6. Emporiki Ventures Capital Emerging Markets Ltd	Cyprus	100.00	100.00
Asset Management			
1. Alpha Asset Management A.E.Δ.A.K.	Greece	100.00	100.00
2. ABL Independent Financial Advisers Ltd	United Kigdom	100.00	100.00
Insruance			
1. Alpha Insurance Agents A.E.	Greece	100.00	100.00
2. Alpha Insurance Ltd (50k, 51a)	Cyprus	100.00	100.00
3. Alpha Insurance Brokers S.R.L.	Romania	100.00	100.00
4. Alphalife A.A.E.Z.	Greece	100.00	100.00
Real estate and hotel			
1. Alpha Astika Akinita A.E.	Greece	93.17	93.14
2. Ionian Hotel Enterprises A.E.	Greece	97.27	97.27
3. Oceanos A.T.O.E.E.	Greece	100.00	100.00
4. Emporiki Development and Real Estate Management A.E.	Greece	100.00	100.00
5. Alpha Real Estate D.O.O. Beograd	Serbia	93.17	93.14
6. Alpha Astika Akinita D.O.O.E.L. Skopje	FYROM	93.17	93.14
7. Alpha Real Estate Bulgaria E.O.O.D.	Bulgaria	93.17	93.14
8. Chardash Trading E.O.O.D.	Bulgaria	93.17	93.14
9. Alpha Real Estate Services S.R.L. (50s)	Romania	93.17	93.14
10. Alpha Investment Property Chalandriou A.E. (50n)	Greece	100.00	100.00
11. Alpha Investment Property Attikis A.E. (50v)	Greece	100.00	100.00
12. Alpha Investment Property Attikis II A.E. (50n)	Greece	100.00	100.00
13. Alpha Investment Property Amaroussion I A.E. (50n)	Greece	100.00	100.00
14. Alpha Investment Property Amaroussion II A.E. (50n)	Greece	100.00	100.00
15. Alpha Investment Property Elaiona A.E. (50x)	Greece		100.00
16. AGI-RRE Participations 1 S.R.L.	Romania	100.00	100.00
17. AGI-BRE Participations 1 E.O.O.D.	Bulgaria	100.00	100.00
18. Stockfort Ltd	Cyprus	100.00	100.00

Name	Country	Group's ownerhip interest% 31.12.2014	31.12.2013
19. Romfelt Real Estate S.A.	Romania	95.89	95.89
20. AGI-RRE Zeus S.R.L.	Romania	100.00	100.00
21. AGI – RRE Athena S.R.L.	Romania	100.00	100.00
22. AGI – RRE Poseidon S.R.L.	Romania	100.00	100.00
23. AGI – RRE Hera S.R.L.	Romania	100.00	100.00
24. AGI-BRE Participations 2 E.O.O.D.	Bulgaria	100.00	100.00
25. AGI-BRE Participations 2BG E.O.O.D.	Bulgaria	100.00	100.00
26. AGI-BRE Participations 3 E.O.O.D.	Bulgaria	100.00	100.00
27. AGI-BRE Participations 4 E.O.O.D.	Bulgaria	100.00	100.00
28. APE Fixed Assets A.E.	Greece	72.20	72.20
29. SC Cordia Residence S.R.L.	Romania	100.00	100.00
30. HT-1 E.O.O.D.	Bulgaria	100.00	100.00
31. AGI-RRE Venus S.R.L. (50b)	Romania	100.00	
32. AGI-RRE Cleopatra S.R.L. (50c)	Romania	100.00	
33. AGI-RRE Hermes S.R.L. (50d)	Romania	100.00	
34. SC Carmel Residential S.R.L. (50f)	Romania	100.00	
35. Alpha Investment Property Neas Kifissias A.E. (50j)	Greece	100.00	
36. Alpha Investment Property Kalirois A.E. (50j)	Greece	100.00	
37. Alpha Investment Property Livadias A.E. (50q)	Greece	100.00	
Special purpose and holding entities			
1. Alpha Credit Group Plc	United Kigdom	100.00	100.00
2. Alpha Group Jersey Ltd	Jersey	100.00	100.00
3. Alpha Group Investments Ltd (50a, 50j, 50k, 50l, 50m, 50n, 50q, 50x)	Cyprus	100.00	100.00
4. Ionian Holdings A.E. (50k)	Greece	100.00	100.00
5. Ionian Equity Participations Ltd (50g)	Cyprus	100.00	100.00
6. Emporiki Group Finance Plc	United Kigdom	100.00	100.00
7. AGI – BRE Participations 1 Ltd	Cyprus	100.00	100.00
8. AGI – RRE Participations 1 Ltd	Cyprus	100.00	100.00
9. Alpha Group Ltd	Cyprus	100.00	100.00
10. Katanalotika Plc	United Kigdom		
11. Epihiro Plc	United Kigdom		
12. Irida Plc	United Kigdom		
13. Pisti 2010-1 Plc	United Kigdom		
14. Lithos Mortgage Financing Plc (50e)	United Kigdom		
15. Alpha Shipping finance Ltd	United Kigdom		
16. AGI – RRE Athena Ltd	Cyprus	100.00	100.00
17. AGI – RRE Poseidon Ltd	Cyprus	100.00	100.00
18. AGI – RRE Hera Ltd	Cyprus	100.00	100.00
19. Umera Ltd	Cyprus	100.00	100.00
20. AGI-BRE Participations 2 Ltd	Cyprus	100.00	100.00
21. AGI-BRE Participations 3 Ltd	Cyprus	100.00	100.00
22. AGI-BRE Participations 4 Ltd	Cyprus	100.00	100.00
23. Alpha Real Estate Services Ltd (50r)	Cyprus	100.00	100.00
24. AGI-RRE Ares Ltd	Cyprus	100.00	100.00
25. AGI-RRE Venus Ltd (50b)	Cyprus	100.00	100.00
26. AGI-RRE Artemis Ltd (50f)	Cyprus	100.00	100.00
27. AGI-BRE Participations 5 Ltd	Cyprus	100.00	100.00
28. AGI-RRE Cleopatra Ltd (50c)	Cyprus	100.00	100.00
29. AGI-RRE Hermes Ltd (50d)	Cyprus	100.00	100.00
30. AGI-Cypre Arsinoe Ltd (50z)	Cyprus	100.00	100.00
31. AGI-SRE Ariadni Ltd (50a, 50y)	Cyprus	100.00	
32. Zerelda Ltd	Cyprus	100.00	100.00
33. AGI-Cypre Alaminos Ltd (50k)	Cyprus	100.00	

Name	Country	Group's ownerhip interest% 31.12.2014	31.12.2013
34. AGI-Cypre Tochini Ltd (50k)	Cyprus	100.00	
35. AGI-Cypre Evagoras Ltd (50k)	Cyprus	100.00	
36. AGI-Cypre Tersefanou Ltd (50l)	Cyprus	100.00	
37. AGI-Cypre Mazotos Ltd (50l)	Cyprus	100.00	
38. AGI-Cypre Ermis Ltd (50q)	Cyprus	100.00	
Other companies			
1. Alpha Bank London Nominees Ltd	United Kigdom	100.00	100.00
2. Alpha Trustees Ltd	Cyprus	100.00	100.00
3. Flagbright Ltd	United Kigdom	100.00	100.00
4. Kafe Alpha A.E.	Greece	100.00	100.00
5. Alpha Supporting Services A.E.	Greece	100.00	100.00
6. Real Car Rental A.E.	Greece	100.00	100.00
7. Evisak A.E.	Greece	85.71	85.71
8. Emporiki Management A.E.	Greece	100.00	100.00

b. Joint ventures

1. Cardlink A.E. (51b)	Greece	50.00	50.00
2. APE Commercial Property A.E.	Greece	72.20	72.20
3. APE Investment Property A.E.	Greece	72.80	72.80
4. Alpha TANEO A.K.E.S.	Greece	51.00	51.00
5. Rosequeens Properties Ltd.	Cyprus	33.33	33.33
6. Rosequeens Properties S.R.L.	Romania	33.33	33.33

c. Associates

1. AEDEP Thessalias and Stereas Ellados	Greece	50.00	50.00
2. A.L.C. Novelle Investments Ltd	Cyprus	33.33	33.33
3. Bank Information Systems A.E.	Greece	23.77	23.77
4. Propindex A.E.D.A.	Greece	35.58	35.58
5. Olganos A.E.	Greece	30.44	30.44

Subsidiaries are fully consolidated, while joint ventures and associates are accounted under the equity method, in accordance with IAS 28 "Investments in associates and joint ventures" and IFRS 11 "Joint Arrangements".

Consolidated financial statements do not include the Commercial Bank of London Ltd which is a dormant company and Smelter Medical Systems AE, Emporiki Media Ltd, Aris Diomidis Emporiki SA, Metek SA, which have been fully impaired and are in the process of liquidation. On 31.3.2014, Prismatech Hellas S.A., which has also been fully impaired, was deleted from the portfolio of Alpha A.E. Ventures.

The Group hedges the foreign exchange risk arising from the net investment in subsidiaries through the use of derivatives in their functional currency.

Group subsidiaries with non controlling interests

The table below presents information concerning the Group's subsidiaries with non controlling interests.

Name	Country	Non controlling interests %		Profit/(loss) attributable to non controlling interests		Other comprehensive income recognized directly in Equity for non controlling interests		Non controlling interests	
		31.12.2014	31.12.2013	1.1.2014 - 31.12.2014	1.1.2013 - 31.12.2013	1.1.2014 - 31.12.2014	1.1.2013 - 31.12.2013	31.12.2014	31.12.2013
APE Fixed Assets A.E.	Greece	27.80	27.80	(78)	(98)			11,100	11,178
Evisak A.E.	Greece	14.29	14.29	17	24	5	(20)	516	494
Ionian Hotel Enterprises A.E.	Greece	2.73	2.73	9	20	(10)	(2)	3.057	3.062
Alpha Astika Akinita A.E.	Greece	6.83	6.86	163	230	(3)	1	8.699	8.601
Emporiki Bank Cyprus Ltd	Cyprus	-	0.73	-	(105)			-	329
Alpha Real Estate Bulgaria E.O.O.D.	Bulgaria	6.83	6.86	4	1			7	2
Chardash Trading E.O.O.D.	Bulgaria	6.83	6.86	38	38			60	22
Alpha Bank Romania S.A.	Romania	0.08	0.08	(26)	7	(40)	5	244	304
Romfelt Real Estate S.A.	Romania	4.11	4.11	(75)	(107)	2	3	(549)	(464)
Alpha Real Estate Services Romania S.R.L.	Romania	6.83	6.86	8				26	18
Alpha Real Estate D.O.O. Beograd	Serbia	6.83	6.86	39	42	(22)	4	91	80
Alpha Astika Akinita D.O.O.E.L. Skopje	FYROM	6.83	6.86	2	3			15	14
Total				**101**	**55**	**(68)**	**(9)**	**23,266**	**23,640**

The percentage of voting rights of non controlling interests in subsidiaries does not differ from their participation in the share capital.

The Group assesses that, from the subsidiaries presented above, Alpha Astika Akinita and APE Fixed Assets A.E. have material non controlling interests. Condensed financial information for the mentioned subsidiaries is presented below. Their respective data is based on amounts before the elimination of intercompany transactions.

Condensed Statement of Comprehensive Income

	Alpha Astika Akinita A.E.		APE Fixed Assets A.E.	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Total income	11,713	13,478	5	4
Total expenses	(8,203)	(6,810)	(295)	(296)
Profit/(loss) for the year after income tax	**2,601**	**3,349**	**(282)**	**(353)**
Total comprehensive income for the year, after income tax	**2,517**	**3,359**	**(282)**	**(353)**

Condensed Balance Sheet

	Alpha Astika Akinita A.E.		APE Fixed Assets A.E.	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Total non-current assets	77,770	78,428	40,096	40,247
Total current assets	53,764	52,438	149	268
Total short-term liabilities	2,641	4,442	35	15
Total long-term liabilities	1,650	1,697	282	290
Total Equity	127,243	124,727	39,928	40,210

Condensed Statement of Cash Flows

	Alpha Astika Akinita A.E.		APE Fixed Assets A.E.	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Total inflows/(outflows) from operating activities	696	1,373	(120)	211
Total inflows/(outflows) from investing activities	11,177	19,624	5	2
Total inflows/(outflows) from financing activities	(14)	(21)		
Total inflows/(outflows) for the year	**11,859**	**20,976**	**(115)**	**213**
Cash and cash equivalents at the beginning of the year	**37,892**	**16,916**	**261**	**48**
Cash and cash equivalents at the end of the year	**49,751**	**37,892**	**146**	**261**

These subsidiaries did not pay any dividends for 2013 and 2012.

Significant restrictions

The Group has no significant restrictions regarding the use of assets or the settlement of obligations, except from those imposed by the regulatory framework in which the Bank's subsidiaries operate. Bank's subsidiaries are required by regulatory authorities to maintain a specific level of capital buffers and liquid assets, to limit their exposure to other Group companies and to comply with specific ratios. The total assets and liabilities of the Group subsidiaries with significant restrictions amount to € 9,585 million (2013: € 10,137 million) and € 8,544 million (2013: € 8,889 million) respectively.

There are no protective rights for non controlling interest, which could restrict the Group's ability to use assets or settle Group's obligations.

Consolidated structured entities

The Group consolidates five structured entities which were established to accommodate transactions related to securitized loans issued by Group companies. Securitization transactions aim to raise liquidity by issuing bonds or other legal form of borrowing. In all cases, the Group has concluded that it controls these companies since it has the power over their activities and has a significant exposure to their returns.

Bonds and other financial instruments which are issued by the consolidated structured companies are fully -owned by the Bank with the exception of shipping loans securitization transaction through the company Alpha Shipping Finance Ltd, where all the high-priority payment debt is held by third parties outside the Group.

Depending on the criteria required for each securitized portfolio, the Group, without having any relevant contractual obligation, proceeds in ad hoc repurchases of securitized loans. In addition, for the securitization transactions that are in replacement period the Group proceeds with new securitization of loan portfolios transferring them to those companies, in order to meet specific quantitative criteria related to the amount of debt securities. The intention of the Group is to continue this practice.

The table below presents the balances of debt securities or other form of debt issued per consolidated special structure entity that constitute tools of raising liquidity.

	Nominal value	
Name	31.12.2014	31.12.2013
Epihiro Plc	1,593,400	1,593,400
Katanalotika Plc	1,520,000	1,520,000
Pisti 2010-1 Plc	586,200	586,200
Irida Plc	474,800	474,800
Alpha Shipping Finance Ltd	415,156	-
Lithos Plc	-	82,492

Furthermore, as at 31.12.2014, the Group had granted subordinated loans amounting to € 310 million (2013: € 48,8 million) to the structured entities for credit enhancement purposes of the securitization transactions.

As part of the acquisition of Emporiki Bank, the Group obtained control of Lithos Plc, which was set up to service the securitization transaction of mortgage loans. The Group also acquired part of issued bonds by Lithos. The transaction was recalled in February 2014.

Changes of ownership interest in subsidiaries which did not result in loss of control

The Group increased its ownership interest to Alpha Astika Akinita and indirectly to its subsidiaries which are fully owned 100%, Alpha Real Estate D.O.O. Beograd, Alpha Astika Akinita D.O.O.E.L. Skopje, Alpha Real Estate Bulgaria E.O.O.D., Chardash Trading E.O.O.D., Alpha Real Estate Services S.R.L. by 0.03% in 2014 and 0.39% in 2013. As a result, the Group's ownership interest in these companies reached 93.17% whereas the respective percentage for 2013 was 93.14%.

On 29.12.2014 the Bank's subsidiary Emporiki Venture Capital Developed Markets Ltd acquired the 0.73% of the minority shareholder of Emporiki Bank Cyprus Ltd and as a result the Group acquired the entire share capital.

The effect from the changes in subsidiary participation in total equity attributed to the shareholders of the company during the year is presented in the following tables:

	1.1.2014 - 31.12.2014		
	Ownership interest increases		
	Group «Alpha Astika Akinita A.E.»	Emporiki Bank Cyprus LTD	Total
Carrying amount of acquired non controlling interest	79	328	407
Contribution paid	(33)	(300)	(333)
Amount attributable to shareholders of the Bank	46	28	74

	1.1.2013 - 31.12.2013
	Ownership interest increases
	Group «Alpha Astika Akinita A.E.»
Carrying amount of acquired non controlling interest	595
Contribution paid	(465)
Amount attributable to shareholders of the Bank	130

Loss of control in subsidiary due to sale

On 30.12.2014 the Bank's subsidiary Alpha Group Investments Ltd proceeded with the sale of the total shares of its subsidiary Alpha Investment Property Elaiona SA for the amount of € 60 and the gain for the Group amounted to € 43.

On 18.7.2013, the Group signed an agreement regarding the sale of the total shares of its subsidiary, JCS Astra Bank Ukraine to the Ukrainian group Delta Bank. The sale price amounted to € 82 million and the sale was completed on 19.9.2013. More information regarding the sale of JCS Astra Bank Ukraine is presented in note 49 for discontinued operations.

In addition, on 1.7.2013, Bank's subsidiary ABL Holdings Jersey Ltd, proceeded with the sale of the total shares of Alpha Asset Finance C.I Ltd. The Group's loss from the above mentioned sale amounted to € 11.

Exposure to non-consolidated structured entities

The Group, through its subsidiary Alpha Asset Management AEDAK, manages 27 (31.12.2013: 23) mutual funds which meet the definition of structured entities and on each reporting date, it assesses whether it exercises any control on these entities according the provisions of IFRS 10.

The Group, as the manager of the mutual funds has the ability to direct the activities which significantly affect their rate of return through selecting the investments made by the funds, always within the framework of permitted investments as described in the regulation of each fund. As result, the Group has power over the mutual funds under management but within a clearly defined decision making framework. Moreover the Group is exposed to variable returns, through its involvement in the mutual funds as it receives fees for the disposal, redemption and management of the funds under normal market levels for similar services. The Group also holds direct investments in some of the funds under management, the level of which does not lead to a significant variability in the return compared to the respective total rate of return variability for the mutual fund. Due to these factors, the Group assesses that for all mutual funds under management, it exercises, for the benefit of unit holders, the decision making rights assigned to it acting as an agent without controlling the mutual funds.

The following table presents the figures of the mutual funds under Group's management, grouped by type of investments held. The amounts shown include the total assets of the funds at the balance sheet date and the income recognized in the Group's income statement during the year from the funds under management concerning fees for the disposal, redemption and management services.

	Total Assets		Commission income	
Category of Mutual Funds	31.12.2014	31.12.2013	1.1-31.12.2014	1.1-31.12.2013
Total Bond Funds	328,234	301,907	3,684	2,709
Total Money Market Funds	253,332	188,700	1,300	743
Total Equity Funds	324,435	360,711	11,005	7,774
Total Balanced Funds	154,356	116,680	3,375	1,614
Total Fund of Funds	130,420	114,319	2,309	2,183
Total	**1,190,777**	**1,082,317**	**21,673**	**15,023**

The Group's direct investment in mutual funds under management, has been recognized in Available for sale portfolio. The carrying amount of shares held by the Group amounts to € 44 million (31.12.2013: € 54.5 million). The Group has also entered into derivative transactions with the mutual funds that it manages as a counterparty. The carrying amount of assets and liabilities of these derivative financial instruments amounts to € 249 and € 655, respectively. It is noted that the Group has fully hedged its position in these derivatives. During 2014 an amount of € 311 (2013: € 796) was recognized in the Group's income statement as impairment losses over the mutual funds of the available for sale portfolio that it manages.

It should be noted that there is no contractual obligation for the Group to provide financial support to any of the mutual funds under management nor does it guarantee their rate of return.

In addition, the Group manages Alpha TANEO Ventures Capital Management Mutual Fund through its subsidiary Alpha A.E. Venture Capital Management -AKES. The unit holders of this mutual fund are the Bank owning 51% and the New Economy Development Fund S.A owning 49%. Both parties mutually control the mutual fund and as a result the Group's investment in Alpha TANEO A.K.E.S is measured under the equity method.

The carrying amount of the Group's investment on 31.12.2014 amounts to € 2.9 million (31.12.2013: € 4.9 million) and is included in Associates and Joint Ventures. The Group's share of Alpha TANEO AKES profit or loss is presented in note 19. Company's total assets amounted to € 6.1 million as at 31.12.2014 (31.12.2013: € 10,4 million). The Group's commission income for the management of the mutual fund for 2014 amounted to € 750 (2013: € 750). The Bank has undertaken the obligation to participate in additional investments in the Mutual Fund amounting up to € 7.3 million. This commitment along with participation's carrying amount represent the maximum exposure of the Group to Alpha TANEO AKES.

The Group also participates in other structured entities through investment in private equity mutual funds which are not managed by it, as well as in companies whose operation involves the issuance of asset-backed securities through its investment in their securities.

The following table presents the abovementioned Group's investments. As indication of the size of the structured entities the total assets of the private equity mutual funds according to the most recent available financial statements and the total nominal value of the issue of asset backed securities are given.

	31.12.2014		31.12.2013	
Category of Structured Entity	Carrying Value	Total Assets/ Value of issue	Carrying Value	Total Assets/ Value of issue
Investment Securities – Available for Sale				
Private Equity Mutual Funds	38,701	580,014	44,447	615,403
Asset- backed securities	17,192	2,786,176	18,937	3,342,720
Investment Securities – Held to Maturity				
Asset- backed securities	12,580	50,084	13,178	61,517
Investments in associates and joint ventures				
Private Equity Mutual Funds	980	3,426	1,061	3,495

The Group has been committed to participate in further investments of these mutual funds up to the amount of € 3.2 million. This commitment and the carrying amount of the investment, consist the maximum Group's exposure to these investments. During 2014, an amount of € 2 million was recognized in Group results as impairment losses from the above mutual funds of the available for sale portfolio (2013: € 0).

From its investment in asset-backed securities the Group recognized during 2014 interest income amounting to € 444 and profits amounting to € 599 in gains on financial transactions. There is no contractual obligation of providing financial support to the companies which have issued these securities by the Group. The maximum exposure of the Group to losses from the asset-backed securities is not different from their carrying value.

40. Disclosures of Law 4261/5.5.2014

Article 81 of Law 4261/5.5.2014 incorporated into Greek legislation the Article 89 of Directive 2013/36/EC of the European Parliament and of the Council of 26 June 2013, according to which, it is adopted for the first time the obligation to disclose information on a consolidated basis by Member State and third country in which the Group has headquarters and specified as follows: name or names, nature of business, geographic location, turnover, results before tax, taxes on results, public subsidies received and number of full time employees.

The required information is listed below.

Greece

Revenue in Greece on 31.12.2014 amounted to € 3,460,274, results before tax amounted € 757,110, taxes on results amounted to € (682,658) and the number of employees was 10,352 and the following companies were included:

Banks

1. Alpha Bank A.E.

(Bank's brances in Bulgaria, Cyprus and United Kingdom are included)

Financing Companies

1. Alpha Leasing A.E.
2. ABC Factors A.E.
3. Diners Club Greece A.E.P.P.

Investment Banking

1. Alpha Finance A.E.P.E.Y.
2. Alpha A.E. Investment Holdings
3. Alpha A.E. Ventures Capital Management - AKES
4. Emporiki Management A.E.

Asset Management

1. Alpha Asset Management A.E.D.A.K.

Insurance

1. Alpha Insurance Agents A.E.
2. Alphalife A.A.E.Z.

Real estate and hotel

1. Alpha Astika Akinita A.E.
2. Ionian Hotel Enterprises A.E.
3. Oceanos A.T.O.E.E.
4. Emporiki Development and Real Estate Management SA
5. Alpha Investment Property Chalandriou A.E.
6. Alpha Investment Property Attikis A.E.
7. Alpha Investment Property Attikis II A.E.
8. Alpha Investment Property Amarousion I A.E.
9. Alpha Investment Property Amarousion II A.E.
10. Alpha Investment Property Eleonas A.E.
11. APE Fixed Assets A.E.
12. Alpha Investment Property Neas Kifissias A.E.
13. Alpha Investment Property Kalirois A.E.
14. Alpha Investment Property Levadias A.E.

Special purpose and holding entities

1. Ionian Holdings A.E.

Other companies

1. Kafe Alpha A.E.
2. Alpha Supporing Services A.E.
3. Real Car Rental A.E.
4. Evisak A.E.

United Kingdom

Revenue in United Kingdom on 31.12.2014 amounted to € 326,208, results before tax amounted to € (5,044), taxes on results amounted to € 1,102, the number of employees was 45 and the following companies were included:

Banks

1. Alpha Bank London Ltd

Asset Management

1. ABL Independent Financial Advisers Ltd

Special purpose and holding entities

1. Alpha Credit Group Plc
2. Emporiki Group Finance Plc
3. Katanalotika Plc
4. Epihiro Plc
5. Irida Plc
6. Pisti 2010-1 Plc
7. Lithos Mortgage Financing Plc
8. Alpha Finance Shipping LTD

Other companies

1. Alpha Bank London Nominees Ltd
2. Flagbright Ltd

Bulgaria

Revenue in Bulgaria on 31.12.2014 amounted to € 3,334, results before tax amounted to € 1,632, taxes on results amounted to € (40) and the following companies were included:

Real Estate and Hotel

1. Alpha Real Estate Bulgaria E.O.O.D.
2. Chardash Trading E.O.O.D.
3. AGI-BRE Participations 1 E.O.O.D.
4. AGI-BRE Participations 2 E.O.O.D.
5. AGI-BRE Participations 2BG E.O.O.D.
6. AGI-BRE Participations 3 E.O.O.D.
7. AGI-BRE Participations 4 E.O.O.D.
8. HT-1 E.O.O.D.

Cyprus

Revenue in Cyprus on 31.12.2014 amounted to € 203,050, results before tax amounted to € 131,688, taxes on results amounted to € 971, the number of employees was 965 and the following companies were included:

Banks

1. Alpha Bank Cyprus Ltd
2. Emporiki Bank Cyprus Ltd

Investment Banking

1. Emporiki Ventures Capital Developed Markets Ltd
2. Emporiki Ventures Capital Emerging Markets Ltd

Insurance

1. Alpha Insurance Ltd

Real Estate and Hotel

1. Stockfort Ltd

Special purpose and holding entities

1. Alpha Group Investments Ltd
2. Ionian Equity Participations Ltd
3. AGI – BRE Participations 1 Ltd
4. AGI – RRE Participations 1 Ltd
5. Alpha Group Ltd
6. AGI – RRE Athena Ltd
7. AGI – RRE Poseidon Ltd
8. AGI – RRE Hera Ltd
9. Umera Ltd
10. AGI-BRE Participations 2 Ltd
11. AGI-BRE Participations 3 Ltd
12. AGI-BRE Participations 4 Ltd
13. AGI-RRE Apollo Ltd
14. AGI-RRE Ares Ltd
15. AGI-RRE Venus Ltd
16. AGI-RRE Artemis Ltd
17. AGI-BRE Participations 5 Ltd
18. AGI-RRE Cleopatra Ltd
19. AGI-RRE Hermes Ltd
20. AGI-Cypre Arsinoe Ltd

21. AGI-SRE Ariadni Ltd
22. AGI-Cypre Alaminos Ltd
23. AGI-Cypre Tochini Ltd
24. AGI-Cypre Evagoras Ltd
25. AGI-Cypre Tersefanou Ltd
26. AGI-Cypre Mazotos Ltd
27. AGI-Cypre Ermis Ltd

Other companies

1. Alpha Trustees Ltd
2. Zerelda Ltd

Romania

Revenue in Romania on 31.12.2014 amounted to € 224,207 thousand, results before tax amounted to € 38,182, taxes on results amounted to € (2,018), the number of employees was 2,046 and the following companies were included:

Banks

1. Alpha Bank Romania S.A.

Leasing companies

1. Alpha Leasing Romania IFN S.A.

Investment Banking

1. SSIF Alpha Finance Romania S.A.

Insurance

1. Alpha Insurance Brokers S.R.L.

Real Estate and Hotel

1. Alpha Astika Akinita Romania S.R.L.
2. AGI-RRE Participations 1 S.R.L.
3. Romfelt Real Estate S.A.
4. AGI-RRE Zeus S.R.L.
5. AGI – RRE Athena S.R.L.
6. AGI – RRE Poseidon S.R.L.
7. AGI – RRE Hera S.R.L.
8. AGI-RRE Venus S.R.L.
9. AGI-RRE Cleopatra S.R.L.
10. AGI-RRE Hermes S.R.L.
11. SC Cordia Residence S.R.L.
12. SC Carmel Residential S.R.L.

Serbia

Revenue in Serbia on 31.12.2014 amounted to € 65,380, results before tax amounted to € (605), tax on results amounted to € 34, the number of employees was 1,137 and the following companies were included:

Banks

1. Alpha Bank Srbija A.D.

Real Estate and Hotel

1. Alpha Real Estate D.O.O. Beograd

Jersey

Revenue in Jersey on 31.12.2014 amounted to € 1,493 and the results before tax amounted to € 54.

Special purpose and holding entities

1. Alpha Group Jersey Ltd

Albania

Revenue in Albania on 31.12.2014 amounted to € 34,188, results before tax amounted to € (3,451), tax on results amounted to € 670, the number of employees was 402 and the following companies were included:

Banks

1. Alpha Bank Albania SH.A.

FYROM

Revenue in Fyrom on 31.12.2014 amounted to € 7,303, results before tax amounted to € 1,455, tax on results amounted to € 887, the number of employees was 246 and the following companies were included:

Banks

1. Alpha Bank AD Skopje

Real Estate and Hotel

1. Alpha Astika Akinita D.O.O.E.L. Skopje

Neither the Bank nor the Group companies have received any public subsidies.

According to article 82 of Law 4261/5.5.2014 with which incorporated into Greek legislation the article 90 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 is established the requirement to disclose the total return on assets.

The overall performance of the assets of the Group for the year of 2014 amounted to (0.5)% (31.12.2013: 4.2%).

41. Operating segments

a. Analysis by operating segment

(in millions of Euro)

	1.1 - 31.12.2014						
	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Group
Net interest income	840.2	701.7	15.5	19.4	360.6	1.1	1,938.5
Net fee and commission income	150.0	160.0	38.0	7.6	40.7	0.8	397.1
Other income	6.1	12.9	1.8	67.2	41.6	(32.5)	97.1
Total income	**996.3**	**874.6**	**55.3**	**94.2**	**442.9**	**(30.6)**	**2,432.7**
Total expenses	**(780.7)**	**(172.3)**	**(32.0)**	**(28.8)**	**(277.0)**	**(153.5)**	**(1,444.3)**
Impairment losses	(705.5)	(585.8)			(561.9)		(1,853.2)
Voluntary separation scheme cost						(200.8)	(200.8)
Negative goodwill from acquisition of DINERS						40.3	40.3
Profit/ (losses) before income tax	**(489.9)**	**116.5**	**23.3**	**65.4**	**(396.0)**	**(344.6)**	**(1,025.3)**
Income tax							695.6
Profit/(loss) after income tax from continuing operations	**(489.9)**	**116.5**	**23.3**	**65.4**	**(396.0)**	**(344.6)**	**(329.7)**
Assets	29,113.2	14,808.1	344.2	11,132.8	12,379.5	5,157.7	72,935.5
Liabilities	29,837.8	7,046.0	1,938.9	15,938.9	9,977.0	490.3	65,228.9
Capital expenditure	25.1	41.7	1.5	0.5	29.3	7.2	105.3
Depreciation and Amortization	(45.0)	(17.8)	(1.7)	(1.1)	(20.1)	(12.3)	(98.0)

(in millions of Euro)

	1.1 - 31.12.2013						
	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Group
Net interest income	746.3	685.9	10.5	(153.7)	347.1	21.7	1.657.8
Net fee and commission income	151.8	141.0	27.8	5.9	43.7	0.1	370.3
Other income	5.3	15.1	3.7	143.2	38.4	110.3	316.0
Total income	**903.4**	**842.0**	**42.0**	**(4.6)**	**429.2**	**132.1**	**2,344.1**
Total expenses	**(763.7)**	**(164.6)**	**(26.3)**	**(29.1)**	**(284.6)**	**(157.5)**	**(1,425.8)**
Impairment losses	(649.1)	(839.0)			(435.1)		(1,923.2)
Negative goodwill from acquisition of Emporiki Bank						3.283.0	3,283.0
Profit/(loss) before income tax	**(509.4)**	**(161.6)**	**15.7**	**(33.7)**	**(290.5)**	**3,257.6**	**2,278.1**
Income tax							701.2
Profit/(loss) after income tax from continuing operations	**(509.4)**	**(161.6)**	**15.7**	**(33.7)**	**(290.5)**	**3,257.6**	**2,979.3**
Profit/loss from discontinued operations					(57.1)		(57.1)
Profit/(loss) after income tax	**(509.4)**	**(161.6)**	**15.7**	**(33.7)**	**(347.6)**	**3,257.6**	**2,922.2**
Assets	29,428.5	16,285.4	624.0	11,337.5	12,317.0	3,704.9	73,697.3
Liabilities	30,358.3	6,431.3	2,027.1	15,398.7	10,817.0	297.1	65,329.5
Capital expenditure	44	45	1	1	15	13	119
Depreciation and Amortization	(38)	(18)	(1)	(1)	(22)	(12)	(92)

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 of the above customers.

ii. Corporate Banking

Includes all medium-sized and large companies, with international activities, corporations managed by the Corporate Banking Division and shipping corporations operating in Greece and abroad except from South Eastern Europe countries. The Group offers working capital facilities, corporate loans, and letters of guarantee of the abovementioned corporations. This sector also includes the leasing products which are offered through Alpha Leasing A.E. and factoring services offered thourgh the subsidiary company ABC Factors A.E.

iii. Asset Management/Insurance

Consists of a wide range of asset management services offered through Group's private banking units and its subsidiary, Alpha Asset Management A.E.D.A.K. In addition, it includes income received from the sale of a wide range of insurance products to individuals and companies through either AXA insurance, which is the corporate successor of the subsidiary Alpha Insurance A.E. or the subsidiary Alphalife A.A.E.Z.

iv. Investment Banking/Treasury

Includes stock exchange, advisory and brokerage services relating to capital markets, and also investment banking facilities, offered either by the Bank or specialized subsidiaries (Alpha Finance A.E.P.E.Y., Alpha Ventures S.A.). It also includes the activities of the Dealing Room in the interbank market (FX Swaps, Bonds, Futures, IRS, Interbank placements Loans etc.).

v. South-Eastern Europe

Consists of the Bank's branches and the Group's subsidiaries 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 activity.

b. Analysis by geographical sector

(in millions of Euro)

	1.1 - 31.12.2014		
	Greece	Other countries	Group
Net interest income	1,559.6	378.9	1,938.5
Net fee and commission income	350.9	46.2	397.1
Other income	54.7	42.4	97.1
Total income	**1,965.2**	**467.5**	**2,432.7**
Total expenses	**(1,356.5)**	**(288.6)**	**(1,645.1)**
Impairment losses	(1,291.3)	(561.9)	(1,853.2)
Negative goodwill from the acquisition of Diners	40.3		40.3
Profit/(losses) before income tax	**(642.3)**	**(383.0)**	**(1,025.3)**
Income tax			695.6
Profit/(losses) after income tax from continuing operations	**(642.3)**	**(383.0)**	**(329.7)**
Profit/(losses) from discontinued operations			
Profit/(losses) after income tax	**(642.3)**	**(383.0)**	**(329.7)**
Total Assets	60,058.9	12,876.6	72,935.5

(in millions of Euro)

	1.1 - 31.12.2013		
	Greece	Other countries	Group
Net interest income	1,293.7	364.1	1,657.8
Net fee and commission income	323.3	47.0	370.3
Other income	276.0	40.0	316.0
Total income	**1,893.0**	**451.1**	**2,344.1**
Total expenses	**(1,130.9)**	**(294.9)**	**(1,425.8)**
Impairment losses	(1,488.1)	(435.1)	(1,923.2)
Negative goodwill from the acquisition of Emporiki Bank	3,283.0	-	3,283.0
Profit/(losses) before income tax	**2,557.0**	**(278.9)**	**2,278.1**
Income tax			701.2
Profit/(losses) after income tax from continuing operations	**2,557.0**	**(278.9)**	**2,979.3**
Profit/(losses) from discontinued operations		(57.1)	(57.1)
Profit/(losses) after income tax	**2,557.0**	**(336.0)**	**2,922.2**
Total Assets	60,825.3	12,872.0	73,697.3

42. Risk Management

Alpha Group has established a thorough and prudent risk management framework which is being built on the best supervisory practices and based on the common European legislation and banking system rules, principles and standards and is evolved over time and implemented in a coherent and effective manner on the bank's conduct of the day-to-day business so as to strengthen its sound corporate governance under a challenging macroeconomic and financial environment.

The Group's critical focus in 2014 was to maintain the highest operating standards, ensure compliance with regulatory risk rules and retain confidence in the conduct of its business activities through sound and robust provision of financial services.

42.1 Credit Risk Management

RISK MANAGEMENT ORGANIZATION

Board of Directors

The Board of Directors supervises the overall operations of the Risk Management Unit. Regarding Risk Management, the Board of Directors is supported by the Risk Management Committee. The Risk Management Committee through monthly meetings addresses to the Board of Directors issues regarding the Group's risk-taking strategy and capital management. It is responsible for the implementation and monitoring compliance with the risk management policies.

The Group re-assesses the effectiveness of the risk management framework on a regular basis in order to ensure compliance with International best practices.

For a more comprehensive and effective identification and monitoring of all risk types, Management Committees have been established (Assets and Liabilities Committee, Operational Risk Committee and Credit Risk Committee).

Risk Management Committee

The General Manager and Group Chief Risk Officer supervise the Risk Management Unit and report on a regular basis and ad hoc to the Management

Committees, the Risk Management Committee and to the Board of Directors. As far as credit risk is concerned the reporting to the above mentioned committees covers the following areas:

- The portfolio risk profile by rating grade
- The transition among rating grades (migration matrix)
- The estimation of the relevant risk parameters by rating grade, group of clients, etc.
- The trends of basic rating criteria.
- The changes in the rating process, the criteria or in each specific parameter.
- The concentration risk (by risk type, sector, country, collateral and portolio etc.)

Organizational Structure

Under the supervision of the Group Chief Risk Officer the following Risk Management Divisions operate within the Group and have been assigned with the responsibility of implementing the risk management framework, according to the directions of the Risk Management Committee:

- Market and Operational Risk Division
- Wholesale Banking Credit Risk Division
    - Wholesale Banking Credit Risk Methodologies Development Division
    - Wholesale Banking Credit Risk Analysis Division
- Retail Banking Credit Risk
    - Retail Banking Credit Risk Methodologies Development Division
    - Retail Banking Credit Risk Analysis Division
- Wholesale Credit - Greece
- Wholesale Credit - International
- Retail Credit

For management purposes facilities are separated into Wholesale and Retail.

WHOLESALE BANKING PORTFOLIO

Wholesale Banking credit facilities

Wholesale banking Credit facilities are included in each of the following categories subject to the characteristics of the credit facility and the obligor, as shown in the table below:

	Portfolio	Characteristics
Obligors under the competence of Wholesale Banking	Corporate	Companies with turnover > Euro 50m. Includes financing in shipping companies, as well as, obligors under the management of the Investment Banking Division
	SME	Euro 2,5m. < Companies with turnover < Euro 50m. or companies with credit limit > Euro 1m.

1. Credit Risk Approval Process

The limits of the Wholesale Banking Credit Committees are determined in accordance to **Total Credit Exposure**, defined as the sum of all credit facilities of the obligor (single company or group of associated companies) which can be approved by the Group and include the following:

- Total credit requested exposure
- Working Capital limits.
- Withdrawal limits from unclear deposits.
- Letters of Credit/Letters of Guarantee limits.
- Factoring limits.
- Credit Cards prepayment limit.
- Derivative transaction limits.
- Corporate Cards limits.
- Medium and long-term loans (current outstanding/exposure for facilities that have been fully drawn or limit amount of undrawn facilities).
- Leasing Facilities (current outstanding/exposure for leasing facilities that have been fully drawn or limit amount for undrawn/unused facilities).
- Special credit limits or loans, or any form of personal financing to the company's business owners (mortgage loans, consumer loans, shares' purchase, credit cards etc.)

Credit Approval Limits Wholesale Banking Credit Committees

Credit Committees Structure:

- General Management Credit Committee
- Wholesale Banking Credit Committees
  - Under the General Managers
  - Under the Divisions Managers
  - Under the Divisions Assistant Managers
  - Commercial Centers Credit Committee

Credit Limit Expiry/Renewal date

The credit limits' expiry/renewal date is determined by the competent Wholesale Banking Credit Committees. The basic factor for the determination of the credit limit expiry is the client's credit rating, which is not a standalone approval or rejection criterion, but the basis for determining the minimum security/collateral required and the respective pricing. As a rule, for clients that have been rated in the Low, Medium and Acceptable credit risk zones, reviews are carried out on an **annual basis**, for Watch List clients, on a **semi-annual basis** while obligors that have been rated in the High Risk zone are reviewed on a **quarterly basis**. Deviations from the above rule are not allowed, except when the request by the responsible Business Units is approved by the competent Credit Committees.

2. Credit Risk Measurement and Internal Ratings

The assessment of the obligors' creditworthiness and their rating in credit risk scales is established through rating systems.

The rating of the Group's obligors with the use of credit risk rating systems constitutes a basic tool for:

- The decision-making process of Credit Committees for the approval/ renewal of credit limits and the implementation of the appropriate pricing policy (interest rate spreads etc.).
- The estimation of the future behavior of obligors which belong to a group with similar characteristics.
- The early recognition of potential troubled facilities (early alert mechanism) and the prompt, effective action for the minimization of the expected loss for the Group.
- The assessment of the quality of the Group's loan portfolio and the credit risk undertaken.

The aim of the credit risk rating systems is the estimation of the probability that the obligors will not meet their contractual obligations to the Group.

The rating systems employed by the Group are the Alpha Bank Rating System (ABRS) and the Moody's Risk Advisor (MRA) which incorporate different credit rating models.

All current and future clients of the Group are assessed based on the appropriate credit risk rating model and within pre-specified time frames.

For the estimation of the probability of default of the obligors of the Group the credit risk rating models evaluate a series of parameters, which can be grouped as follows:

- Financial Analysis: obligor's financial ability (liquidity ratios, debt to income etc.).
- Peers' Analysis: Obligor's comparative position in the market in which it operates mostly compared to its peers.
- Behavioral status and history of the obligor with the Group and with third parties (debt in arrears, adverse transaction records, etc).
- Obligor's qualitative characteristics (solid and healthy administration, management succession, appropriate infrastructure and equipment etc.).

The credit rating models which are currently employed by the Group are differentiated according to:

- The turnover of the company.
- The level of the total credit exposure.
- The credit facility's specific characteristics.
- The available information for the obligor's assessment. Specifically, for the financial analysis the differentiation relates to the type of the local accounting standards and the International Financial Reporting Standards.

For each of the credit rating models, different parameters may be used, each of which contributes in a specific manner to the relevant assessment.

The statistical validation of the credit risk rating models is reviewed regularly in order to ensure the maximum predictive ability according to the best international practices.

Obligors Rating Scale

Obligors are rated in the following rating scales:

AA, A+, A, A-, BB+, BB, BB-, B+, B, B-, CC+, CC, CC-, C, D, D0, D1,D2, E.

For presentation purposes of the table "Analysis of neither past due nor impaired Loans and Advances to customers", the "strong" rating includes the rating scales AA, A+, A, A- and BB+, "satisfactory" rating includes the rating scales BB, BB-, B, B-, CC+ and CC and "watch list" (higher risk) includes the rating scales CC- and lower than CC-.

3. Impairment Policy

The Group has defined as 'significant for individual assessment' customers loans that are managed by the Wholesale Banking Unit.

The assessment for impairment is performed on a quarterly basis, as follows:

The Group assesses whether objective evidence for individual assessment for impairment exists. In cases which have been assessed individually but no impairment allowance was estimated, these loans are assessed for impairment on a collective basis, grouped in pools based on similar credit risk characteristics. The process for identifying loans for impairment and estimating their impairment allowance consists of the following steps:

1. Identification of loans which will be individually assessed and for which events exist which constitute objective evidence that an impairment loss has occurred.
2. Impairment calculation on an individual basis for the loans identified in the previous step, as the difference between the recoverable amount and the carrying amount of the loan.
3. In cases where the impairment allowance under individual assessment was zero, these loans will be assessed for impairment on a collective basis, based on similar credit risk characteristics. For example, groups of loans are created per collateral coverage, days in arrears, credit rating etc, where the corresponding impairment factor will be applied.

The Group performs controls in order to identify objective evidence that there is a need for impairment for the loans that are significant and for which a trigger event for impairment exists.

The individual assessment for impairment is performed by the Wholesale Banking Unit and is approved by the Wholesale Credit Division.

Significant loans are assessed individually if one of the following conditions are met:

1. Clients with credit risk rating D, D0,D1,D2 and E.
2. Clients with credit risk rating CC- and C.
3. Significant deterioration in the industry outlook in which the borrower operates.
4. Obligors that were impaired in the previous quarter's impairment exercise and do not fulfill any of the abovementioned trigger events.
5. Derogatory items (e.g. payment orders, bounced cheques, auctions, bankruptcies, overdue payments to the State, to Social Security Funds, or to employees).
6. Occurrence of unexpected, extreme events such as natural disasters, fraud, etc.
7. Interventions and actions by regulatory bodies/local authorities against the borrower (e.g. Athens Stock Exchange, Hellenic Capital Market Commission).
8. Breach of contractual terms and conditions.
9. Adverse changes in the shareholders' structure or the management of the company or serious management issues/problems.
10. Significant adverse changes in cash flows potentially due to ceased cooperation with a key/major customer, significant reduction in demand of a main product or service, ceased cooperation with a key/major supplier or suppliers cut credit, etc.

Collective Assessment for Impairment

A collective assessment should be performed for exposures as follows:

a. Exposures that have been individually assessed and were found not to be impaired on an individual basis -the impairment allowance estimated was zero- are subsequently assessed for impairment on a collective basis, after they are grouped in pools based on common credit risk characteristics.

b. Exposures with no impairment triggers and therefore are assessed collectively in pools formed based on similar credit risk characteristics. The future cash flows of a group of exposures that are collectively evaluated for impairment are calculated on the basis of the estimated contractual cash flows the exposures in the group and historical loss experience for exposures with credit risk characteristics similar to those in the group.The pre condition that there must be a need for objective evidence in order for the loss to be recognized and effectively the impairment loss to be indicated on individual loans, may lead to a delay in the recognition of a loan's impairment, which has already occurred. Within this context and in accordance with IAS 39, it is appropriate to recognize impairment losses for those losses "which have been incurred but have not yet been reported» (Incurred But Not Reported - IBNR).

4. Credit Risk Concentration Management

Concentration Risk is a specific form of credit risk and arises due to the low degree of diversification between counterparties or group of counterparties, sectors, geographic regions, or collaterals.

The Group monitors on a regular basis concentration risk through detail reporting which informs Senior management and the Board of Directors. According to the supervisory framework, the Group complies with the regulatory directives regarding large exposures, while the capital requirements for single name and sector concentration risks are estimated in the context of Pillar 2 of Basel II.

RETAIL BANKING PORTFOLIO

Retail banking involves the lending facilities offered to borrowers covering traditional banking products and services such as:

- Housing loans/Mortgages
- Consumer Loans and Credit Cards
- Small companies and small business (SB): Legal entities with turnover up to Euro 2.5million and credit limit up to Euro 1million.

1. Credit Risk Approval Process

Alpha Bank monitors customer Total Credit Risk Exposure (For Individuals and Small Businesses), which refers to the sum of all revolving limits of an obligor, all the balances of long term facilities and for the case of legal entities the total exposure of facilities given to stakeholders of customer companies. Additionally, facilities for which the customer is guarantor or co-debtor are also taken into account:

Individuals:

- Requested loan amount or limit.
- Limits of credit/charge cards, revolving loans and overdraft facilities, as well as outstanding balances of Consumer loans.
- Housing loans (the outstanding balances of the loans which have been fully disbursed or the initial approved loan amount for cases of loans which have not been fully disbursed).
- Withdrawal limits from unavailable amounts (unclear).
- (Lending) limits for derivative transactions.
- Facilities, in which the customer is co–applicant or guarantor.

Small Businesses:

- Requested loan amount or limit.
- Working capital limits.
- Withdrawal limits from unavailable amounts (unclear).
- Limits for issuing Letters of Guarantee opening Letters of credit.
- Limits of Factoring.
- Limit prepayment receivables from credit card installments
- (Lending) limits for derivative transactions.
- Credit Limits of business cards.
- Business Loans – short / mid-term credit and long-term credit – (the outstanding balances of the loans which have been fully disbursed or the initial approved loan amount for cases of loans which have not been fully disbursed).
- Finance leases (the existing residual (remaining) capital of leases where this has not been fully disbursed)
- Facilities where the company provides its guarantee
- The Total Credit Risk Exposure of each stakeholder or guarantor of the business as an individual, as it has been designated above.

Process for credit risk approval for Retail Banking

Alpha Bank has developed and implemented a strict framework for the conduct of credit policy (legislative and supervisory / regulatory) and has also formulated and put into effect an internal system of credit principles, procedures and rules clearly applicable to the Group's lending business, in order to promote sound practices for managing credit risk.

Credit policies establish the framework for lending and guide the credit-granting activities of Retail Banking through:

- Sound lending management.
- Prudent client selection through in-depth assessment of both financial and qualitative data of the borrower
- Assessing the risk/reward relationship with a respective determination of pricing policy and collateral coverage after taking into account the level of credit risk.
- Monitoring and management of the Total Credit Risk Exposure, which is defined as the sum of all credit risks arising from all credit facilities provided by the Alpha Bank Group as a whole, to a single obligor

The enforcement of the Credit Policy requires certain criteria to be met. These criteria play a significant role to the achievement and maintenance of a healthy portfolio and to the Group's Capital allocation. The Group, in order to ensure that all Credit Units fully comply with the Credit Policy, has adopted and introduced a Credit Control mechanism, on a monthly basis in order to review and assess if the credit policy framework is consistently followed during the underwriting process.

More specifically:

a. Individuals

The approval process of credit to individuals is performed on the basis of the classification of borrowers into risk groups (risk groups), which represent a certain level of undertaken risk. The level of risk undertaken by the Group is adjusted, when deemed necessary, according to the credit policy of the Group.

The credit assessment for Individuals is based on the following pillars:

- Application Fraud Detection
- Willingness to pay
- Ability to pay
- Collateral risk

b. Small Businesses

In a greater extend the credit assessment of Retail Small Business loans is related to the credit assessment of the stakeholders and vise versa. Hence, the credit assessment for Small Businesses is based on the following aspects:

- Stakeholders'/Managers'/Guarantors' credit assessment.
- Business's credit assessment.
- Determining the customer's needs and repayment sources of/for his liabilities.
- Duration of the loan review.

The Stakeholders'/Managers'/Guarantor's credit assessment it is based on the following pillars:

- Application fraud detection.

- Demographics.
- Financials.
- Behaviour.
- Credit Bureau
- Qualitative data.
- Collateral risk.

2. Credit Risk Measurement and Internal Ratings

Fundamental parameter in assessing Retail Banking Credit Risk is the existence of Credit Rating Models that are developed and employed throughout the credit cycle at a Group level. The aforementioned models are segmenting population in homogenous risk groups (pools) and are categorized, as follows, in:

- Behaviour Models, which assess the customer's performance and predict the probability of going default within the following months.
- Application Credit Scoring Models, which assess application data – mainly demographic- that predict the probability of going default within the following months.
- Basel III Models, according to the regulatory framework, (IRB compliant models).

These models and the probabilities of default that derive from them, contribute a significant role in risk management and decision making throughout Alpha Bank Group.

Specifically, the models are used in the following segments:

- In decision making of credit assessment and credit limit assignment.
- In predicting future performance of customers belonging to the same pool of common characteristics.
- In tracing high risk accounts in time to schedule all necessary actions so as to reduce expected losses for the Group.
- In assessing the Group's portfolio quality and credit risk.

The parameters taken into consideration vary, according to the model's type and product category that it assesses. Indicatively, the following factors are listed:

- Personal/ demographic data; the customer's age, profession, marital status, current address
- Loan characteristics; product that he applied for, loan term, loan amount, financing purpose.
- Behavior data; payments during latest period of time, max delinquency, outstanding loan balance versus loan limit, transaction type.
- Financial data; sales change, Liabilities versus sales.
- Quality data; experience, seat of business (company registry).

Moreover, the models are reviewed, validated and updated in an annual basis and are subject to continuous quality control so as to ensure at any time their predictive power.

Furthermore, on a regular basis the Group conducts exercises simulating crisis situations (Stress Tests) where the potential impact on the financial results of the Group are explored due to unfavorable developments both in obligors' transactional behavior as well as in the broader financial - macroeconomic environment.

3. Impairment Policy

The process for determining the loans eligible for impairment and the estimation of their provision comprises the following steps:

1. Identification of loans which will be individually assessed and for which events exist which constitute objective evidence that impairment loss has occurred.
2. Impairment calculation on individual basis for the loans identified in the previous step, as the difference between the recoverable amount and the accounting value of the loan.
3. Recognition of the loans to be assessed collectively, including cases where the impairment allowance under individual assessment was zero.
4. Collective provision calculation for the loans identified in the previous step.
5. Identification of the Retail Banking loan portfolio to be collectively assessed for loss events that have incurred but not reported ("IBNR").

For provision purposes under collective assessment, loans are segmented based on similar credit risk characteristics. These characteristics are selected based on the future cash flows of the aforementioned segments which depict customers' ability to repay their debts according to the contractual agreements.

Loss Rate is calculated based on credit risk characteristics of the segment and portfolio in which the facility or the customer belongs to.

For the definition of the aforementioned, statistical methods are used.

In January 2015, the Swiss National Bank decision to abandon the CHF cap on Euro resulted in the appreciation of CHF against Euro. This appreciation is expected to have a negative impact on the recoverability of loans and advances to customers denominated in CHF. The Group during its impairment assessment as at 31.12.2014 has considered the effect of the above appreciation on the estimated expected cash flows of those loans.

Trigger Events for the Individual Assessed Exposures

For the Retail Banking portfolios, loans are assessed on an individual basis if one of the trigger events mentioned below is met and if the following criteria are met:

- **Consumer Loans**: Customers with total exposures more than Euro 500 thousand.
- **Housing Loans**: Customers with total exposures more than Euro 2 million.
- **Small Business Loans**: Customers with total exposures more than Euro 850 thousand.

The above thresholds may differentiate per country based on the size and characteristics of the portfolio.

Trigger Events for Individuals

1. Customers with loans past due more than 90 days.
2. Customers with loans past due more than 30 days and less than 90 days.
3. Customers with restructured loans.
4. Unemployed Customers.
5. Deceased Customers.
6. Occurrence of unexpected, extreme events such as fraud, natural disasters, etc.
7. Freelancers or Personal Company owners who ceased their business activity due to retirement.
8. Freelancers or Personal Company owners with significant adverse changes in cash flows potentially due to ceased cooperation with a key/major customer, significant reduction in demand of a main product or service, ceased cooperation with a key/major supplier or suppliers cut credit etc.
9. Stakeholders of Companies have filled for inclusion in Article 99 (pre-bankruptcy law).
10. Stakeholders of Companies with loans past due more than 90 days (rating D, D0 or D1 or D2 or E) with rating CC- or C.
11. Stakeholders of Companies with detrimentals (eg payment orders, denounced checks, auctions, bankruptcies, overdue amounts to the State, overdue amounts to Social Security or employees).
12. Stakeholders of Companies with interventions and actions of regulatory bodies/local authorities against their companies (e.g. Athens Stock Exchange, Hellenic Capital Market Commission).
13. Stakeholders of Companies with significant adverse changes in cash flows potentially due to ceased cooperation with a key/major customer, significant reduction in demand of a main product or service, ceased cooperation with a key/major supplier or suppliers cut credit etc.
14. Stakeholders of Companies which operate in industries with significant deterioration in their outlook.
15. Customers with impairment amount in the previous impairment test for which none of the above criteria is met.
16. Customers with detrimental (eg payment orders, denounced checks, auctions, bankruptcies, overdue amounts to the State, overdue amounts Social Security or employees).

Trigger Events for Legal Entities

1. Customers with credit risk rating D, D0 or D1 or D2 or E.
2. Customers with loans past due more than 30 days and less than 90 days.
3. Customers with rating CC- or C.
4. Customers which operate in industries with significant deterioration in their outlook.
5. Customers with detrimentals (eg payment orders, denounced checks, auctions, bankruptcies, overdue amounts to the State, overdue amounts to Social Security or employees).
6. Occurrence of unexpected, extreme events such as fraud, natural disasters, etc.
7. Interventions and actions of regulatory bodies/local authorities against their companies (e.g. Athens Stock Exchange, Hellenic Capital Market Commission).
8. Breach of contract or credit terms and conditions.
9. Adverse changes in the shareholders' structure or the management of the company or serious management issues/ problems.
10. Significant adverse changes in cash flows potentially due to ceased cooperation with a key/major customer, significant reduction in demand of a main product or service, ceased cooperation with a key/major supplier or suppliers cut credit etc.
11. Customers with impairment amount in the previous impairment test for which none of the above criteria is met.

Trigger Events for the Collective assessment per portfolio

The specific trigger events for the collective assessment for the Retail Banking portfolios are the following:

- Accounts up to 89 days past due with signs of unlikeliness to pay.
- Accounts past due more than 30 days and less than 90 days.
- Accounts more than 90 days past due.
- Forborne exposures.
- Accounts with partial write off.

CREDIT RISK MITIGATION

1. Collaterals

The regular repayment of credit facilities is directly connected with the obligors' viability and prospects, the consistency of the companies and their shareholders, the sector in which they operate and the current market conditions, as well as other unforeseeable factors that may arise during the companies' operating cycle and influence their operations in a positive or negative way.

Collaterals are received both for Wholesale and Retail lending in order to mitigate credit risk that may arise from the obligor's inability to fulfill his contractual obligations.

The mitigation tools applied by the Group include two broad categories: intangible and tangible collaterals.

2. Intangible Collaterals

Intangible collaterals encompass the protection commitments and mechanisms and form the framework of the obligations and rights that are typically included and described in specific contractual documents that bind the Group and the borrowers during the lending process with specific commitments. The commitments undertaken involve a third party to substitute for the primary debtor in the event of the latter's default or the primary debtor itself (natural or legal entities) to honor the contractual loan agreements and their prompt repayment to the Group and on the other hand the Group has the right to claim them.

The main type of intangible collateral that the Group uses to protect the bank against the risk of losses due to debtor insolvency is the Guarantee.

3. Tangible Collaterals

Tangible collaterals provide the Group with the right of possessing ownership on an asset (movable or immovable).

Tangible collaterals are distinguished between mortgages and prenotation on mortgages which are registered over immovable properties and pledges on movable assets (e.g., commodities, checks, bills of exchange) or on claims and rights.

In order to better secure credit facilities granted, all mortgage and pledged assets are covered by an insurance contract, with assignment of the relevant insurance contract to the Group.

3.1. Mortgages – Prenotation on Mortgages

Mortgages are registered on real estate or immovable assets which can be liquidated as indicatively reported below:

- Residential Real Estate
- Commercial Real Estate
- Industrial Buildings
- Land
- Mines
- Ships and aircrafts.
- Machinery

Periodic revaluation of mortgaged property

According to Alpha Bank Credit Policy, the existence and the valuation of mortgaged property is closely monitored. The frequency of the appraisal is usually not exceeding one year.

Valuation are carried out by certified real estate appraisers either:

using statistical indicators (such as PropIndex), depending on the type of property

or by qualified engineers, after their visit to the property used as collateral or via desktop assessment.

3.2. Pledges

A Pledge is tangible collateral which provides seniority right from a movable asset whose ownership remains with a third party.

Pledges can be registered on movable assets or on rights that have not been excluded or banned from exchanges and are liquid as indicatively indicated below.

- Raw materials, products or commodities
- Machinery (movable)
- Bill of Lading,
- Bill of exchange
- Checques
- Securities
- Deposit
- Any type of claim that can be pledged

Periodic revaluation of pledges

Depending on the right or the underlying asset on which a pledge is registered, the periodic revaluation varies from one month to one year.

4. Acceptable Value

The Group calculates the value of the received securities/collaterals based on the potential proceeds that could arise if and when these are liquidated. This calculation refers to the acceptable value/haircut of the securities/collaterals provided to the Group by its obligors.

For the calculation of the forced-sale value, the following need to be considered:

- The quality of the securities/assets
- Their market value
- The degree of ability to liquidate
- The time required for their liquidation
- Their liquidation cost
- The current charges on the assets
- The privileged priority of third parties on the product of liquidation (e.g. Public Sector, employees, etc.)

The above have to be accounted for when determining the haircuts for each collateral/security. Haircuts, depending on their nature are expressed as a percentage of their market value, their nominal value or their weighted average value.

FORBEARANCE

Maintaining a healthy loan portfolio depends on the constant monitoring and assessment of the borrowers in order to allow early identification and detection of future liquidity problems, which will affect the normal repayment of their obligations to the Group.

The credit tools which are normally used by the Group for managing the liquidity problems that borrowers are facing for repaying their obligations are the restructuring of debt through the renegotiation of the original terms and conditions of the loan agreement they have entered into.

The Executive Committee Act 42 / 30.05.2014 of the Bank of Greece and the Executive Committee Act 47 / 09.02.2015, which is a modification of the aforementioned Act 42, has determined the supervisory framework for the management of loans in arrears and non-performing loans, over and above the already applicable requirement of Law 4261/2014, Regulation (EU) No. 575/2013 and delegated the decision authority to the Bank of Greece.

Furthermore, in the context of the Commission Implementing Regulation (EU) 227/2015 of the European Committee dated 9 January 2015 and the executive technical standards of European Banking Authority the Group assumes the resulting regulatory obligations for forborne exposures.

Forbearance measures should be applied on the basis of the risk, cooperativeness and viability of each debtor and consist of concessions that are robust and sustainable, through the renegotiation of the initial terms and conditions of the debt contract duly taking into account the causes of the debtor's financial difficulties.

Forbearance measures may be applied a) on the basis of a customer's request, b) in accordance with the Code of Conduct under Law 4224/2013, effective January 2015, which is a State initiative under the supervision of the Bank of Greece, and mainly refers to Financial Institutions in order to settle the private arrears of their borrowers, considering their classification as "Cooperative" or not and respective Reasonable Living Expenses

Apart from the forbearance measures applied to existing Retail lending exposures, which are initiated by the Group in accordance with the directives of the Executive Committee Acts of the Bank of Greece (No. 42/30.5.14 & 47/9.2.2015) and Arrears Resolution Process (ARP) of the Code of Conduct under L.4224/2013, there are restructuring solutions according to Legislative Framework.

The existence of more favorable terms for renegotiating and modifying the terms and conditions of the bilateral arrangement between the Group and the debtor, who is facing or is about to face difficulties in meeting his financial commitments ("financial difficulty"), are defined with respect to:

- Difference in favour of the debtor between the modified and the previous terms of the contract.
- Cases where a modified contract includes more favourable terms than other debtors with a similar risk profile could have obtained from the same institution.

MONITORING OF FORBORNE EXPOSURES

Following the Executive Committee Act 42 / 30.05.2014, "supervisory reporting on exposures in arrears and non – performing exposures" of the Bank of Greece - as subsequently amended by Act 47 / 09.02.2015, the Group has undertaken a series of actions to ensure adherence to the supervisory obligations and requirements arising from the above Act. These changes cover the following distinct sections:

- Adaptation of Information Systems of the Group.
- Amendments of the existing processes, eg customization of new types of forborne exposures according to what is provided in Act 42/47.
- Creation of data structures (Data Marts) aiming at:
    - automation of the processes related to the production of both internal (Risk Management) and external (Supervisory) reports
    - perform analyses on the portfolio of the Group
    - production of Management Information Reporting (MIS)

Additionally, the Group has introduced independent operation management for the "Troubled assets" (Troubled Asset Committee). This is achieved by the representation of the Administrative Bodies in the Evaluation and Monitoring of Denounced Customers Committee as well as in the Arrears Councils.

WRITE-OFFS AND WRITE-DOWNS OF BAD DEBTS

1. Write-offs

Write-offs are defined as the accounting reduction of a debt, which does not entail waiving the legal claim against the debtors and, hence, the debt may be revived.

Proposals for writing-off a part or the whole of the debts may be submitted to the competent committee on condition that the following have been carried out:

- The relevant agreements with the clients have been terminated.
- Payment Orders have been issued against all the liable parties.
- The procedure for the registration of compulsory encumbrances has commenced.
- At least one real estate property has been auctioned, in order for the privileged claims (through the final creditors priority list) and, as a result, for the possible losses of the Group to be finalized.

- Equal Impairment Provision at least during the quarter preceding the one of the proposal.

2. Write downs

Write-downs are defined as the permanent accounting reduction of a debt, as a result of a legally binding decision or agreement (court judgment, contractual agreement etc.), which is no further claimable and, hence, is considered as definitively non-revivable, whereas it also entails the fact that the Group definitively and irrevocably waives its right to claim the written-down debt, unless (in case of settlement) it is ascertained that the terms set by virtue of the aforementioned decision or agreement were violated.

European Central Bank's Comprehensive Assessment

In the context of the transfer of full responsibility for banking supervision from national authorities to the European Central Bank (ECB) in November 2014, the ECB completed the Comprehensive Assessment of the banking system in October 2014. The Comprehensive Assessment was a detailed review of largest banks' balance sheets and their resilience, using a common methodology applied consistently across all participating banks. The Comprehensive Assessment included the following steps : a) a risk assessment for regulatory purposes, b) an Asset Quality Review, c) a stress test in cooperation with the European Banking Authority.

The AQR was a regulatory exercise, based on a uniform standardized approach set by the ECB. The results of the AQR for the Group amounted to € 1.1 billion before income tax and are analyzed as follows:

- € 432 million from the credit file review.
- € 386 million from the collective assessment of loans out of which € 281 relates to mortgage loans.
- € 295 million from the extrapolation of the results of the credit file review to the remaining portfolio.
- € 55 million regarding property valuation and credit valuation of derivatives.

Although the AQR was a prudential exercise assessing the Group's and its subsidiaries in Romania and Cyprus assets as of 31.12.2013, Management has thoroughly reviewed the results of the exercise and the methodologies applied by the ECB.

According to the Group's assessment, the AQR results are not related to accounting errors nor did they lead to a change in accounting policy regarding the recognition of impairment losses on loans and advances to customers as mentioned in note 1.14. Therefore a retrospective adjustment of the financial statements was not required.

The estimates, the parameters used in the assessment and the assumptions made by the Group in applying the above policy are regularly evaluated and adjusted based on the latest available information in order to reflect the current market conditions and the developments associated with the Group.

Specifically, in 2014, the Group calibrated its provisioning models for collective assessment and reviewed the estimates related to the recoverable amount of customers individually assessed in order to reflect the following:

- The adjustment to the methodology applied for impairment assessment in order to be aligned to the extent possible with the estimates used by the ECB during the AQR.
- The change in the economic environment from September 2014 which led to a decelerating trend of the economy and the general macroeconomic environment.
- The further decline in real estate market reflected through the volume of new housing construction, real estate investments and residential property prices. This decline is due to factors that negatively affect both the demand, such as the significant reduction in available income, high unemployment and heavy taxation of real estate, and the offer such as the reduction in housing construction investments.
- Recent laws which have an impact on the management of non-performing loans (code of conduct, extension of the auction moratorium, legislation on "non-performing loans").
- The organizational changes in the Bank and the Group for a more effective management of non-performing loans according to PEE 42/2014 of the Bank of Greece.

As a result, the Group took into consideration the recommendations made by the ECB as well as the results from the AQR when calculating the allowance for impairment and considers that AQR findings have been properly addressed.

The amount recognized in 2014 for the group for impairment losses amounted to € 1.85 billion compared to € 1.1 billion which was the result of the AQR.

The Group estimates that it is not possible to accurately quantify the impact on impairment losses attributed to changes in specific parameters and estimates following AQR.

DEFINITIONS:

The following definitions are applied in order to complete the following tables:

The Public Sector includes:

- The Central Government (all departments or Ministries and Public Administration)
- Local Authorities
- Companies controlled and fully or partially belong to the State
- Companies connected to the State

Past Due Exposures

Past due exposures are defined as exposures that are more than one (1) day past due.

Non-Performing Exposures

An exposure is considered as non-performing when one of the following criteria is satisfied:

- The exposure is more than 90 days past due
- An exposure against which legal actions have been undertaken by the Group.
- The debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral.
- The exposure is classified as impaired (as defined below)
- The exposure is classified as forborne non-performing exposure, as defined in the Implementing Regulation (EU) 575/09.01.2015, amending Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council and the Bank of Greece Executive Committee Act No 42/30.05.2014 as modified accordingly by the Act 47/9.2.2015, that define the special framework of requirements for the management of exposures in arrears and non-performing exposures.

More specifically a non-performing exposures with forbearance measures include the following:

- exposures which have become non-performing due to the application of forbearance measures
- exposures which were non-performing prior to the extension of forbearance measures
- forborne exposures which have been reclassified from the performing exposures category, including exposures under probation (forborne performing having been reclassified out of the Forborne Non Performing Loan (FNPL) status) having been re-forborne or that are more than 30 days past-due.

Performing Exposures

An exposure is considered as performing when the following criteria are met:

- The exposure is less than 90 days past due
- No legal actions have been undertaken against the exposure.
- The situation of the debtor has improved to the extent that full repayment, according to the original or when applicable the modified conditions, is likely to be made.
- The exposure is not classified as impaired.

Or

the exposure is classified as forborne performing exposure, as defined in the aforementioned Implementing Regulation (EU) 575/09.01.2015 and the Bank of Greece Executive Committee Act No 42/30.05.2014 as modified accordingly by the Act No 47/9.2.2015.

Unlikely to pay Exposures for Retail Banking

For the Wholesale Banking Portfolio: Customers assessed as unlikely to pay are the customers that are announced to the Non Performing Loans Division with no past due exposures.

For the retail Banking Portfolio, the following exposures are considered as unlikely to pay:

- Customers under the protection of the Law 3869. (Bankrupty Law for Individuals)
- Fraudelent cases
- Deseased Customers or Customers with heavy health problems
- Unemployed Customers with lack of any source of income
- Insolvent companies.
- Companies which have ceased their operations (inactive)

Impaired Exposures

Impaired exposures are defined as follows:

a. Exposures for which an impairment amount has been allocated following the individual assessment for impairment.
b. Exposures in arrears more than 90 days or under legal workout status, for which an impairment amount has been allocated following the collective assessment for impairment.
c. Exposures of debtors assessed as unlikely to pay.
d. Forborne Non Performing Exposures that are up to 89 day past due.

Accumulated provision for impairment

The accumulated provision for impairment, for disclosure purposes of credit risk as well as for the monitoring of credit risk, includes the adjustment for the contractual loans which were acquired at fair value during the acquisition of assets or companies (i.e. Emporiki Bank and Citibank Greece), since the Group monitors the respective adjustment as part of the provisions. It is noted that in note 17 Loans and Advances to customers, this adjustment is deducted from the gross balance of loans before impairment.

Collaterals value

The collateral's last market value available. In the case of non transferable properties collateral value is considered the lower figure between the prenotation amount and the market value. All collateral values are capped at 100% of the outstanding amount of the loan.

DUE FROM BANKS

Exposure to credit institutions relates to their own debt securities in issue and shares, loans, interbank transactions (which include positions in derivatives) and International Trade activities. Following the basic rules of designation, monitoring and revision of corporate lending, boundaries are established by the relevant Credit Committees for the monitoring of credit risk for the overall exposure per credit institution counterparty, excluding positions related to bonds issued by them. The approved credit limits are monitored on a daily basis. The validity period of the limits is specified in the approval of the limits in accordance with the counterparty credit institutions rating from international credit rating agencies.

In addition to the regular revisions of counterparty credit institutions limits, interim revisions may be carried out either due to circumstances associated with the trading activity of the Group or due to markets conditions or problems associated with counterparty credit institutions. Trigger events for an extraordinary review are regularly monitored per counterparty in order to review the relevant limits when such trigger events exist.

In addition, at each reporting date an impairment test is performed as follows:

1. The respective Credit Institutions are separated to be tested for impairment.
2. Due from Banks will be evaluated individually by Credit Institution.
3. Credit institutions are reviewed for events that constitute objective evidences for impairment.
4. Impairment provisions per receivable are calculated, as the difference between the recoverable amount and the carrying amount of the claim on an individual basis for the credit institution for which there are objective evidences for impairment.

INVESTMENTS IN DEBT SECURITIES

Investments in debt securities relate to securities that are classified into loans and receivables portfolios, held to maturity and available for sale. If there is a loan relationship with the counterparty issuer at the time of classification of the security position as investment, the Corporate Credit Policy procedures apply. In each case, the classification of the position is subject for approval by the relevant Committee of the Group. These positions are subject to Group investment limits and country limits and are monitored on a daily basis.

In addition, at each reporting date an impairment test is performed as follows:

1. The respective securities are separated to be tested for impairment.
2. Securities are reviewed for events that constitute objective evidence for impairment losses.
3. Impairment provisions are calculated on a individual basis per each security, for which there are objective evidences that impairment losses exist, as: a) the difference between the present value of future cash flows and the carrying amount of securities that are classified into loans and receivables portfolio and held to maturity and b) the difference between acquisition costs and current fair value, less the impairment loss which has already been recognized in income statement for securities classified as available for sale.

FINANCIAL INSTRUMENTS THAT ARE SUBJECT TO CREDIT RISK

	31.12.2014			31.12.2013*		
	Exposure before impairment	Impairment	Net exposure for credit risk	Exposure before impairment	Impairment	Net exposure for credit risk
A. Credit risk exposure relating to balance sheet items						
Balances with Central Banks	**1,595,945**		**1,595,945**	**1,252,316**		**1,252,316**
Due from banks	**2,780,704**	**8,965**	**2,771,739**	**2,575,195**	**8,965**	**2,566,230**
Loans and advances to customers	**62,337,336**	**12,780,351**	**49,556,985**	**62,783,441**	**11,105,128**	**51,678,313**
Derivative financial assets	**1,148,476**		**1,148,476**	**797,393**		**797,393**
Trading securities:						
- Government bonds	1,729		1,729	6,538		6,538
- Other debt securities				464		464
Total	**1,729**		**1,729**	**7,002**		**7,002**
Available for sale securities:						
- Available for sale (Government bonds)	4,361,609		4,361,609	3,878,060		3,878,060
- Available for sale (other)	1,262,791	54,028	1,208,763	993,181	53,302	939,879
Total	**5,624,400**	**54,028**	**5,570,372**	**4,871,241**	**53,302**	**4,817,939**
Held to maturity securities:						
- Held to maturity (Government bonds)	28,111		28,111	978,755		978,755
- Held to maturity(other)	292,331	9,624	282,707	547,373	156,342	391,031
Total	**320,442**	**9,624**	**310,818**	**1,526,128**	**156,342**	**1,369,786**
Loans and receivables (HFSF)	**4,299,101**		**4,299,101**	**4,308,556**		**4,308,556**
Total amount of balance sheet items exposed to credit risk (a)	**78,108,133**	**12,852,968**	**65,255,165**	**78,121,272**	**11,323,737**	**66,797,535**
Other balance sheet items not exposed to credit risk	7,874,675	194,379	7,680,296	7,177,426	277,694	6,899,732
Total Assets	**85,982,808**	**13,047,347**	**72,935,461**	**85,298,698**	**11,601,431**	**73,697,267**
B. Credit risk exposure relating to off balance sheet items:						
Letters of guarantee, letters of credit and other guarantees	3,987,045	15,551	3,971,494	5,921,211	66,986	5,854,225
Undrawn loan agreements and credit limits than can not be recalled (committed) **	367,511		367,511	375,798		375,798
Total amount of off balance sheet items exposed to credit risk (b)	**4,354,556**	**15,551**	**4,339,005**	**6,297,009**	**66,986**	**6,230,023**
Total credit risk exposure (a+b)	**82,462,689**	**12,868,519**	**69,594,170**	**84,418,281**	**11,390,723**	**73,027,558**

The maximum credit risk per category, in which the Group is exposed, is presented in the "Net exposure for credit risk".

* *The balancing figures of prior year were reclassified to be comparable.*

** *Undrawn loan agreements and credit limits that can not be recalled (committed) in cases where it becomes apparent that the counterparties will fail to meet their contractual obligations.*

LOANS AND ADVANCES TO CUSTOMERS

LOANS AND ADVANCES TO CUSTOMERS BY ASSET QUALITY (IMPAIRMENT OR NOT IMPAIRED – IMPAIRMENT ALLOWANCE – VALUE OF COLLATERAL)

	31.12.2014								
	Non Impaired Loans and Advances		Impaired Loans and Advances			Accumulated Impairment Allowance			
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed	Total gross amount	Individually assessed	Collectively assessed	Total net amount	Value of collateral
Retail lending	**13,444,529**	**3,685,196**	**413,966**	**16,553,061**	**34,096,752**	**243,968**	**6,912,748**	**26,940,036**	**22,349,319**
Mortgage	9,782,668	2,680,734	222,063	8,299,612	20,985,077	115,878	2,372,937	18,496,262	17,962,865
Consumer	1,813,788	433,620	81,809	3,421,261	5,750,478	48,563	1,874,430	3,827,485	1,381,734
Credit cards	944,991	171,929	744	401,967	1,519,631	249	354,303	1,165,079	34,979
Other (incl. SBL)	903,082	398,913	109,350	4,430,221	5,841,566	79,278	2,311,078	3,451,210	2,969,741
Corporate lending	**14,985,433**	**809,298**	**10,566,801**	**418,466**	**26,779,998**	**5,335,881**	**258,527**	**21,185,590**	**18,686,988**
Large	10,350,664	483,002	4,643,404	133,583	15,610,653	2,143,741	133,351	13,333,561	10,656,176
SME's	4,634,769	326,296	5,923,397	284,883	11,169,345	3,192,140	125,176	7,852,029	8,030,812
Public sector	**1,426,070**	1,109	**33,407**		**1,460,586**	**24,747**	**4,480**	**1,431,359**	**425,340**
Greece	1,289,718	589	33,407		1,323,714	24,747	3,485	1,295,482	410,977
Other countries	136,352	520			136,872		995	135,877	14,363
Total	**29,856,032**	**4,495,603**	**11,014,174**	**16,971,527**	**62,337,336**	**5,604,596**	**7,175,755**	**49,556,985**	**41,461,647**

The accumulated impairment allowance for collectively assessed loans and advances includes an amount of €640.9 million (2013: €252.6 million) concerning IBNR provisions.

The impaired loans and advances to retail customers include also past due exposures up to 89 days that are collectively assessed and amount to €3.3 billion as at 31.12.2014 (32.12.2013: €5.5 billion).

	31.12.2013								
	Non Impaired Loans and Advances		Impaired Loans and Advances			Accumulated Impairment Allowance			
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed	Total gross amount	Individually assessed	Collectively assessed	Total net amount	Value of collateral
Retail lending	**13,030,162**	**1,968,548**	**39,072**	**18,368,854**	**33,406,636**	**23,810**	**6,114,791**	**27,268,035**	**22,491,698**
Mortgage	9,757,811	1,307,201	22,888	9,832,545	20,920,445	16,395	1,838,121	19,065,929	18,108,162
Consumer	1,766,200	363,528	14,901	3,673,972	5,818,601	6,531	1,784,094	4,027,976	1,293,454
Credit cards	611,701	109,934	9	427,323	1,148,967	9	317,673	831,285	21,554
Other (incl. SBL)	894,450	187,885	1,274	4,435,014	5,518,623	875	2,174,903	3,342,845	3,068,528
Corporate lending	**16,991,351**	**1,011,235**	**9,271,787**	**451,888**	**27,726,261**	**4,774,702**	**161,027**	**22,790,532**	**19,354,643**
Large	11,699,521	583,153	3,832,827	223,358	16,338,859	1,902,621	63,953	14,372,285	11,024,228
SME's	5,291,830	428,082	5,438,960	228,530	11,387,402	2,872,081	97,074	8,418,247	8,330,415
Public sector	**1,615,484**		**34,384**	**676**	**1,650,544**	**26,074**	**4,724**	**1,619,746**	**431,452**
Greece	1,448,737		34,384	676	1,483,797	26,074	4,718	1,453,005	403,410
Other countries	166,747				166,747		6	166,741	28,042
Total	**31,636,997**	**2,979,783**	**9,345,243**	**18,821,418**	**62,783,441**	**4,824,586**	**6,280,542**	**51,678,313**	**42,277,793**

ANALYSIS OF NEITHER PAST DUE NOR IMPAIRED LOANS AND ADVANCES TO CUSTOMERS

	31.12.2014				
	Strong	Satisfactory	Watch list (higher risk)	Total neither past due nor impaired	Value of collateral
Retail lending		**13,444,529**		**13,444,529**	**9,907,622**
Mortgage		9,782,668		9,782,668	8,957,046
Consumer		1,813,788		1,813,788	374,153
Credit cards		944,991		944,991	1,138
Other (incl. SBL)		903,082		903,082	575,285
Corporate lending	**1,503,463**	**11,705,666**	**1,776,304**	**14,985,433**	**10,788,827**
Large	1,277,209	8,151,915	921,540	10,350,664	7,120,659
SME's	226,254	3,553,751	854,764	4,634,769	3,668,168
Public sector	**184,988**	**1,229,389**	**11,693**	**1,426,070**	**403,953**
Greece	184,774	1,098,839	6,105	1,289,718	389,590
Other countries	214	130,550	5,588	136,352	14,363
Total	**1,688,451**	**26,379,584**	**1,787,997**	**29,856,032**	**21,100,402**

	31.12.2013				
	Strong	Satisfactory	Watch list (higher risk)	Total neither past due nor impaired	Value of collateral
Retail lending		**13,030,162**		**13,030,162**	**10,059,308**
Mortgage		9,757,811		9,757,811	9,161,826
Consumer		1,766,200		1,766,200	312,548
Credit cards		611,701		611,701	3,007
Other (incl. SBL)		894,450		894,450	581,927
Corporate lending	**1,976,562**	**11,661,643**	**3,353,146**	**16,991,351**	**11,901,702**
Large	1,644,813	8,173,021	1,881,687	11,699,521	7,774,807
SME's	331,749	3,488,622	1,471,459	5,291,830	4,126,895
Public sector	**326,231**	**1,163,896**	**125,357**	**1,615,484**	**410,721**
Greece	326,000	1,119,445	3,292	1,448,737	382,679
Other countries	231	44,451	122,065	166,747	28,042
Total	**2,302,793**	**25,855,701**	**3,478,503**	**31,636,997**	**22,371,731**

AGEING ANALYSIS OF PAST DUE BUT NOT IMPAIRED LOANS AND ADVANCES TO CUSTOMERS BY PRODUCT LINE

	31.12.2014								
	Retail lending				Corporate lending		Public sector		Total past due but not impaired
	Mortgage	Consumer	Credit cards	Other (incl. SBL)	Large	SME's	Greece	Other countries	
1 - 29 days	1,668,114	260,257	115,081	248,975	213,081	164,849	240		2,670,597
30 - 59 days	518,926	112,252	35,118	81,972	98,539	46,964	349	520	894,640
60 - 89 days	493,694	61,111	21,730	67,966	90,654	61,699			796,854
90 - 179 days					10,991	9,341			20,332
180 - 360 days					34,590	10,629			45,219
> 360 days					35,147	32,814			67,961
Total	**2,680,734**	**433,620**	**171,929**	**398,913**	**483,002**	**326,296**	**589**	**520**	**4,495,603**
Value of collateral	2,405,927	83,636	88	269,400	457,018	312,736	578		3,529,384

	31.12.2013								
	Retail lending				Corporate lending		Public sector		Total past due but not impaired
	Mortgage	Consumer	Credit cards	Other (incl. SBL)	Large	SME's	Greece	Other countries	
1 - 29 days	725,721	224,094	80,275	101,138	212,294	168,969			1,512,491
30 - 59 days	266,893	91,809	20,754	48,815	11,428	59,098			498,797
60 - 89 days	287,140	43,881	8,905	37,505	111,562	39,816			528,809
90 - 179 days	4,348	304			16,119	31,894			52,665
180 - 360 days	5,341	489			77,009	32,882			115,721
> 360 days	17,758	2,951		427	154,741	95,423			271,300
Total	**1,307,201**	**363,528**	**109,934**	**187,885**	**583,153**	**428,082**			**2,979,783**
Value of collateral	1,168,189	97,014	840	118,676	505,574	394,838			2,285,131

AGEING ANALYSIS OF IMPAIRED LOANS AND ADVANCES TO CUSTOMERS BY PRODUCT LINE

	31.12.2014								
	Retail lending				Corporate lending		Public sector		
	Mortgage	Consumer	Credit cards	Other (incl. SBL)	Large	SME's	Greece	Other countries	Total
Current	965,647	526,131	666	235,600	1,688,090	838,402	8,528		4,263,064
1 - 29 days	381,214	162,685	164	52,752	45,094	68,968			710,877
30 - 59 days	159,842	132,541	117	26,585	45,331	15,810			380,226
60 - 89 days	349,985	87,305	163	25,256	29,618	56,137			548,464
90 - 179 days	156,258	82,960	14,799	7,856	51,379	74,943			388,195
180 - 360 days	204,368	103,383	16,096	45,260	138,011	110,133			617,251
> 360 days	4,105,082	569,198	48,084	1,815,405	609,231	1,791,089	133		8,938,222
Total net amount	**6,322,396**	**1,664,203**	**80,089**	**2,208,714**	**2,606,754**	**2,955,482**	**8,661**		**15,846,299**
Value of collateral	6,384,651	915,186	33,709	2,120,739	3,138,455	4,051,039	20,809		16,664,589

	31.12.2013								
	Retail lending				Corporate lending		Public sector		
	Mortgage	Consumer	Credit cards	Other (incl. SBL)	Large	SME's	Greece	Other countries	Total
Current	2,399,405	610,458	26,555	229,367	1,040,092	718,614	427		5,024,918
1 - 29 days	425,747	118,340	8,977	60,313	53,483	37,033	11		703,904
30 - 59 days	171,849	158,542	16,610	28,386	57,219	27,414			460,020
60 - 89 days	275,174	119,611	8,938	19,533	53,430	86,642			563,328
90 - 179 days	110,378	83,714	12,338	95,169	74,502	76,758			452,859
180 - 360 days	270,117	183,266	16,487	76,738	161,036	155,941	47		863,632
> 360 days	4,493,433	651,163	24,786	1,763,232	680,674	1,623,853	8,337		9,245,478
Total net amount	**8,146,103**	**1,925,094**	**114,691**	**2,272,738**	**2,120,436**	**2,726,255**	**8,822**		**17,314,139**
Value of collateral	7,778,147	883,892	17,707	2,367,925	2,743,847	3,808,682	20,731		17,620,931

RECONCILIATION OF IMPAIRED LOANS AND ADVANCES PER CATEGORY

	Retail lending				Corporate lending		Puclic sector		
	Mortgage	Consumer	Credit cards	Other (incl. SBL)	Large	SME's	Greece	Other countries	Total
Balance 1.1.2014	**9,855,433**	**3,688,873**	**427,332**	**4,436,289**	**4,056,184**	**5,667,490**	**35,060**		**28,161,661**
New impaired loans	1,246,555	541,013	34,227	498,300	1,628,269	1,006,920	2,408		4,957,692
Transfer to non- impaired loans	(2,358,478)	(442,901)	(86,149)	(374,772)	(363,826)	(211,446)	(3,951)		(3,841,523)
Repayments of impaired loans	(165,628)	(108,300)	(12,081)	(51,985)	(68,214)	(85,046)	(110)		(491,364)
Write-offs of impaired loans	(109,684)	(185,514)	(3,378)	(234)	(436,940)	(195,535)			(931,285)
Disposals of impaired loans					(15,361)	(67)			(15,428)
Foreign exchange differences and other movements	53,477	9,601	843	2,643	(23,125)	7,134			50,573
Acquisition of impaired loans		298	41,917	29,330		18,830			90,375
Balance 31.12.2014	**8,521,675**	**3,503,070**	**402,711**	**4,539,571**	**4,776,987**	**6,208,280**	**33,407**		**27,985,701**
Accumulated impairment allowance	2,199,279	1,838,867	322,622	2,330,857	2,170,233	3,252,798	24,746		12,139,402
Net amount of impaired loans and advances	**6,322,396**	**1,664,203**	**80,089**	**2,208,714**	**2,606,754**	**2,955,482**	**8,661**		**15,846,299**

RECONCILIATION OF THE ACCUMULATED IMPAIRMENT ALLOWANCE

The accumulated impairment allowance for disclosure purposes of credit risk as well as for credit risk monitoring purposes includes the adjustments for the contractual balances of loans which were acquired at fair value either individually or in the context of acquisitions (eg Emporiki Bank and Citibank Greece), since the Group monitors such adjustment as part of the impairments. It is noted that in Note 17 Loans and advances to customers this adjustment is deducted from the gross balance of loans before impairments.

	31.12.2014			
	Retail lending	Corporate lending	Public sector	Total
Balance 1.1.2014	**3,748,010**	**3,202,628**	**5,496**	**6,956,134**
Impairment losses for the year	980,772	942,472	824	1,924,068
Change in present value of the allowance account	351,025	162,913	60	513,998
Reclassification to provisions from contingent liabilities		775		775
Reclassification to assets held for sale		(3,223)		(3,223)
Foreign exchange differences	5,365	(1,319)		4,046
Loans written-off during the year	(273,180)	(292,341)		(565,521)
Balance 31.12.2014	**4,811,992**	**4,011,905**	**6,380**	**8,830,277**
Fair value adjustments	2,344,724	1,582,503	22,847	3,950,074
Total 31.12.2014	**7,156,716**	**5,594,408**	**29,227**	**12,780,351**

LOAN-TO-VALUE RATIO (LTV) OF MORTGAGE LENDING

	Mortgages	
	31.12.2014	31.12.2013
< 50%	3,653,871	4,166,784
50% - 70%	2,919,037	3,520,828
71% - 80%	1,690,965	2,052,335
81% - 90%	1,793,138	1,997,853
91% - 100%	1,926,644	2,030,052
101% - 120%	3,078,628	3,042,828
121% - 150%	3,074,194	2,291,455
> 150%	2,848,601	1,818,310
Total exposure	**20,985,078**	**20,920,445**
Average LTV (%)	77	74

REPOSSESSED COLLATERALS

	31.12.2014						
	Balance Sheet balances					Disposals during the year	
	Value of collaterals repossessed 31.12.2014	Within 2014	Accumulated impairment allowance 31.12.2014	Within 2014	Carrying amount of collateras repossessed 31.12.2014	Net disposal value	Net gain/ (loss) on disposal
Real estate	805.594	48.252	108.088	54.891	697.506	3.295	(110)
Other	3.358	1.845	2.133	868	1.225	4.119	445

	31.12.2013						
	Balance Sheet balances					Disposals during the year	
	Value of collaterals repossessed 31.12.2014	Within 2014	Accumulated impairment allowance 31.12.2014	Within 2014	Carrying amount of collateras repossessed 31.12.2014	Net disposal value	Net gain/ (loss) on disposal
Real estate	762.505	217.022	53.295	42.587	709.210	1.832	37
Other	4.047	971	2.443	887	1.604	1.392	167

The value of collaterals repossessed in 2013 includes real estate property amounting to € 40.2 million arising from the full consolidation of APE Fixed Assets A.E. as well as an amount € 98 million which concerns real estate property acquired in the context of Emporiki Bank's acquisition.

POLICY OF DISPOSAL OF REPOSSESSED ASSETS

The Group has assigned to a subsidiary of the Group the management of repossessed assets of Bank and Group. When a Group company acquires the legal title of property which had been given as collateral for the respective asset, due to the debtor's default, then the respective company deals with the legal, accounting and tax settlement of property in cooperation with the competent Group's services and in parallel it performs technical tests and assesses, based on the market conditions, the ability of promoting it for sale or leasing. Based on the above assessment, a proposal is submitted to the Technical Projects of Property and Commissions Committee, which decides the sale or leasing of the assets or their own use from a Group company. Based on the decision, the asset is classified into the suitable category for reporting purposes.

BREAKDOWN OF COLLATERAL AND GUARANTEES

	31.12.2014				
	Value of collateral received				
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	Guarantees received
Retail Lending	21,794,033	153,996	401,290	22,349,319	12,692,553
Corporate Lending	12,350,396	910,256	5,426,336	18,686,988	5,338,570
Public sector	64,412	386	360,542	425,340	237,830
Total	**34,208,841**	**1,064,638**	**6,188,168**	**41,461,647**	**18,268,953**

	31.12.2013				
	Value of collateral received				
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	Guarantees received
Retail Lending	22,142,017	139,048	210,633	22,491,698	11,943,388
Corporate Lending	12,371,534	687,893	6,295,216	19,354,643	3,862,398
Public sector	27,785	6,476	397,191	431,452	143,466
Total	**34,541,336**	**833,417**	**6,903,040**	**42,277,793**	**15,949,252**

The Group has not received any collaterals it may sell or or repledged, in the absence of default by the owner of the collateral.

LOANS AND ADVANCES TO CUSTOMERS, IMPAIRED LOANS AND IMPAIRMENT ALLOWANCE BY PRODUCT LINE, INDUSTRY AND GEOGRAPHICAL REGION

	31.12.2014					
	Greece			Rest of Europe		
	Gross Amount	Impaired Amount	Accumulated impairment allowance	Gross Amount	Impaired Amount	Accumulated impairment allowance
Retail Lending	**29,531,908**	**15,114,793**	**6,233,094**	**4,564,844**	**1,852,234**	**923,622**
Mortgage	17,323,762	7,035,237	1,790,568	3,661,315	1,486,438	698,247
Consumer	4,983,187	3,195,947	1,729,675	767,291	307,123	193,318
Credit cards	1,453,441	384,477	340,746	66,190	18,234	13,806
Other (incl. SBL)	5,771,518	4,499,132	2,372,105	70,048	40,439	18,251
Corporate Lending	**21,471,575**	**8,469,235**	**4,426,855**	**5,308,423**	**2,516,032**	**1,167,553**
Financial institutions	78,720	46,265	42,152	49,893	21,011	18,319
Manufacturing	5,722,190	2,131,734	1,111,870	490,583	161,308	104,260
Construction and real estate	3,487,586	1,690,696	839,538	3,244,593	1,822,816	750,951
Wholesale and retail trade	5,050,577	2,457,238	1,376,945	631,346	215,689	132,558
Transportation	360,835	202,312	109,058	67,830	19,148	11,125
Shipping	1,885,752	167,404	52,459	1,235		6
Hotels-Tourism	1,655,810	533,060	245,305	216,059	107,877	40,597
Services and other sectors	3,230,105	1,240,526	649,528	606,884	168,183	109,737
Public sector	**1,323,714**	**33,407**	**28,232**	**136,872**		**995**
Total	**52,327,197**	**23,617,435**	**10,688,181**	**10,010,139**	**4,368,266**	**2,092,170**

	31.12.2013					
	Greece			Rest of Europe		
	Gross Amount	Impaired Amount	Accumulated impairment allowance	Gross Amount	Impaired Amount	Accumulated impairment allowance
Retail Lending	**28,737,767**	**16,584,246**	**5,393,557**	**4,668,869**	**1,823,680**	**745,044**
Mortgage	17,210,921	8,380,386	1,317,552	3,709,524	1,475,047	536,964
Consumer	4,997,895	3,393,510	1,613,639	820,706	295,363	176,986
Credit cards	1,079,682	409,319	303,211	69,285	18,013	14,471
Other (incl. SBL)	5,449,269	4,401,031	2,159,155	69,354	35,257	16,623
Corporate Lending	**22,040,249**	**7,849,722**	**4,063,550**	**5,686,012**	**1,873,953**	**872,179**
Financial institutions	54,734	9,672	3,195	76,423	16,130	13,033
Manufacturing	5,940,968	2,138,880	1,126,054	456,329	170,008	89,883
Construction and real estate	3,360,668	1,363,078	637,905	3,444,123	1,190,589	533,945
Wholesale and retail trade	5,469,152	2,444,489	1,379,958	643,922	216,707	120,229
Transportation	253,634	89,426	41,023	63,657	17,799	6,280
Shipping	1,809,911	222,906	74,460	2,616		
Hotels / Tourism	1,641,232	511,756	145,166	198,957	78,119	17,155
Services and other sectors	3,509,950	1,069,515	655,789	799,985	184,601	91,654
Public sector	**1,483,797**	**35,060**	**30,792**	**166,747**		**6**
Total	**52,261,813**	**24,469,028**	**9,487,899**	**10,521,628**	**3,697,633**	**1,617,229**

INTEREST INCOME RECOGNISED BY QUALITY OF LOANS AND ADVANCES AND TYPE OF LOAN

	31.12.2014		
	Interest income on non impaired Loans and Advances	Interest income on impaired Loans and Advances	Total interest income
Retail lending	962,031	583,996	1,546,027
Corporate lending	886,346	289,602	1,175,948
Public sector	30,233		30,233
Total interest income	**1,878,610**	**873,598**	**2,752,208**

	31.12.2013*		
	Interest income on non impaired Loans and Advances	Interest income on impaired Loans and Advances	Total interest income
Retail lending	1,058,622	443,509	1,502,131
Corporate lending	1,135,856	255,775	1,391,631
Public sector	25,453	2,586	28,039
Total interest income	**2,219,931**	**701,870**	**2,921,801**

* *Some figures of the prior year were reclassified in order to be comparable.*

FORBORNE LOANS

As at 31.12.2014, the Group reassessed the perimeter of forborne loans for all the portfolios based on the Executive Regulation (EU) 2015/227 of European commission dated 9 January 2015 and the Executive technical standards of the European banking authority and incorporated the related definitions to its credit risk policy. In this respect, prospectively the evolution, the quality and the effectiveness of these loans is monitored according to the above definition.

Due to this reassessment, forborne loans as at 31.12.2014 and as at 31.12.2013 are not comparable.

The forborne loans perimeter as at 31.12.2013 included loans:

- Which have been restructured within the last twelve months, and
- Which were not past due more than 90 days as at 31.12.2013.

The forborne loans perimeter as at 31.12.2014 includes loans:

- Which have been restructured within the last 36 months and were not past due for more than 90 days as at 31.12.2014, and
- past due loans more than 90 days.

The restructuring of loans is performed through renegotiation of the original contractual terms and include changes such as:

- Extension of the credit duration
- Write-off of a portion of debtor's amounts due
- Grace period for the principal and interests
- Decrease in interest rate

As a rule the forborne measures which are extended include a combination of the above amendments to the contractual terms. The carrying amount of forborne loans of Group amounted to € 10,574,215 as at 31.12.2014.

In addition, in the context of renegotiations of the terms of loans granted, the Group has participated in agreements for the exchange of debt securities with debtors' shares. On 31.12.2014, the Group included in its Available for Sale portfolio shares of fair value amounting to € 9 million (2013: € 10 million) which were acquired from respective transactions. In none of the above cases, the Group had control or significant influence over these companies.

ANALYSIS OF FORBORNE LOANS AND ADVANCES TO CUSTOMERS

	31.12.2014
Interest payment extension	159,908
Reduce payments scheme	4,345,067
Grace period	887,989
Loan term extension	1,065,659
Arrears capitalization	2,343,695
Partial write-off in borrower's obligations	14,133
Hybrid forbearance measures	582,486
Payments other than cash	
Debt for equity transactions	24,230
Breach of loan covenants	
Other	1,151,048
Total net amount	**10,574,215**

FORBORNE LOANS AND ADVANCES TO CUSTOMERS BY PRODUCT LINE

	31.12.2014
Retail lending	**8,409,396**
Mortgage	5,305,797
Consumer	1,881,554
Credit cards	87,595
Other (incl. SBL)	1,134,450
Corporate lending	**2,161,174**
Large	1,282,455
SME's	878,719
Public sector	**3,645**
Greece	3,645
Other countries	
Total	**10,574,215**

FORBORNE LOANS AND ADVANCES TO CUSTOMERS BY GEOGRAPHICAL REGION

	31.12.2014
Greece	8,941,646
Rest of Europe	1,632,569
Total	**10,574,215**

FORBORNE LOANS AND ADVANCES TO CUSTOMERS ACCORDING TO THEIR CREDIT QUALITY

	31.12.2014		
	Total amount of Loans and Advances	Total amount of Forborne Loans and Advances	Forborne Loans and Advances (%)
Neither past due nor impaired	29,856,032	3,266,975	11
Past due but not impaired	4,495,603	1,787,065	40
Impaired	27,985,701	8,055,643	29
Exposure before impairment	**62,337,336**	**13,109,683**	**21**
Individual Impairment Allowance	(5,604,595)	(532,651)	10
Collective Impairment Allowance	(7,175,756)	(2,002,817)	28
Total net amount	**49,556,985**	**10,574,215**	**21**
Value of collateral	41,461,647	8,750,611	21

The published figures of 2013 are presented below.

The restructuring of loans is performed through renegotiation of the original contractual terms and include changes such as:

- Extension of the credit duration
- Write-off of a portion of debtor's amounts due
- Grace period for the principal and interests
- Decrease in interest rate

As a rule forbearance measures which are extende include a combination of the above amendments to the contractual terms. The carrying amount of forborne loans of Group amounted to € 6,133,298 as at 31.12.2013.

Forborne loans which comply with the restructuring terms are kept in the category of forborne loans for a period of one year. Otherwise, they are transferred to non-performing loans. Therefore, on 31.12.2013, the forborne loans category includes loans to which forbearance measures were extende during the year.

FORBORNE LOANS AND ADVANCES TO CUSTOMERS BY PRODUCT LINE

	31.12.2013
Retail lending	**5,023,420**
Mortgage	3,502,650
Consumer	1,008,552
Credit cards	53,440
Other (incl. SBL)	458,778
Corporate lending	**1,109,446**
Large	682,376
SME's	427,070
Public sector	**432**
Greece	432
Other countries	
Total	**6,133,298**

FORBORNE LOANS AND ADVANCES TO CUSTOMERS BY GEOGRAPHICAL REGION

	31.12.2013
Greece	4,992,464
Rest of Europe	1,140,834
Total	**6,133,298**

	31.12.2013		
	Total amount of Loans and Advances	Total amount of Forborne Loans and Advances	Forborne Loans and Advances (%)
Neither past due nor impaired	31,636,997	393,972	1.2
Past due but not impaired	2,979,783	80,770	2.7
Impaired	28,166,661	6,251,631	22.2
Exposure before impairment	**62,783,441**	**6,726,373**	**10.7**
Individual Impairment Allowance	(4,824,586)	(170,686)	3.5
Collective Impairment Allowance	(6,280,542)	(422,389)	6.7
Total net amount	**51,678,313**	**6,133,298**	**11.9**
Value of collateral	42,277,793	4,879,094	11.5

During the year 2013, loans of a gross amount before impairment of € 6.7 billion were restructured. For these loans, an amount of € 163 million was recognized as interest income during the year, while their impairment allowance as at 31.12.2013 amounted to € 593 million.

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

	31.12.2014							
	Balances with Central Banks	Due from Banks	Derivatives Financial Instruments	Trading securities	Available for sale securities	Held to maturity securities	Loans and receivables securities	Total
AAA	821,456				377,959	15,026		1,214,441
AA+ to AA-		26,420	55,635		74,525	15,000	4,299,101	4,470,681
A+ to A-		1,613,309	259,880		1,779	114,122		1,989,090
BBB+ to BBB-	652,144	346,404	68,856		282,800	57,683		1,407,887
Lower than BBB-	122,345	762,287	742,371	1,729	4,703,015	107,763		6,439,510
Unrated		32,284	21,734		184,322	10,848		249,188
Exposure before impairment	**1,595,945**	**2,780,704**	**1,148,476**	**1,729**	**5,624,400**	**320,442**	**4,299,101**	**15,770,797**

	31.12.2013							
	Balances with Central Banks	Due from Banks	Derivatives Financial Instruments	Trading securities	Available for sale securities	Held to maturity securities	Loans and receivables securities	Total
AAA	594,941				368,033	25,581		988,555
AA+ to AA-		675,602	67,280	464	28,093	15,000	4,308,556	5,094,995
A+ to A-		1,021,678	61,544		1,653	82,503		1,167,378
BBB+ to BBB-	428,829	51,741			181,151	127,828		789,549
Lower than BBB-	228,541	794,481	640,332	6,538	4,084,853	1,117,295		6,872,040
Unrated	5	31,693	28,237		207,458	157,921		425,314
Exposure before impairment	**1,252,316**	**2,575,195**	**797,393**	**7,002**	**4,871,241**	**1,526,128**	**4,308,556**	**15,337,831**

BALANCES WITH CENTRAL BANKS – DUE FROM BANKS – DERIVATIVE FINANCIAL INSTRUMENTS AND DEBT SECURITIES – Analysis by asset quality

	31.12.2014							
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Trading securities	Available for sale securities	Held to maturity securities	Loans and receivables securities	Total
Neither past due nor impaired	1,595,945	2,771,739	1,148,476	1,729	5,556,710	310,818	4,299,101	15,684,518
Past due but not impaired								
Impaired		8,965			67,690	9,624		86,279
Exposure before impairment	**1,595,945**	**2,780,704**	**1,148,476**	**1,729**	**5,624,400**	**320,442**	**4,299,101**	**15,770,797**
Less: Allowance for impairment losses		(8,965)			(54,028)	(9,624)		(72,617)
Net exposure	**1,595,945**	**2,771,739**	**1,148,476**	**1,729**	**5,570,372**	**310,818**	**4,299,101**	**15,698,180**

	31.12.2013							
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Trading securities	Available for sale securities	Held to maturity securities	Loans and receivables securities	Total
Neither past due nor impaired	1,252,316	2,566,230	797,393	7,002	4,807,275	1,369,786	4,308,556	15,108,558
Past due but not impaired								
Impaired		8,965			63,966	156,342		229,273
Exposure before impairment	**1,252,316**	**2,575,195**	**797,393**	**7,002**	**4,871,241**	**1,526,128**	**4,308,556**	**15,337,831**
Less: Allowance for impairment losses		(8,965)			(53,302)	(156,342)		(218,609)
Net exposure	**1,252,316**	**2,566,230**	**797,393**	**7,002**	**4,817,939**	**1,369,786**	**4,308,556**	**15,119,222**

The following tables present the financial instruments exposed to credit risk by financial sectors of the counterparties.

FINANCIAL INSTRUMENTS CREDIT RISK – Analysis by industry sector

	31.12.2014										
	Financial Institutions and other financial services	Manufacturing	Construction and real estate	Wholesale and retail trade	Public sector/ Government securities/ Derivatives	Transportation	Shipping	Hotels-Tourism	Services and other sectors	Retail	Total
Credit risk exposure relating to balance sheet items:											
Balances with Central Banks	1,595,945										1,595,945
Due from banks	2,780,704										2,780,704
Loans and advances to customers	128,613	6,212,773	6,732,180	5,681,923	1,460,586	428,665	1,886,986	1,871,869	3,836,989	34,096,752	62,337,336
Derivative financial assets	452,133	25,457	66,942	884	566,070	1,240	11,941	14,243	9,235	331	1,148,476
Trading securities					1,729						1,729
Available for sale securities	733,058	213,732		20,685	4,361,610				295,315		5,624,400
Held to maturity securities	254,228		468		28,111				37,635		320,442
Loans and receivables securities	4,299,101										4,299,101
Total amount of balance sheet items exposed to credit risk (a)	**10,243,782**	**6,451,962**	**6,799,590**	**5,703,492**	**6,418,106**	**429,905**	**1,898,927**	**1,886,112**	**4,179,174**	**34,097,083**	**78,108,133**
Other balance sheet items not exposed to credit risk	556,073	5,405	15,129	1,497		404			7,296,167		7,874,675
Total assets	**10,799,855**	**6,457,367**	**6,814,719**	**5,704,989**	**6,418,106**	**430,309**	**1,898,927**	**1,886,112**	**11,475,341**	**34,097,083**	**85,982,808**
Credit risk exposure relating to off-balance sheet items:											
Letters of guarantee, letters of credit and other guarantees	38,824	633,528	1,665,610	568,883	164,549	59,251	1,181	107,671	747,548		3,987,045
Undrawn loan agreements and credit limits that can not be recalled (committed)									367,511		367,511
Total amount of off-balance sheet items exposed to credit risk (b)	**38,824**	**633,528**	**1,665,610**	**568,883**	164,549	**59,251**	**1,181**	**107,671**	**1,115,059**		**4,354,556**
Total credit risk exposure (a+b)	**10,282,606**	**7,085,490**	**8,465,200**	**6,272,375**	**6,582,655**	**489,156**	**1,900,108**	**1,993,783**	**5,294,233**	**34,097,083**	**82,462,689**

FINANCIAL INSTRUMENTS CREDIT RISK – Analysis by industry sector

	31.12.2013*										
	Financial Institutions and other financial services	Manufacturing	Construction and real estate	Wholesale and retail trade	Public sector/ Government securities/ Derivatives	Transportation	Shipping	Hotels-Tourism	Services and other sectors	Retail	Total
Credit risk exposure relating to balance sheet items:											
Balances with Central Banks	1,252,316										1,252,316
Due from banks	2,575,195										2,575,195
Loans and advances to customers	131,157	6,397,298	6,804,791	6,113,074	1,650,544	317,291	1,812,527	1,840,189	4,309,935	33,406,635	62,783,441
Derivative financial assets	137,912	11,093	44,856	5,281	549,100	5,202	7,878	13,200	22,489	382	797,393
Trading securities	464				6,538						7,002
Available for sale securities	570,798	88,318		2,476	3,878,061				331,588		4,871,241
Held to maturity securities	507,865		1,065		978,755				38,443		1,526,128
Loans and receivables securities	4,308,556										4,308,556
Total amount of balance sheet items exposed to credit risk (a)	**9,484,263**	**6,496,709**	**6,850,712**	**6,120,831**	**7,062,998**	**322,493**	**1,820,405**	**1,853,389**	**4,702,455**	**33,407,017**	**78,121,272**
Other balance sheet items not exposed to credit risk	569,800	11,735	34,676	1,531		404			6,559,280		7,177,426
Total assets	**10,054,063**	**6,508,444**	**6,885,388**	**6,122,362**	**7,062,998**	**322,897**	**1,820,405**	**1,853,389**	**11,261,735**	**33,407,017**	**85,298,698**
Credit risk exposure relating to off-balance sheet items:											
Letters of guarantee, letters of credit and other guarantees	56,793	709,637	2,332,019	574,769		57,587	80	85,266	2,105,060		5,921,211
Undrawn loan agreements and credit limits that can not be recalled (committed)									375,798		375,798
Total amount of off-balance sheet items exposed to credit risk (b)	**56,793**	**709,637**	**2,332,019**	**574,769**		**57,587**	**80**	**85,266**	**2,480,858**		**6,297,009**
Total credit risk exposure (a+b)	**9,541,056**	**7,206,346**	**9,182,731**	**6,695,600**	**7,062,998**	**380,080**	**1,820,485**	**1,938,655**	**7,183,313**	**33,407,017**	**84,418,281**

* *The balancing figures of prior year were reclassified to be comparable.*

EXPOSURE IN CREDIT RISK FROM DEBT ISSUED BY THE PERIPHERAL EUROZONE COUNTRIES

Due to the prolonged turmoil in the Eurozone countries, and the issues which the Greek economy faces concerning the service of public debt, the Group monitors credit risk from its exposure to the Greek State as well as the remaining peripheral countries.

i. Exposure to the Greek State

The table below presents the Group's total exposure in Greek Government securities:

	31.12.2014		31.12.2013	
Portfolio	Nominal value	Carrying amount	Nominal value	Carrying amount
Available for sale	4,703,271	3,708,048	3,967,200	3,355,356
Held to maturity			907,500	908,949
Trading	2,675	1,729	11,251	6,538
Total	**4,705,946**	**3,709,777**	**4,885,951**	**4,270,843**

All Greek Government securities are classified in level 1 based on the quality of inputs used for the estimation of their fair value. In addition, securities issued by public entities/organizations on 31.12.2014 amounted to € 138,862.

The Group's exposure to Greek State from other financial instruments, excluding securities is depicted in the table below:

On balance sheet exposure

	31.12.2014	31.12.2013
	Carrying amount	Carrying amount
Derivative financial instruments – assets	566,070	549,100
Derivative financial instruments – liabilities	(290,879)	(69,764)

Derivative financial liabilities to the public sector entities amounted to € 29.1 million.

The Group's exposure in loans to public entities/organizations as of 31.12.2014 amounted € 1,461 million. The Group for the above receivables has recognized an impairment amounted to € 29.2 million at as 31.12.2014.

In addition the balance of Group's loans guaranteed by the Greek State (directly guaranteed by Greek government, loans guaranteed by TEMPE, Loans guaranteed by Common Ministerial Decisions) on 31.12.2014 amounted to € 725 million. For these loans has been recognized impairment amounted to € 142 million as at 31.12.2014.

Off balance sheet exposure

	31.12.2014		31.12.2013	
	Nominal value	Share value	Nominal value	Share value
Bonds used as collaterals for refinancing operation	105,641	65,202	75,610	41,600

ii. Exposure to other peripheral Eurozone countries debt

The Group holds in its available for sale portfolio, bonds and treasury bills of the Republic of Cyprus with a book value of € 50.9 million (31.12.2013: € 19.8 million) and a bond of Cyprus Popular Bank (senior) with a book value of € 1.6 million (31.12.2013: € 1.6 million) after impairment of € 34.6 million recognized in 2013 income statement.

Additionally, the Group holds in its available for sale portfolio, bonds issued by the Italian Republic with a book value of € 6.8 million, bonds issued by the Spanish Republic with a book value of € 6.3 million.

As at 31.12.2014 the Group had no exposure to bonds issued by Portugal and Ireland.

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 Assets-Liabilities management.

i. Trading portfolio

The market risk is measured by the Value at Risk – VAR. The method applied for calculating Value at Risk is historical simulation.

The Group applies a holding period of one and ten days, depending on the time required to liquidate the portfolio.

1 day value at risk, 99% confidence interval (2 years historical data)

(in Euro)

	2014					2013
	Foreign currency risk	Interest rate risk	Price risk	Covariance	Total	Total
31 December	1,180,547	151,493	18,074	(139,419)	1,210,695	894,339
Average daily value (annual)	1,069,511	491,772	46,821	(339,463)	1,268,641	988,872
Maximum daily value (annual)*	1,144,577	2,299,567	54,615	(468,304)	3,030,455	1,588,013
Minimum daily value (annual)*	695,259	277,488	56,035	(244,477)	784,305	616,953

* relating to the total value at risk

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

The Value at Risk methodology is complemented with scenario analysis and stress testing, in order to estimate the potential size of losses that could arise from the trading portfolio for hypothetical as well as historical extreme movements of market parameters (stress-testing).

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

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

- Foreign currency risk regarding spot and forward positions and FX options
- Interest rate risk regarding positions on bonds, Interest Rate Swaps, Interest Futures, Interest Options
- Price risk regarding positions in shares, index Futures and options, Commodity Futures and Swaps
- Credit risk regarding interbank transactions and bonds

Positions held in these products are monitored on a daily basis and are examined for the corresponding limit percentage cover and for any limit excess.

ii. The financial risks of the banking portfolio

The financial risks of the banking portfolio derive from the structure of assets and liabilities and primarily from the portfolio of loans and deposits of the Group. The financial risks of the banking portfolio concern foreign exchange risk, interest rate risk and liquidity risk.

a. Foreing currency risk

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

The General Management sets limits on the total foreign exchange position as well as on the exposure by currency.

The management of foreign currency position of the Bank and the Group is centralized. All customer positions including loans, deposits and derivatives are transferred to departments of the management area which are responsible for the management of liquidity and foreign currency position.

The policy of the Group is the positions to be closed immediately using spot transactions or currency derivatives. In case that positions are still open, they are daily monitored by the competent department and they are subject to limits.

For CHF loans that relate mainly to subsidiaries of the Group abroad, the foreign currency risk was hedged through derivatives (FX swaps, Cross Currency Interest Rate Swaps) in subsidiary and Group level. Therefore the effect of the devaluation of the EURO versus CHF in January 2015 is not expected to affect significantly the income statement of the Bank and the Group.

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

	31.12.2014								
	USD	GBP	CHF	JPY	RON	RSD	Other FC	EUR	Total
ASSETS									
Cash and balances with Central Banks	10,463	13,803	1,157	14	150,676	46,054	67,121	1,729,729	2,019,017
Due from banks	241,762	(19,607)	17,140	22,962	9,559	(863)	21,823	2,478,963	2,771,739
Trading securities					171			4,018	4,189
Derivative financial assets								1,148,476	1,148,476
Loans and advances to customers	1,815,969	409,094	1,923,500	28,111	426,758	109,800	162,434	44,681,319	49,556,985
Investment securities									
- Available for sale	75,080	48,898			270,300	96,491	113,792	5,083,725	5,688,286
- Held to maturity	1,661						13,085	296,072	310,818
- Loans and receivables								4,299,101	4,299,101
Investments in associates								46,383	46,383
Investment property					105,630	3,701	36,436	421,445	567,212
Property, plant and equipment		1,992			25,619	30,627	39,436	985,674	1,083,348
Goodwill and other intangible assets		52			539	1,278	10,358	319,197	331,424
Deferred tax assets					7,648	3,807	1,310	3,676,681	3,689,446
Other assets	6,670	1,484	14,989	290	13,957	2,269	117,646	1,207,761	1,365,066
Non-current assets held for sale					2,425	1,060	4,373	46,113	53,971
Total Assets	**2,151,605**	**455,716**	**1,956,786**	**51,377**	**1,013,282**	**294,224**	**587,814**	**66,424,657**	**72,935,461**
LIABILITIES									
Due to banks and customers	2,525,301	288,913	33,907	1,547	1,032,653	90,580	756,788	55,471,058	60,200,747
Derivative financial liabilities								1,948,541	1,948,541
Debt securities in issue and other borrowed funds	472,107							1,051,414	1,523,521
Liabilities for current income tax and other taxes					1,775	449	342	59,228	61,794
Deferred tax liabilities					874	259		24,369	25,502
Employee defined benefit obligations						198		105,155	105,353
Other liabilities and liabilities related to Assets held for sale	10,085	2,289	15,391	761	53,501	1,521	1,448	1,065,745	1,150,741
Provisions	40	2	1		1,721	1,325	2,468	207,155	212,712
Total liabilities	**3,007,533**	**291,204**	**49,299**	**2,308**	**1,090,524**	**94,332**	**761,046**	**59,932,665**	**65,228,911**
Net balance sheet position	(855,928)	164,512	1,907,487	49,069	(77,242)	199,892	(173,232)	6,491,992	7,706,550
Derivatives forward foreign exchange position	820,422	(134,877)	(2,063,529)	(47,950)	82,551	13,665	232,654	316,265	(780,799)
Total Foreign Exchange Position	**(35,506)**	**29,635**	**(156,042)**	**1,119**	**5,309**	**213,557**	**59,422**	**6,808,257**	**6,925,751**
Undrawn loan agreements and credit limits that can not be recalled (committed)	4,942				31,385	12,168		319,016	367,511

	31.12.2013								
	USD	GBP	CHF	JPY	RON	RSD	Other FC	EUR	Total
ASSETS									
Cash and balances with Central Banks	9,462	23,925	1,033	54	130,064	50,948	78,635	1,394,061	1,688,182
Due from banks	(846,436)	67,998	163,405	27,989	26,176	(470)	23,828	3,103,740	2,566,230
Trading securities					491			8,345	8,836
Derivative financial assets								797,393	797,393
Loans and advances to customers	1,816,872	357,750	2,317,147	55,824	258,126	103,850	114,651	46,654,093	51,678,313
Investment securities									
- Available for sale	84,709	57,652			243,600	76,074	103,030	4,401,869	4,966,934
- Held to maturity	1,462						54,775	1,313,549	1,369,786
- Loans and receivables								4,308,556	4,308,556
Investments in associates and joint ventures		108					321	49,615	50,044
Investment property					88,716	639	35,855	435,243	560,453
Property, plant and equipment		1,936			23,838	34,756	55,575	1,006,365	1,122,470
Goodwill and other intangible assets		114			613	1,515	5,390	235,282	242,914
Deferred tax assets					4,753	3,877	572	2,779,486	2,788,688
Other assets	1,212	510	1,352	1	14,924	3,167	121,192	1,400,472	1,542,830
Non-current assets held for sale					3,010	115	2,513		5,638
Total Assets	**1,067,281**	**509,993**	**2,482,937**	**83,868**	**794,311**	**274,471**	**596,337**	**67,888,069**	**73,697,267**
LIABILITIES									
Due to banks and customers	2,539,112	249,306	186,245	31,915	803,485	123,434	735,949	56,898,138	61,567,584
Derivative financial liabilities								1,373,500	1,373,500
Debt securities in issue and other borrowed funds	49,348				327			733,261	782,936
Liabilities for current income tax and other taxes		2,022			2,724	459	412	51,151	56,768
Deferred tax liabilities		71			11,407	202	309	23,171	35,160
Employee defined benefit obligations						460		78,240	78,700
Other liabilities	1,564	(703)	(5,671)	485	4,709	2,142	3,310	1,150,164	1,156,000
Provisions					60	1,570	2,509	274,745	278,884
Total liabilities	**2,590,024**	**250,696**	**180,574**	**32,400**	**822,712**	**128,267**	**742,489**	**60,582,370**	**65,329,532**
Net balance sheet position	(1,522,743)	259,297	2,302,363	51,468	(28,401)	146,204	(146,152)	7,305,699	8,367,735
Derivatives forward foreign exchange position	1,481,647	(233,893)	(2,338,787)	(50,347)	72,936	44,898	223,078	709,037	(91,431)
Total Foreign Exchange Position	**(41,096)**	**25,404**	**(36,424)**	**1,121**	**44,535**	**191,102**	**76,926**	**8,014,736**	**8,276,304**
Undrawn loan agreements and credit limits that can not be recalled (committed)	22,887				35,864	13,376		303,671	375,798

The net foreign exchange position as at 31.12.2014 presents the following sensitivity analysis:

Currency	Exchange rate variation scenario against Euro (%)	Impact on net income before tax	Impact on Equity
USD	Appreciation USD	(1,869)	
	Depreciation USD	1,691	
GBP	Appreciation GBP	1,560	
	Depreciation GBP	(1,411)	
CHF	Appreciation CHF	(8,213)	
	Depreciation CHF	7,431	
JPY	Appreciation JPY	59	
	Depreciation JPY	(53)	
AUD	Appreciation AUD	247	
	Depreciation AUD	(224)	
RON	Appreciation RON		279
	Depreciation RON		(253)
MKD	Appreciation MKD		731
	Depreciation MKD		(662)
RSD	Appreciation RSD		11,240
	Depreciation RSD		(10,169)
ALL	Appreciation ALL		(82)
	Depreciation ALL		74

b. Interest rate risk

In the context of analysis of the Banking portfolio, Interest Rate Gap Analysis is performed. In particular, assets and liabilities are allocated into time bands (Gaps) according to their repricing date for variable interest rate instruments, or according to their maturity date for fixed rate instruments.

An interest rate gap analysis of assets and liabilities is set out in the table below.

	31.12.2014							
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
ASSETS								
Cash and balances with Central Banks	1,561,762						457,255	2,019,017
Due from Banks	2,022,286	521,027	14	1,028	30,656	196,728		2,771,739
Securities helf for trading	80				656	1,073	2,380	4,189
Derivative financial assets	1,148,476							1,148,476
Loans and advances to customers	25,922,960	7,944,710	3,719,989	2,515,868	9,430,299	23,159		49,556,985
Investment securities								
- Available for sale	664,170	1,391,686	868,732	234,765	1,124,949	1,333,664	70,320	5,688,286
- Held to maturity	47,492	122,749	32,935	2,503	102,946	2,193		310,818
- Loans and receivables			4,299,101					4,299,101
Investments in associates and joint ventures							46,383	46,383
Investment property							567,212	567,212
Property, plant and equipment							1,083,348	1,083,348
Goodwill and other intangible assets							331,424	331,424
Deferred tax assets							3,689,446	3,689,446
Other assets							1,365,066	1,365,066
Non-current assets held for sale							53,971	53,971
Total Assets	**31,367,226**	**9,980,172**	**8,920,771**	**2,754,164**	**10,689,506**	**1,556,817**	**7,666,805**	**72,935,461**
LIABILITIES								
Due to banks	14,381,871	1,059,886	65,394		1,792,963			17,300,114
Derivative financial liabilities	1,948,541							1,948,541
Due to customers	11,541,503	7,193,770	8,288,464	7,226,617	7,208,898	1,439,816	1,565	42,900,633
Debt securities in issue held by institutional investors and other borrowed funds	434,972	347,205	49,951		463,612	227,781		1,523,521
Liabilities for current income tax and other taxes							61,794	61,794
Deferred tax liabilities							25,502	25,502
Employee defined benefit obligations							105,353	105,353
Other liabilities							1,091,747	1,091,747
Provisions							212,712	212,712
Liabilities related to assets held for sale							58,994	58,994
Total Liabilities	**28,306,887**	**8,600,861**	**8,403,809**	**7,226,617**	**9,465,473**	**1,667,597**	**1,557,667**	**65,228,911**
EQUITY								
Share capital							3,830,718	3,830,718
Share premium							4,858,216	4,858,216
Reserves							105,687	105,687
Retained earnings							(1,142,801)	(1,142,801)
Non-controlling interests							23,266	23,266
Hybrid securities							31,464	31,464
Total Equity							**7,706,550**	**7,706,550**
Total Liabilities and Equity	**28,306,887**	**8,600,861**	**8,403,809**	**7,226,617**	**9,465,473**	**1,667,597**	**9,264,217**	**72,935,461**
OPEN EXPOSURE	**3,060,339**	**1,379,311**	**516,962**	**(4,472,453)**	**1,224,033**	**(110,780)**	**(1,597,412)**	
CUMULATIVE EXPOSURE	**3,060,339**	**4,439,650**	**4,956,612**	**484,159**	**1,708,192**	**1,597,412**		

	31.12.2013							
	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	1,257,263						430,919	1,688,182
Due from Banks	2,197,711	13,168	5	1,451	114,048	239,847		2,566,230
Securities helf for trading		347				8,489		8,836
Derivative financial assets	797,393							797,393
Loans and advances to customers	24,908,927	13,561,182	3,233,860	2,088,585	5,967,356	1,498,401	420,002	51,678,313
Investment securities								
- Available for sale	634,889	931,540	1,117,701	108,193	736,003	1,378,705	59,903	4,966,934
- Held to maturity	183,431	69,866	1,030,573	17,472	65,363	3,081		1,369,786
- Loans and receivables			4,307,401				1,155	4,308,556
Investments in associates and joint ventures							50,044	50,044
Investment property							560,453	560,453
Property, plant and equipment							1,122,470	1,122,470
Goodwill and other intangible assets							242,914	242,914
Deferred tax assets							2,788,688	2,788,688
Other assets							1,542,830	1,542,830
Non-current assets held for sale							5,638	5,638
Total Assets	**29,979,614**	**14,576,103**	**9,689,540**	**2,215,701**	**6,882,770**	**3,128,523**	**7,225,016**	**73,697,267**
LIABILITIES								
Due to banks	17,324,327	45,441	63,873	10,966	1,293,692	344,425		19,082,724
Derivative financial liabilities	1,371,420	1,400			680			1,373,500
Due to customers	12,480,498	7,406,477	5,375,071	6,177,052	9,845,268	1,050,264	150,230	42,484,860
Debt securities in issue held by institutional investors and other borrowed funds	54,806	375,809	352,321					782,936
Liabilities for current income tax and other taxes							56,768	56,768
Deferred tax liabilities							35,160	35,160
Employee defined benefit obligations							78,700	78,700
Other liabilities							1,156,000	1,156,000
Provisions							278,884	278,884
Total Liabilities	**31,231,051**	**7,829,127**	**5,791,265**	**6,188,018**	**11,139,640**	**1,394,689**	**1,755,742**	**65,329,532**
EQUITY								
Share capital							4,216,872	4,216,872
Share premium							4,212,062	4,212,062
Reserves							631,033	631,033
Retained earnings							(747,572)	(747,572)
Non-controlling interests							23,640	23,640
Hybrid securities							31,700	31,700
Total Equity							**8,367,735**	**8,367,735**
Total Liabilities and Equity	**31,231,051**	**7,829,127**	**5,791,265**	**6,188,018**	**11,139,640**	**1,394,689**	**10,123,477**	**73,697,267**
OPEN EXPOSURE	**(1,251,437)**	**6,746,976**	**3,898,275**	**(3,972,317)**	**(4,256,870)**	**1,733,834**	**(2,898,461)**	**-**
CUMULATIVE EXPOSURE	**(1,251,437)**	**5,495,539**	**9,393,814**	**5,421,497**	**1,164,627**	**2,898,461**	**-**	**-**

From the Interest Rate Gap Analysis and from the application of alternative scenarios regarding the changes in market interest rates or changes in the base interest rates of the Bank and the companies of the Group, the Group is able to calculate the immediate changes in net interest income and equity relating to available for sale securities. In the interest rate decrease scenarios the change is assessed up to a feasible point (interest rate set to zero) in accordance with the effective yield curves per currency.

Interest rate variation scenario (parallel fall or rise in yield curves)	Sensitivity for net interest income (annual)	Sensitivity of Equity
-100	-20,419.83	+110,550.83
+100	+39,085.10	-128,476.93

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 is funded by customer deposits and bonds issued by the Group. Additionally, in order to extend the period and diverse the types of lending, the Bank is additionally financed by issuing securities to the international capital markets and borrowing from the system of Central Banks. In fact, the total funding can be divided into two main categories:

A. Customer deposits

1. Customer deposits on demand for cash flow needs

Deposits that are intended to meet short term needs of customers are the savings accounts and the sight deposits. Although these deposits may be withdrawn on demand, the number of accounts and type of depositors ensure that unexpected significant fluctuations are limited and that these deposits constitute mostly a stable deposit base. Therefore, these deposits constitute a significant factor of stability of the deposit base.

2. Customer term deposits and bonds for investment purposes

The customer term deposits and bonds for investment purposes issued by the Group companies usually consist of customer deposits for a certain period and customer repurchase agreements (repos), whereas the bonds issued by the Group companies are disposed through outright sale. Customers have the ability of early withdrawal of deposits or early liquidation of bonds which may result in potential need of finding alternative liquidity in case of extensive outflows.

For this purpose and for the general safety of customer deposits, the Bank takes care for the existence of adequate liquidity surpluses which are calculated based on stress testing exercises due to loss of liquidity or the existence of sufficient credit lines of financial instruments as shown below.

B. Wholesale funding

1. Medium-term borrowing from international capital markets

The Bank's constant aspiration is to cooperate with international investors who may offer medium term financing through purchase of securities issued by the Group companies. For this purpose, the Bank retains special financing programs appealing to international investors and provides adequate coverage of credit needs through international capital markets by planning asset level needs on an annual basis. However, the Bank acknowledges that the demand of these bonds may not be enough to fully meet the needs in specific time intervals as a result of factors which concern the credit assessment in the domestic and international economic environment.

2. Funding by Central Banks

An alternative way of Bank funding is the liquidity from financial instruments of the Central Banks- Euro system and especially from the European Central Bank (ECB). This funding regards loan granted with pledge of assets according to instructions and the eligible assets determined by the ECB. During the last years this additional source funding has become a major financial instrument by hedging the inadequate or loss of basic forms of Bank funding. Furthermore, under the period on which Greece is under the restructuring program of economy and fiscal improvement of financial figures and simultaneously servicing financing needs of the network of institutions that have the supervision of the program. The Bank can use available assets in order to increase liquidity from the Eurosystem to cover any financing gap. The Bank recognizes the short-term nature of this liquidity source and pursues gradually to release, if circumstances allow. However, for as long as the country is experiencing financial and economic crisis, the Bank ensures the smooth financing from these financial instruments which may be either conventional marginal lending from the ECB (MRO), or Emergent Liquidity Assistance from Bank of Greece (ELA). The Bank ensures the adequacy of collateral required in order to serve the financing from the above financial instruments, while recognizing both the type and the amount of financing that is under the discretion of the Eurosystem.

The political developments in Greece created temporary significant uncertainty which led to outflows of deposits of the Bank amounting to € 5.7 billion for the first 2 months of 2015, as a result is the increase of borrowings from the European System of Central Banks which amounted to € 22 billion.

Based on the Liquidity Gap Analysis, the cash flows arising from balance sheet items are calculated and classified into time periods in accordance with the contractual maturity date or the estimated date based on a statistical analysis (convention). An exception to the above, are the securities portfolios, which can contribute directly to raise liquidity, and they are allocated in the first period under the condition that they have not been used to raise liquidity either by the Central Bank or through interbank repos.

	31.12.2014					
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Total
ASSETS						
Cash and balances with Central Banks	2,019,017					2,019,017
Due from banks	1,971,078	523,483	9	1,188	275,981	2,771,739
Trading securities	1,809				2,380	4,189
Derivative financial assets	1,148,476					1,148,476
Loans and advances to customers	2,893,123	2,097,020	1,933,524	3,351,777	39,281,541	49,556,985
Investment securities						
- Available for sale	2,630,649				3,057,637	5,688,286
- Held to maturity	1,872		732	17,503	290,711	310,818
- Loans and receivables					4,299,101	4,299,101
Investments in associates and joint ventures					46,383	46,383
Investment property					567,212	567,212
Property, plant and equipment					1,083,348	1,083,348
Goodwill and other intangible assets					331,424	331,424
Deferred tax assets					3,689,446	3,689,446
Other assets	56,197	113,724	168,497	337,966	688,682	1,365,066
Non current assets held for sale	51,384			2,587		53,971
Total Assets	**10,773,605**	**2,734,227**	**2,102,762**	**3,711,021**	**53,613,846**	**72,935,461**
LIABILITIES						
Due to banks	14,086,798	1,103,010	66,446	3,036	2,040,824	17,300,114
Derivative financial liabilities	1,948,541					1,948,541
Due to customers (including debt securities in issue)	9,998,905	6,659,944	5,714,875	6,985,167	13,541,742	42,900,633
Debt securities in issue held by institutional investors and other borrowed funds		26,325	50,115		1,447,081	1,523,521
Liabilities for current income tax and other taxes	6,518	54,814		462		61,794
Deferred tax liabilities					25,502	25,502
Employee defined benefit obligations					105,353	105,353
Other liabilities	315,923	903			774,921	1,091,747
Provisions					212,712	212,712
Liabilities related to assets held for sale	58,994					58,994
Total Liabilities	**26,415,679**	**7,844,996**	**5,831,436**	**6,988,665**	**18,148,135**	**65,228,911**
EQUITY						
Share capital					3,830,718	3,830,718
Share premium					4,858,216	4,858,216
Reserves					105,687	105,687
Retained earnings					(1,142,801)	(1,142,801)
Non-controlling interests					23,266	23,266
Hybrid securities					31,464	31,464
Total Equity					**7,706,550**	**7,706,550**
Total Liabilities and Equity	**26,415,679**	**7,844,996**	**5,831,436**	**6,988,665**	**25,854,685**	**72,935,461**
Open liquidity gap	**(15,642,074)**	**(5,110,769)**	**(3,778,674)**	**(3,277,644)**	**27,759,161**	
Cumulative liquidity gap	**(15,642,074)**	**(20,752,843)**	**(24,821,517)**	**(27,759,161)**		

Held for trading and available for sale portfolios are listed based on their liquidation potential and not according to their maturity.

	31.12.2013					
	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	1,688,182					1,688,182
Due from banks	2,209,514	1,710		1,402	353,604	2,566,230
Trading securities	8,836					8,836
Derivative financial assets	797,393					797,393
Loans and advances to customers	2,882,636	1,892,939	2,606,841	3,713,409	40,582,488	51,678,313
Investment securities						
- Available for sale	1,430,190				3,536,744	4,966,934
- Held to maturity	2,858	10,675	931,333	12,296	412,624	1,369,786
- Loans and receivables					4,308,556	4,308,556
Investments in associates					50,044	50,044
Investment property					560,453	560,453
Property, plant and equipment					1,122,470	1,122,470
Goodwill and other intangible assets					242,914	242,914
Deferred tax assets					2,788,688	2,788,688
Other assets		180,814		74,735	1,287,281	1,542,830
Non current assets held for sale				239	5,399	5,638
Total Assets	**9,019,609**	**2,086,138**	**3,538,174**	**3,802,081**	**55,251,265**	**73,697,267**
LIABILITIES						
Due to banks	17,326,936	12,607	27,831	45,273	1,670,077	19,082,724
Derivative financial liabilities	1,373,500					1,373,500
Due to customers	8,959,704	6,332,559	5,152,812	5,697,967	16,341,818	42,484,860
Debt securities in issue and other borrowed funds		104,667	3,564	119	674,586	782,936
Liabilities for current income tax and other taxes			56,768			56,768
Deferred tax liabilities					35,160	35,160
Employee defined benefit obligations					78,700	78,700
Other liabilities	481,548				674,452	1,156,000
Provisions	14,767				264,117	278,884
Total Liabilities	**28,156,455**	**6,449,833**	**5,240,975**	**5,743,359**	**19,738,910**	**65,329,532**
EQUITY						
Share capital					4,216,872	4,216,872
Share premium					4,212,062	4,212,062
Reserves					631,033	631,033
Retained earnings					(747,572)	(747,572)
Non-controlling interests					23,640	23,640
Hybrid securities					31,700	31,700
Total Equity					**8,367,735**	**8,367,735**
Total Liabilities and Equity	**28,156,455**	**6,449,833**	**5,240,975**	**5,743,359**	**28,106,645**	**73,697,267**
Open liquidity gap	**(19,136,846)**	**(4,363,695)**	**(1,702,801)**	**(1,941,278)**	**27,144,620**	**-**
Cumulative liquidity gap	**(19,136,846)**	**(23,500,541)**	**(25,203,342)**	**(27,144,620)**	**-**	**-**

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

	31.12.2014						
		Nominal inflows / (outflows)					
	Total Balance Sheet	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	TOTAL
Non-derivative liabilities							
Due to banks	**17,300,114**	(14,096,705)	(1,109,798)	(67,259)	(3,618)	(2,104,074)	(17,381,454)
Due to customers	**42,900,633**	(10,632,526)	(6,701,374)	(5,786,714)	(7,155,409)	(14,265,359)	(44,541,382)
Debt securities in issue held by institutional investors and other borrowed funds	**1,523,521**	(258)	(34,281)	(70,176)	(20,294)	(1,793,158)	(1,918,167)
Other liabilities	**1,091,747**	(315,923)	(903)			(774,921)	(1,091,747)
Derivatives held for assets fair value hedge	**66,872**						
- Outflows		(499,384)	(776,617)	(420,822)	(158,328)	(358,866)	(2,214,017)
- Inflows		496,059	899,606	390,824	142,118	357,714	2,286,321
Derivatives held for liabilities fair value hedge	**643,985**						
- Outflows		(4)	(49)	(40,055)	(125)	(883,451)	(923,684)
- Inflows		15	27	9,858	19,780	849,469	879,149
Derivatives held for trading	**1,237,684**						
- Outflows		(641,637)	(855,364)	(808,077)	(1,076,346)	(3,204,981)	(6,586,405)
- Inflows		607,890	718,609	682,793	927,140	2,662,608	5,599,040
Total	**64,764,556**	**(25,082,473)**	**(7,860,144)**	**(6,109,628)**	**(7,325,082)**	**(19,515,019)**	**(65,892,346)**
Off Balance sheet items							
Undrawn loan agreements and credit limits that can not be recalled (committed)		(367,511)					(367,511)
Financial guarantees		(38,885)	(42,448)	(25,764)	(126,099)	(271,894)	(505,090)
Total off Balance sheet items		**(406,396)**	**(42,448)**	**(25,764)**	**(126,099)**	**(271,894)**	**(872,601)**

	31.12.2013						
	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	**19,082,724**	(17,357,823)	(13,098)	(28,401)	(60,533)	(1,672,880)	(19,132,735)
Due to customers	**42,484,860**	(9,040,431)	(6,473,672)	(5,350,800)	(6,082,407)	(16,852,411)	(43,799,721)
Debt securities in issue held by institutional investors and other borrowed funds	**782,936**	(375)	(72,692)	(7,733)	(4,053)	(779,679)	(864,532)
Other liabilities	**1,156,000**	(481,548)				(674,452)	(1,156,000)
Derivatives held for assets fair value hedge	**53,302**						
- Outflows		(163)	(181)	(1,461)	(5,695)	(400,458)	(407,958)
- Inflows		92	154	1,129	5,052	360,759	367,186
Derivatives held for liabilities fair value hedge	**450,651**						
- Outflows		(11)	(191)	(40,788)	(22,393)	(1,065,076)	(1,128,459)
- Inflows		141	1,350	10,393	22,370	995,918	1,030,172
Derivatives held for trading	**869,547**						
- Outflows		(1,251,971)	(292,919)	(474,942)	(1,178,709)	(4,403,947)	(7,602,488)
- Inflows		1,237,421	254,461	419,853	1,043,488	4,346,144	7,301,367
Total	**64,880,020**	**(26,894,668)**	**(6,596,788)**	**(5,472,750)**	**(6,282,880)**	**(20,146,082)**	**(65,393,168)**
Off Balance sheet items							
Undrawn loan agreements and credit limits that can not be recalled (committed)		(375,798)			-	-	(375,798)
Financial guarantees		(67,719)	(46,109)	(43,786)	(155,829)	(514,554)	(827,997)
Total off Balance sheet items		**(443,517)**	**(46,109)**	**(43,786)**	**(155,829)**	**(514,554)**	**(1,203,795)**

42.4 Fair value of financial assets and liabilities

Hierarchy of financial instruments not measured at fair value

	31.12.2014				
	Level 1	Level 2	Level 3	Total Fair value	Total Carrying amount
Financial assets					
Loans and advances to customers			49,125,976	49,125,976	49,556,985
Investment securities					
- Held to maturity	189,449	97,720	22,423	309,592	310,818
- Loans and receivables		4,370,874		4,370,874	4,299,101
Financial liabilities					
Due to customers			42,557,113	42,557,113	42,900,633
Debt securities in issue [(2)]	367,636	507,295	411,948	1,286,879	1,458,921

	31.12.2013				
	Level 1	Level 2	Level 3	Total Fair value	Total Carrying amount
Financial assets					
Loans and advances to customers			51,383,343	51,383,343	51,678,313
Investment securities					
- Held to maturity [(1)]	1,147,372	134,120	19,741	1,301,233	1,369,786
- Loans and receivables		4,333,574		4,333,574	4,308,556
Financial liabilities					
Due to customers			42,373,924	42,373,924	42,484,860
Debt securities in issue [(2)]		604,823	68,742	673,565	743,336

The above table presents the fair value of financial instruments which are measured at amortized cost and classified according to hierarchy and carrying amount.

The fair value of loans is estimated based on the interbank market yield curves by adding a liquidity premium and spread per loan category and business unit for the expected loss. The fair value of deposits is estimated based on the interbank market yield curves by deducting customer's spread depending on the type of deposit. In both above mentioned cases, the future cash flows (floating rate) are calculated based on the implied forward rates until their maturity.

The held to maturity securities and debt securities in issue whose fair value is calculated based on market prices, are classified into Level 1.

The held to maturity securities whose fair value is calculated based on non-binding market prices provided by dealers-brokers or on the application of income approach methodology using interest rates and credit spreads which are observable in the market, are classified into Level 2. The fair value of the loans and receivables securities relating to securities issued by the European Financial Stability Facility (E.F.S.F.) was determined by discounted cash flows using relevant E.F.S.F. issues inputs.

[(1)] *On 31.12.2013 investment securities portfolio includes an amount of €891.6 million which relates to the security transferred to the Group's ownership for the issuance of preference shares of the Greek State in the context of Law 3723/2008, which was matured on 21.5.2014.*

[(2)] *Debt securities in issue do not include the convertible bond loan issued by the Bank in the context of the agreement with Credit Agricole S.A. regarding the acquisition of Emporiki Bank since this security is measured at fair value.*

Level 3 classification includes securities of which the fair value estimated using significant unobservable inputs. In this case the fair value is quoted by issuers of the securities and confirmed by the Group.

In addition, Level 3 includes a bond liability of the Group from the securitization of shipping loans whose fair value was defined with discount of future cash flows using unobservable inputs of market.

The fair value of other financial assets and liabilities which are valued at amortized cost does not differ materially from the respective carrying amount.

Hierarchy of financial instruments measured at fair value

	31.12.2014			
	Level 1	Level 2	Level 3	Total Fair value
Derivative Financial Assets	12,368	1,136,108		1,148,476
Trading securities				
- Bonds and Treasury bills	1,729			1,729
- Shares	2,380			2,380
- Other variable yield securities	80			80
Available for sale securities				
- Bonds and Treasury bills	4,693,769	862,161	14,442	5,570,372
- Shares	11,913		62,011	73,924
- Other variable yield securities	43,990			43,990
Derivative Financial Liabilities	86	1,943,062	5,393	1,948,541
Convertible bond		64,600		64,600

	31.12.2013			
	Level 1	Level 2	Level 3	Total Fair value
Derivative Financial Assets	23,751	773,642		797,393
Trading securities				
- Bonds and treasury bills	7,002			7,002
- Shares	1,834			1,834
Available for sale securities				
- Bonds and Treasury bills	4,228,135	579,137	10,667	4,817,939
- Shares	22,321		64,594	86,915
- Other variable yield securities	62,080			62,080
Derivative Financial Liabilities	212	1,372,706	582	1,373,500
Convertible bond		39,600		39,600

The tables above present the fair value hierarchy of financial instruments measured based on the inputs used for the fair value measurement.

Securities which are traded in an active market and exchange-traded derivatives are classified into Level 1.

The available for sale securities whose fair value is calculated based on non-binding market prices provided by dealers-brokers or on the application of the income approach methodology using interest rates and credit spreads which are observable in the market, are classified as Level 2. Level 3 classifications include securities whose fair value is estimated using significant unobservable inputs.

The fair value of non listed shares, as well as shares not traded in an active market is determined based on the estimations made by the Group which relate to the future profitability of the issuer taking into account the expected growth rate of its operations, as well as the weighted average rate of capital return which is used as discount rate. Given that the above parameters are mainly non observable, the valuation of these shares is classified in Level 3.

For the valuation of over the counter derivatives income approach methodologies are used: discounted cash flow models, option-pricing models or other widely accepted valuation models. Valuations are checked on a daily basis with the respective prices of the counterparty banks in the context of the daily process of provision of collaterals and settlement of derivatives. If the non observable inputs are significant, the fair value that arises is classified as Level 3 or otherwise as Level 2.

The Group recognizes the transfer between fair value hierarchy Levels at the end of the reporting period.

Within the period, € 1.3 million were transferred from Level

2 to Level 1 due to the satisfaction of the criteria of active market. In addition, within the period, € 108.8 million were transferred from Level 1 to Level 2, as the liquidity margin (bid-ask spread) moved above the limit set for the characterization of market as active.

The table below presents the valuation methods used for the measurement of Level 3 fair value:

	31.12.2014			
	Total Fair Value	**Fair Value**	**Valuation Method**	**Significant non-observable Inputs**
Available for sale bonds	14,442	14,442	Based on issuer price	Price
Available for sale shares	62,011	62,011	Discounted cash flows – Multiples valuation method – Cost of acquisition	Future profitability of the issuer
Derivative Financial Liabilities	5,393	20	Discounted cash flows - Black Scholes valuation model with shares basket being the underlying instrument	Coefficient of variation and correlation coefficient between shares
		5,373	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid secutities' dividends

	31.12.2013			
	Total Fair Value	**Fair Value**	**Valuation Method**	**Significant non-observable Inputs**
Available for sale bonds	10.667	10,667	Based on issuer price	Price
Available for sale shares	64,594	64,594	Discounted cash flows – Multiples valuation method – Cost of acquisition	Future profitability of the issuer
Derivative Financial Liabilities	582	18	Discounted cash flows - Black Scholes valuation model with shares basket being the underlying instrument	Coefficient of variation and correlation coefficient between shares
		564	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid secutities' dividends

For all financial instruments measured at fair value classified in Level 3 due to the limited exposure of the Group on the specific financial instruments, a reasonable variation in non-observable inputs would not affect significantly the results of the Group.

A reconciliation for the movement of financial instruments measured at fair value in Level 3 is depicted below.

	31.12.2014	
	Assets	Liabilities
	Available for sale securities	Derivative financial liabilities
Opening balance 1.1.2014	**75,261**	**(582)**
Total gain or loss recognized in Income Statement	3	(4,829)
Total gain or loss recognized in Equity	3,666	
Purchases/ Issues	1,086	
Sales/ Repayments/ Settlements	(11,441)	18
Transfers in level 3 from level 1	7,164	
Transfers in level 3 from level 2	714	
Balance 31.12.2014	**76,453**	**(5,393)**
Amounts included in the Income Statement for financial instruments held at the year end	(5,544)	(4,829)

During the period, the transfer to Level 3 from Level 2 of Available for Sale Securities regards a securitized issue which was valued with the use of non-observable parameters. In addition, there were transfer to Level 3 from Level 1 of listed shares of € 7.2 million due to lack of trading in an active market.

	31.12.2013		
	Assets		Liabilities
	Available for sale securities	Derivative financial assets	Derivative financial liabilities
Opening balance 1.1.2013	**49,273**	**1,482**	**(3,623)**
Total gain or loss recognized in Income Statement	(10,989)	(429)	1,943
Total gain or loss recognized in Equity	17,937		
Purchases/ Issues	5,854		
Sales/ Repayments/ Settlements	(692)	(237)	282
Transfers in level 3 from level 1	2		
Transfers in level 3 from level 2	15,344		
Transfers from level 3 in level 2	(1,468)	(816)	816
Balance 31.12.2013	**75,261**		**(582)**
Amounts included in the Income Statement for financial instruments held at the year end	(10,992)	(429)	1,514

In 2013, the transfer to Level 3 from Level 2 of Available for Sale Securities regards the security issued by Cyprus Popular Bank. The other transfers to Level 3 concern shares due to lack of active market. The transfer from Level 3 to Level 2 relates to securitized bond (asset backed) for which there are active market prices.

In addition, during the year 2013, the definition of fair value was achieved with observable inputs for positions of derivative assets and liabilities where it was transferred from Level 3 to Level 2.

42.5. Transfers of financial assets

The Group in its ordinary course of business, transfers financial assets. In cases where, despite the fact that the contractual right to receive cash flows has been transferred the risks and rewards remain with the Group, these assets continue to be recognized on the balance sheet.

As of 31.12.2014, the financial assets that have not been derecognized despite the contractual transfer of their cash flows, are derived from the following two categories of transactions:

a) Securitizations of financial assets

The Bank has securitized corporate, consumer loans and credit cards while its subsidiary Alpha Leasing SA finance lease receivables, in order to absorb liquidity from the Eurosystem. In the context of these transactions, these items have been transferred to special purpose entities fully consolidated by the Group, which have proceeded with the issuance of bonds. Securitized financial assets continue to be recognized as loans and advances to customers, since the Group continues in all cases to retain the rewards and risks associated with them. This is justified by several factors which include the full consolidation of special purpose entities, the fact that the Bank owns these bonds and the entitlement to the deferred consideration from the transfer. Given that bonds are owned by the Group, no liabilities actually arises from the transfer. The book value of the securitized receivables on 31.12.2014 amounts to € 3,743,417 (31.12.2013: € 3,588,715).

In addition, during the current fiscal year, the Bank proceeded to a shipping loan securitization transaction through the fully consolidated special purpose company Alpha Shipping Finance Ltd. These loans are recognized in the category of loans and trade receivables as the Group retains the risks and benefits of the portfolio through entitlement to deferred consideration paid. The carrying amount of the securitized shipping loans and the bonds which are issued of the SPE, which are not held, amounted to € 658,685 and € 414,446 respectively. The fair value of loans amounted to € 646,279 and the debt security at € 411,762.

Finally, in the context of the acquisition of Emporiki Bank during 2013, the Bank acquired a portfolio of mortgage loans that had been securitized through Lithos entity. This transaction regarding the securitized loan was recalled during the current year. As at 31.12.2013, the carrying amounts of securitized mortgage loans, which did not meet the requirements for interruption of recognition in the Group financial statements, as well as the bonds issued by Lithos not owned by the Bank, amounted to € 99,096 and € 68,517, respectively. The fair values of loans and bonds are not different from their respective carrying amounts.

b) Sale and repurchase agreements of debt securities

The Group on 31.12.2014 proceeded with the transfer of Greek Government treasury bills and bonds of other issuers with a repurchase agreement. These securities are still included in the Group's investment portfolio and the respective figures are presented in the following table.

	31.12.2014		
	Available for sale portfolio		Held to Maturity portfolio
	Greek Government Bonds	Bonds of other issuers	Other issuers
Carrying amount of transferred securities	18,236	201,498	2,499
Carrying amount of related liability	(13,416)	(159,089)	(2,031)
Fair value of transferred securities	18,236	201,498	2,544
Fair value of related liability	(13,416)	(159,089)	(2,031)
Equity	**4,820**	**42,409**	**513**

	31.12.2013		
	Available for sale portfolio		Loans and receivables bonds
	Treasury bills of Greek State	Bonds of other issuers	EFSF Bonds
Carrying amount of transferred securities	515,092	108,088	814,339
Carrying amount of related liability	(514,067)	(79,886)	(777,704)
Fair value of transferred securities	515,092	108,088	820,918
Fair value of related liability	(514,607)	(79,886)	(777,704)
Equity	**485**	**28,202**	**43,214**

On 31.12.2014 the Group has proceeded to a transfer of securitized covered bonds by mortgages loan with repurchase agreement. These bonds does not exist in the balance sheet because they are held by the Group. The carrying amount of the liability of the above repurchase agreements at 31.12.2014 amounts to € 1,432,179.

42.6. Offsetting financial assets - liabilities

The following tables present derivative transactions under contracts of the International Swaps and Derivatives Association (ISDA), which are signed with credit institutions as counterparties. In accordance with these contracts, the Bank is able to offset its assets and liabilities relating to a counterparty in case of a credit default.

Financial assets subject to offsetting

	31.12.2014					
				Related amounts not offset		
	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offset	Net amount of financial assets presented in the balance sheet	Financial instruments	Cash collateral received	Net amount
Derivatives	1,005,603		1,005,603	(517,120)	(188,404)	300,079

	31.12.2013					
				Related amounts not offset		
	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offset	Net amount of financial assets presented in the balance sheet	Financial instruments	Cash collateral received	Net amount
Derivatives	689,510		689,510	(160,000)	(23,916)	505,594

Financial liabilities subject to offsetting

	31.12.2014					
				Related amounts not offset		
	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offset	Net amount of financial assets presented in the balance sheet	Financial instruments	Cash collateral received	Net amount
Derivatives	1,878,470		1,878,470	(517,120)	(1,347,427)	13,923

	31.12.2013					
				Related amounts not offset		
	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offset	Net amount of financial assets presented in the balance sheet	Financial instruments	Cash collateral received	Net amount
Derivatives	1,317,108		1,317,108	(160,000)	(1,120,061)	37,047

Reconciliation of the net amount of financial assets and liabilities presented in the balance sheet

	31.12.2014			
	Note	Net amount presented in the balance sheet	Carrying amount of financial assets in the balance sheet	Financial assets not in scope of offsetting disclosures
Type of financial asset				
Derivatives	16	1,005,603	1,148,476	142,873

	Note	Net amount presented in the balance sheet	Carrying amount of financial assets in the balance sheet	Financial assets not in scope of offsetting disclosures
Type of financial liability				
Derivatives	16	1,878,470	1,948,541	70,071

	31.12.2013			
	Note	Net amount presented in the balance sheet	Carrying amount of financial assets in the balance sheet	Financial assets not in scope of offsetting disclosures
Type of financial asset				
Derivatives	16	689,510	797,393	107,883

	Note	Net amount presented in the balance sheet	Carrying amount of financial assets in the balance sheet	Financial assets not in scope of offsetting disclosures
Type of financial liability				
Derivatives	16	1,317,108	1,373,500	56,392

43. The Bank's recapitalisation framework

On 6.6.2013, the Bank completed the share capital increase procedure, pursuant to the decisions of the second iterative Extraordinary General Meeting of 16.4.2013 and the Board of Directors meeting of 30.4.2013, based on the provisions of Law 3864/2010 amounting to € 4,571 billion, covering in this way the capital needs of the Group, as determined by the Bank of Greece.

After the completion of the recapitalization, the Coordination Framework between the HFSF and the Bank was signed, which determines the relations between the parties and other issues, related to corporate governance of the Bank and the preparation of the Restructuring Plan.

As set out in the Memorandum of Economic and Financial Policies of May 2013, the Bank of Greece conducted a new stress test, based on the data as at 30.6.2013, in order to update the capital needs of the banks. The results of the stress test were announced in March 2014. The exercise showed that the Group capital needs were determined at € 262 million.

On 7.3.2014, Alpha Bank's Board of Directors decided that an Extraordinary Meeting of Shareholders will be held on 28.3.2014 and the agenda includes the share capital increase of a total amount of up to € 1.2 billion, through payment in cash and cancellation of pre-emption rights. The share capital increase was intended to:

a) contribute to the creation of the conditions necessary to satisfy the provisions of Law 3723/2008 regarding the repayment of preferred shares issued by Bank and owned by the Greek State (article 1 of Law 3723/2008) and their replacement with high quality capital, a fact that will give greater flexibility to the Bank's dividend policy in the future,
b) meet requirements as defined by the results of the diagnostic assessment of the Bank of Greece,
c) improve the quality of the Bank's regulatory capital and accelerate its adaptation to the new regulatory framework of Basel III and
d) to facilitate the Bank's financing from international capital markets under the reinforced creditworthiness.

The share capital increase of the Bank amounting to € 1.2 billion was completed on 28.3.2014 through a private placement of qualified investors. On 17.4.2014, the Bank fully redeemed to the Hellenic Republic the total amount of preference shares of € 940 million, issued to the latter by the Bank.

Additionally it is noted that the assessment conducted by the European Central Bank was completed and according to the results announced on 26.10.2014 there are no capital requirements for the Bank.

44. Capital adequacy

The Group's policy is to maintain a robust capital base to safeguard the Group's development and retain the trust of depositors, shareholders, markets and business partners.

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

Treasury shares are allowed to be purchased based on the terms and conditions of law.

The capital adequacy is supervised by the Single Supervising Mechanism of ECB, to which reports are submitted every quarter. The minimum requirements regarding Tier I ratio and the capital adequacy ratio of the Group are stipulated by Bank of Greece Governor's Acts.

The capital adequacy ratio compares regulatory capital with the risks assumed by the Group (risk-weighted assets). Regulatory capital includes Tier I capital (share capital, reserves and non-controlling interests), additional Tier I capital (hybrid securities) and Tier II capital (subordinated debt, real estate properties revaluation reserves). Risk-weighted assets include the credit risk of the investment portfolio, the market risk of the trading portfolio and operational risk.

From 1.1.2008 until 31.12.2013, capital adequacy calculation is determined under the new regulatory framework (Basel II), which has been incorporated in the Greek legislation by Law 3601/2007, and several Acts of the Governor of Bank of Greece. These Acts were amended during 2010 in order to adopt the corresponding changes of EU Directives on risk management, own funds, capital adequacy and large exposures, and some of them were further amended during 2012. Since January 1, 2014 the above EU Directives have been repealed by virtue of EU Directive 2013/36/EU dated June 26, 2013 along with the EU Regulation 575/2013/EU, dated June 26, 2013. The Directive and the Regulation gradually introduce the new capital adequacy framework (Basel III) of credit institutions.

As of 31.12.2013 with the effect of the new BoG Executive Committee Act 36/23.12.2013 the 20% limit on the deduction of deferred tax assets from Common Equity Tier I was abolished.

From 1.1 to 31.12.2014, besides the 8% capital adequacy limit, new limits of 4.5% for Common Equity Tier I ratio and 6.0% for Tier I ratio were set according to the Regulation 575/2013 and the transitional provisions for the calculation of own funds as adopted by the Bank of Greece. These limits should be satisfied on a standalone and on a consolidated basis.

	31.12.2014	31.12.2013
Core Tier I [(1)]	14.3%	16.1%
Tier I	14.3%	16.1%
Capital Adequacy Ratio (Tier I + Tier II)	**14.7%**	**16.4%**

On 6.3.2014 the Bank of Greece announced the capital needs for the greek banks, taking into account the expected losses as they were defined in the Baseline Scenario of the Blackrock Solutions assessment. The capital needs of Alpha Bank amounted to € 262 million. The amount of € 262 million was covered from the recent share capital increase of the Bank amounted to € 1.2 billion that was completed on March 2014, while on April 2014 the preference shares of Hellenic Republic were repaid

At the end of 2014, ECB announced the results of Comprehensive Assessment ("CA") 2014 based on which the Bank exceeding the CET1 hurdle rates 5.5% and 8% for the adverse and baseline scenarios for both static and dynamic assumptions with a safe margin ranging between € 1.3 and € 3.1 billion. This includes the results of the Asset Quality Review ("AQR"), the Stress Test and the "joinup" methodology.

According to the ECB announcement, the AQR adjustment after tax to the 31.12.2013 CET1 was 1.8% or € 942 million.

[(1)] *For 31.12.2013 the calculation of the ratios is in accordance with the BoG Act 13/28.3.2013 and from 1.1.2014 it is based on Basel III.*

Comprehensive Assessment Summary [1]

	Reported [2]	Static		Dynamic	
	2013	2016		2015[3]	2016
		Baseline	Adverse	Baseline	Adverse
CET1 (€ mn)	8,211	7,216	4,189	7,694	5,013
RWAs (€ mn)	51,754	52,261	51,918	57,764[4]	59,316[4]
CET1 (%)	15.9%	13.81%	8.07%	13.32%	8.45%
Hurdle rates		8.0%	5.5%	8.0%	5.5%
Capital surplus (€ mn)		3,035	1,334	3,073	1,750
Capital surplus (bps)		581	257	532	295

The above figures arise from the results of ECB assessment and have already published.

Elements concerning the disclosure of regulatory information for capital adequacy and risk management (Pilar III – Regulation 575/2013) will be published in the Bank's website.

45. 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 Group transactions with key management personnel consisting of members of the Bank's Board of Directors and Executive Committee, their close family members and the entities controlled by them, as well as, the results related to these transactions are as follows:

	31.12.2014	31.12.2013
Assets		
Loans and advances to customers	**32,529**	**77,827**
Liabilities		
Due to customers	46,912	80,644
Debt securities in issue	2,370	1,638
Employee defined benefit obligations	387	607
Total	**49,669**	**82,889**
Letters of guarantee and approved limits	**11,917**	**12,054**

	Από 1 Ιανουαρίου έως	
	31.12.2014	31.12.2013
Income		
Interest and similar income	948	1,522
Fee and commission income	129	58
Total	**1,077**	**1,580**
Expenses		
Interest expense and similar charges	1,363	2,733
Key management and close family members income	3,424	3,485
Other expenses		6
Total	**4,787**	**6,224**

(1) *After AQR/Stress Test/Join Up, in accordance with official notifications of ECB and EBA. The information of the relevant table is outside the scope of the audit performed by the auditors on the financial statements.*

(2) *The starting point of the Comprehensive Assessment is adapted to Basel III (in accordance with the methodology of EBA).*

(3) *As a final result is considered the lowest level of capital for a period of three (3) years, i.e. 31.12.2015.*

(4) *Based on European Banking Authority methodology and other related adjustments*

b. The outstanding balances of the Group transactions with associates and joint ventures as well as the results related to these transactions are as follows:

	31.12.2014	31.12.2013
Assets		
Loans and advances to customers	171,731	150,344
Other assets	391	907
Total	**172,122**	**151,251**
Liabilities		
Due to customers	7,265	8,951

It is noted that as referred in note 19, the Group long-term loan to joint ventures was impaired in 2014.

	From 1 January to	
	31.12.2014	31.12.2013
Income		
Interest and similar income	5,916	5,159
Fee and commission income	3	10
Other income	827	825
Total	**6,746**	**5,994**
Expenses		
Interest expense and similar charges	96	283
General administrative expenses	5,652	5,125
Other expenses	1,993	1,704
Total	**7,741**	**7,112**

c. The Supplementary Fund of former Alpha Credit Bank's employees holds bonds of the subsidiary of the Bank Alpha Credit Group Plc of € 19,031, while its deposits with Alpha Bank amount to € 29,876. Additionally, it holds Alpha Bank's shares of € 1,075.

d. The Hellenic Financial Stability Fund (HFSF) exerts significant influence on the Bank. In particular, due to its participation in the recent share capital increase according to Law 3864/2010, HFSF acquired representation in the Board of Directors and other significant Committees of the Bank. Therefore, according to IAS 24, HFSF and its related entities are considered related parties for the Group.

The outstanding balances of the Group transactions as well as the results related to these transactions are analyzed as follows:

	31.12.2014	31.12.2013
Assets		
Due from banks		24,643
Investment securities		155,306
Total		**179,949**
Liabilities		
Due to banks		988

In June 2014 the HFSF paid in cash to the Bank the amount of € 92.5 million and € 41.2 million in order to cover the difference between the transferred assets and liabilities of the under liquidation Cooperative Banks of Dodecanese and of Evia respectively.

In July 2014 the HFSF paid also in cash the amount of € 40.6 million in order to cover the difference between the transferred assets and liabilities of the under liquidation Cooperative Banks of West Macedonia.

	From 1 January to	
	31.12.2014	31.12.2013
Income		
Interest and similar income	443	10,171
Net fee and commission income	133	
Gains less losses on financial transactions		400
Total	**576**	**10,571**
Expenses		
Interest expense and similar charges		9
Commission expense		12,667
Total		**12,676**

46. Auditors' fees

During 2014, the total fees of "KPMG Certified Auditors A.E.", statutory auditor of the Bank, are analyzed below, as stated in article 43a of Codified Law 2190/1920 and as amended by article 30 of Law 3756/2009.

	From 1 January to	
	31.12.2014	31.12.2013
Fees for statutory audit	1,021	921
Fees for the issuance of tax certificate	437	437
Fees for other audit related services	378	994
Fees for other non-audit services	26	3
Total	**1,862**	**2,355**

47. Acquisition of the Retail Banking operations of Citibank and Diners Club Greece A.E.P.P

On 30.09.2014, the Bank acquired the Retail Banking operations of Citibank, including the company Diners Club Greece A.E.P.P., following the agreement signed on 13.6.2014 between the Bank and Citibank International plc (hereinafter "CIP") and Citibank Overseas Investment Corporation (hereinafter "Sellers") and the receipt of the required regulatory approvals.

The transaction includes the operations of Wealth Management with assets under management amounting to € 2 billion, out of which deposits amounting to € 0.9 billion, loans of € 0.4 billion (mainly credit cards), as well as a retail network of 20 branches, that offers services to 480,000 customers. In addition, as a result of the acquisition, the qualified personnel working in the Retail Banking network of Citibank was incorporated into the Bank.

The benefits of this acquisition primarily focus on the following:

- The Bank further strengthens its position in the Greek banking market by building on the expertise of Citibank at Wealth Management operations,
- The partnership with Diners Club, a high quality brand, reinforces the presence of the Bank in the credit cards market.

CIP will continue to be involved in the Corporate Banking sector, through its branch in Greece. The Bank and CIP signed agreements that provide for the exchange of services during the migration of the acquired products from CIP to the Bank's IT systems. Specifically from 30.9.2014 onwards, CIP provides access to its systems, for a fee, for the servicing of the products transferred while the Bank provides access to its network of acquired branches, for a fee, for the servicing of CIP customers. Fees and expenses that will arise for the Bank in respect of these agreements will be recognized in the income statement as incurred. During the fourth quarter of 2014, revenues amounting to € 158 thousand and expenses amounting to € 2.6 million were recognized in Other Income and General Administrative Expenses in the Consolidated Income Statement respectively for the abovementioned agreements.

The transfer agreement signed between the parties provided that the acquisition will take the form of two separate transactions, the one relating to the transfer of assets and liabilities as well as of the Retail Banking operations of the CIP branch in Greece (hereinafter "CIP transaction"), and the other to the acquisition of 100% of the share capital of Diners Club Greece A.E.P.P (hereinafter "Diners transaction") from the Sellers. The acquisition costs which were recognized for the two transactions in Bank's General Administrative Expenses amounted to € 1.3 million in 2014.

For accounting purposes of the recognition of the acquisition, the two transactions are treated as two distinct business combinations that should be recognized in accordance with IFRS 3. Information concerning each transaction is separately disclosed in the following paragraphs.

CIP Transaction

The transaction involves the transfer to the Bank of the Retail Banking operations of CIP branch in Greece, namely these specified assets and liabilities of the branch relating to the above activities (mainly consumer loans and deposits), Wealth Management operations, branches network, as well as the employees of the retail sector. Therefore, it is an acquisition of a full range of activities and assets that meet the definition of "business" in accordance with IFRS 3. The Bank obtained control of the above "business" on 30.9.2014, i.e. the date of transfer of the Retail Banking operations.

As part of the agreement of 13.6.2014, CIP assumed the obligation to cover the difference in values between the transferred assets and liabilities of the Retail Banking operations, as these were calculated based on the accounting principles agreed by the two parties, by including in the assets transferred the amount of the difference in cash (funding gap). The difference amounted to € 680.9 million, according to the final closing balance sheet of 30.9.2014, of which an amount of € 670.4 million was transferred to the Bank on 30.9.2014, whereas the remaining amount of € 10.5 million was paid by CIP in February 2015. The consideration for the acquisition of the Retail Banking operations amounted to € 46.7 million and was paid by the Bank on 30.9.2014.

The valuation at fair value of net assets acquired through the acquisition of the retail banking operations of CIP has not been completed due to the short time that elapsed between the completion of the transaction and the publication of these financial statements.

The table below depicts the provisional fair values of net assets acquired as of 30.9.2014:

	Provisional Fair value
Net assets	
Assets	
Cash and balances with Central Banks	20,279
Loans and advances to customers	227,466
Tangible assets	458
Other intangible assets	60,079
Funding Gap	680,950
Other assets	695
Total Assets	**989,927**
Liabilities	
Due to customers	927,343
Employee defined benefit obligations	2,936
Other liabilities and provisions	12,948
Total Liabilities	**943,227**
Net Assets	**46,700**
Consideration	46,700
Goodwill	**-**

In intangible assets an amount of € 60 million was recognized as the value which was attributed to the customer relationships of the credit cards and wealth management business and the acquired deposit base.

The fair value of the net assets acquired represents the € 46.7 million consideration paid. In addition, the consideration paid is also recognized as an Intangible Asset according to the tax law and is amortized at a 10% rate. As a result, the sum of the deferred tax assets and liabilities which were recognized on 30.9.2014 for the items acquired in the context of the above transaction is zero.

The balance of Loans and Advances which were acquired from the acquisition of the retail banking operations of CIP before impairment amounted to € 275.6 million. Regarding the estimation for the amounts that are expected not to be received, it is noted that the Group examines the loans in the context of the impairment policy that follows and the credit risk policy is analyzed in note 42.1.

Due to the incorporation of the assets and liabilities acquired in the respective Bank's assets and liabilities, it is not feasible to distinctly present the results which arose from the retail banking operations of CIP after 30.9.2014. Respectively, it is not feasible to disclose the Group's results that would have arisen if the acquisition had taken place on 1.1.2014, taking into account the fact that the results of the retail banking operations cannot accurately be distincted from the total results of the branch of CIP for the period 1.1.2014 – 30.9.2014.

The net cash inflow for the Group regarding the transaction in 2014 amounted to € 644 million and is analyzed as follows:

Difference in value of transferred assets and liabilities	680,950
- part of which received in 2015	(10,588)
Balances with Central Banks	20,279
Consideration	(46,700)
Net cash flow	**643,941**

Diners Transaction

On 30.9.2014 the Bank acquired 100% of the share capital of Diners Club Greece A.E.P.P. The company operates in lending and credit activities, including the issuance and distribution of card payment facilities named Diners Club. The company is under the supervisory control of the Bank of Greece. The Bank obtained control of Diners on 30.9.2014, the date of transfer of the share capital by the Sellers. The consideration for the acquisition amounted to € 1,437 million based on the Diners 30.9.2014 balance sheet which was prepared according to the accounting principles agreed by the counterparties. The consideration was paid to the sellers in February 2015.

The valuation at fair value of the net assets of Diners has not been completed due to the short time that elapsed between the completion of the transaction and the publication of these financial statements.

The table below presents the provisional fair values of net assets acquired as of 30.9.2014:

Net assets	Provisional Fair value
Assets	
Cash and balances with Central Banks	1,455
Loans and advances to customers	147,924
Other intangible assets	25,085
Other assets	181
Total Assets	**174,645**
Liabilities	
Due to banks	107,794
Employee defined benefit obligations	5,398
Deferred tax liabilities	6,522
Other liabilities and provisions	13,207
Total Liabilities	**132,921**
Net Assets	**41,724**
Consideration	1,437
Goodwill	**40,287**

The adjustments in the provisional figures which were disclosed for Diners in the financial statements of 30.9.2014 are presented in the table below. The resulting adjustments were recognized retrospectively as if the accounting presentation of the acquisition had been completed at the date of acquisition.

Negative goodwill on financial statements as at 30.9.2014	**21,507**
Recognition of intangible assets for the acquired customer relationships	25,085
Recognition of deferred tax liability	(6,522)
Adjustment of other liabilities	1,654
Consideration	(1,437)
Negative goodwill on financial statements as at 31.12.2014	**40,287**

The amount of € 25 million that has been recognized in other intangible assets relates to the value attributed to the acquired customer relationships of the credit cards operations. Relating to this value, a deferred tax liability of € 6.5 million was recognized. No deferred tax asset on temporary differences between the carrying amounts and the tax base of other assets and liabilities acquired was recognized, because it was considered that its recoverability cannot be estimated accurately.

The amount of € 40.3 million, which was recognized in the line item "Negative Goodwill" in the Consolidated Income Statement, represents the amount of negative goodwill arising on the basis of provisional fair values. The negative goodwill is justified by the very low consideration for the acquisition of the company in relation to the estimated value of the loan portfolio and the acquired customer relationships. This amount is not subject to income tax as it is recorded in the consolidated financial statements.

On 30.9.2014 the Bank undertook the financing of the activities of Diners by lending to the company an amount of € 106 million in order to repay its respective obligations to CIP.

The balance of Loans and Advances acquired from the acquisition of Diners before impairment amounted to € 184.5 million. Regarding the estimation for the amounts that are expected not to be received, it is noted that the Group examines the loans in the context of the impairment policy that follows and the credit risk policy is analyzed in note 42.1.

The table below presents the total income, expenses and results before and after tax that arose from the acquisition of Diners and were included in the Consolidated Income Statement, as well as the respective amounts that would have arisen for the Group if the acquisition of Diners had taken place on 1.1.2014.

	Results of Diners	Results of Group with acquisition date 1.1.2014
	30.9 - 31.12.2014	1.1 - 31.12.2014
Total income	**46,925***	**2,486,704**
Total expenses	**(2,519)**	**(3,516,473)**
Gain/(Loss) before income tax	44,406	(1,029,769)
Gain/(Loss) after income tax	44,610	(334,216)

* Negative goodwill of € 40.3 million is included.

The net cash inflow for the Group from the transaction in 2014 was the cash and cash equivalents of Diners amounting to € 1,455 million, as the consideration of € 1,437 million was paid in 2015.

Emporiki Bank Acquisition

In 2013 the transfer of the entire share capital of Emporiki Bank to Alpha Bank by Credit Agricole was completed, which resulted in the recognition of negative goodwill amounting to € 3,283,052. More information on this transaction is contained in note 46 of the Group's financial statements as at 31.12.2013.

48. Disclosures of Law 4151/2013

According to Article 6 of Law 4151/2013, the amounts from dormant deposit accounts will be used by the Greek State to cover government needs, after the write off of rights of depositors or their legal heirs.

According to Law 3601/2007, a dormant deposit account for a credit Institution is an account on which no transaction by depositors has been recorded for a period of 20 years from the day following the last transaction. Interest accrued or capitalized to an account will not constitute a transaction and not delay any write-off.

Following the expiry of the 20-year period, the credit institutions in Greece are obliged to: a) transfer to the State the aggregate balance of dormant deposit accounts, including any interest, by the end of April of each year by depositing the relevant amount in a special account in the Bank of Greece b) notify the General Accounting Office (GAO) and the General Directorate of Public Property regarding the fulfillment of the obligation arising from the Law 4151/2013, and c) to provide information to beneficiaries and heirs after the lapse of twenty years for the transfer of the respective amounts, if asked. The abovementioned amounts will be recorded as income in the Annual State Budget.

The auditors will perform agreed upon procedures for the compliance with the provisions of the law on dormant deposits indicating the amount that was transferred to the State.

In the context of fulfillment of the above Bank's obligations, the estimated payable amount of dormant deposits accounts for the financial year 2014 amounts to € 1.1 million and corresponds to 4,232 deposit accounts (2013 € 27.3 million, number of deposit accounts 31,407).

49. Discontinued operations

On 18.7.2013, the Bank signed a contract to sell the total number of shares in its subsidiary JSC Astra Bank to the Delta Bank Ukrainian Group for an amount of € 82 million. The transaction was completed on 19.9.2013.

Ukraine represented a separate geographical area of operations that is part of the Group's South-Eastern Europe sector for reporting purposes per operational segment. Since the Group's investment in JSC Astra Bank, sole company through which the Group operates in Ukraine, has been classified as held for sale, operations related to JSC Astra Bank are classified as "discontinued operations".

The results and cash flows arising from JSC Astra Bank are presented as "amounts from discontinued operations", in the Income Statement, Statement of Comprehensive Income and Statement of Cash Flows. In the following table, the amounts presented in the Income Statement, including the result from the sale, and in the Statement of Comprehensive Income are analyzed.

(in thousands of Euro)

	From 1 January to 31.12.2013
Interest and similar income	16,020
Interest expense and similar charges	(5,432)
Net interest income	10,588
Fee and commission income	865
Commission expense	(144)
Net fee and commission income	721
Dividend income	
Gains less losses on financial transactions	122
Other income	27
	149
Total income	**11,458**
Staff costs	(4,867)
General administrative expenses	(3,833)
Depreciation and amortization expenses	(696)
Other expenses	
Total expenses	**(9,396)**
Impairment losses and provisions to cover credit risk	(819)
Profit/(Loss) before income tax	**1,243**
Income tax	(137)
Profit/(Loss) after income tax	**1,106**
Profits and losses from sale after income tax	(58,223)
Profit/ (loss) after income tax from discontinued opeartions	**(57,117)**
Total other comprehensive income recognized directly in Equity:	
Amounts that may be reclassified in the Income Statement	
Available for sale portfolio reserve	3,094
Exchange differences on translating and hedging the net investment in foreign operations	44,252
Income tax	(309)
Amounts that may be reclassified in the Income Statement from discontinued operations	**47,037**

50. Corporate events

a. On 21.1.2014 the Bank's subsidiary Alpha Group Investment Ltd acquired the total number of shares of AGI-SRE Ariadne Ltd registered in Cyprus, for the amount of € 1.8 thousand.

b. On 13.2.2014, the Group's subsidiary, AGI-RRE Venus Ltd acquired the total number of shares of AGI-RRE Venus Srl registered in Romania, for an amount of € 45.

c. On 20.2.2014, the Group's subsidiary, AGI-RRE Cleopatra Ltd acquired the total number of shares of AGI-RRE Cleopatra Srl registered in Romania, for an amount of € 45.

d. On 20.2.2014, the Group's subsidiary, AGI-RRE Hermes Ltd acquired the total number of shares of AGI-RRE Hermes Srl registered in Romania, for an amount of € 45.

e. On 24.2.2014, the Bank exercised the option of withdrawal of the transaction of securitized mortgage loans through the special purpose entity Lithos Mortgage Financing Plc.

f. On 27.2.2014, the Bank's subsidiary, AGI-RRE Artemis Ltd the total number of shares of SC Carmel registered in Romania, for an amount of € 45. The Group through the above-mentioned company, acquired investments in property in Romania, with a fair value of € 9.7 million, instead of loan with the same book value that had granted to it.

g. On 26.3.2014, the Bank participated in the share capital increase of its subsidiary, Ionian Equity Participations Ltd, by contributing € 1.9 million.

h. On 31.3.2014 the Bank's subsidiary, Alpha A.E Ventures wrote off the investment in Prismatech S.A. It is mentioned that in past an equal impairment provision was raised, so it has been fully impaired.

i. On 13.6.2014 the Bank signed an agreement with Citibank International Plc and Citibank Overseas Investment Corporation ("Citi") to acquire the retail banking operation of Citi, including Diners Club in Greece.

j. On 2.7.2014, the Bank's subsidiary, Alpha Group Investments Ltd founded APE Investment Property N. Kifisias A.E. and APE Investment Property Kallirois A.E. located in Greece for the amount of € 24 thousand respectively.

k. On 27.8.2014, the Bank's subsidiary, Alpha Group Investments Ltd acquired the total number of shares of AGI-Cypre Alaminos Ltd, AGI-Cypre Tochini Ltd and AGI-Cypre Evagoras Ltd registered in Cyprus, for the amount of € 1.8 thousand respectively.

l. On 8.9.2014, the Bank's subsidiary, Alpha Group Investments Ltd acquired the total number of shares of AGI-Cypre Tersefanou Ltd and AGI-Cypre Mazotos Ltd registered in Cyprus, for the amount of € 1.8 thousand respectively.

m. On 26.9.2014, the Bank participated in the share capital increase of its subsidiary, Alpha Group Investments Ltd, by contributing € 40 million.

n. On 26.9.2014, the Bank's subsidiary Alpha Group Investments Ltd participated in the share capital increase of Group's subsidiaries AEP Amarousion I, AEP Amarousion II, AEP Chalandriou and AEP Attikis II, by contributing € 8.2 million, € 7.5 million, € 4.3 million and € 20 million respectively.

o. On 30.9.2014, the Bank completed the acquisition of the retail banking operations of Citibank International Plc and the total number of shares of Diners Club Greece A.E.P.P.

p. On 7.11.2014 and 19.11. 2014 the Extraordinary Meeting of Shareholders of the Bank and Alpha Leasing AE respectively, approved the Bank's and Alpha Leasing A.E. accession in a special framework for the conversion of deferred tax assets claims from temporary differences into final and settled claims against the Hellenic Republic and the compliance with the respective legal obligations (note 11).

q. On 18.11.2014 the Bank's subsidiary Alpha Group Investments Ltd founded APE investment Property Livadias AE and AGI- Cypre Ermis Ltd for an amount of € 24 thousand and € 1 thousand respectively.

r. On 27.11.2014 the Group's subsidiary AGI BRE APOLLO LTD was renamed to Alpha Real Estate Services Srl.

s. On 2.12.2014 the Group's subsidiary Alpha Astika Akinita Romania Srl was renamed to Alpha Real Estate Services Srl.

t. On 11.12.2014 the Bank signed an agreement for the sale of its entire share capital of its subsidiary Alpha Insurance Ltd.

u. On 16.12.2014 the Bank's subsidiary Ionian Holdings SA acquired 4.38% of Space Hellas from the Bank. As a result Bank's participation decreased from 19.33% to 14.95%.

v. On 16.12.2014 the Bank's subsidiary APE Investment Property ATTIKH SA proceeded with a share capital increase of € 400 thousand.

w. On 29.12.2014 the Bank's subsidiary Emporiki Venture Capital Developed Markets Ltd acquired 0.73% of the minority shareholder of Emporiki Bank Cyprous Ltd and as a result the Group holds the entire share capital.

x. On 30.12.2014 the Bank's subsidiary Alpha Group Investments Ltd proceeded to sale of the entire share holding Alpha Investment Property Elaiona SA for an amount of € 60 thousand.

51. Events after the balance sheet date

a. On 16.1.2015 the sale of Alpha Insurance Limited in Cyprus was completed.

b. On 23.1.2015 the Bank proceeded in the sale of the entire share capital of Cardlink SA.

c. On 3.2.2015 the Group's Subsidiary AGI-SRE Ariadni LtD established the company AGI SRE Ariadni DOO for an amount of € 1.

d. On 6.2.2015 the Group's subsidiary AGI- Cyprus Arsinoe Ltd was renamed to AGI RRE Arsinoe Ltd

e. On 16.2.2015 the Bank's Board of Directors approved the initiation of the procedures to merge and absorb Diners Club SA with the Bank, in accordance with the provision of articles 68 paragraph 2 and 78 of Codified Law 2190/1920, in combination with article 16, paragraph 18(a) and (d) (1) of Law 2515/1997 and also in accordance with article 54 of Law 4172/2013.

Athens, 19 March 2015

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER	THE ACCOUNTING AND TAX MANAGER
VASILEIOS T. RAPANOS **ID. No. AI 666242**	**DEMETRIOS P. MANTZOUNIS** **ID. No. I 166670**	**VASSILIOS E. PSALTIS** **ID. No. AI 666591**	**MARIANNA D. ANTONIOU** **ID. No. X 694507**

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 2014 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 2014 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosures made in note 1.29.1 to the financial statements, which refer to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments, that affect the banking sector and in particular its liquidity. These material uncertainties may cast significant doubt on the Bank's ability to continue as a going concern.

Athens, 31 March 2015

KPMG Certified Auditors A.E.
AM SOEL 114

Marios T. Kyriacou
Certified Auditor Accountant
AM SOEL 11121

Harry Sirounis
Certified Auditor Accountant
AM SOEL 19071

Bank Financial Statements as at 31.12.2014

Income Statement

(in thousands of Euro)

	Note	From 1 January to 31.12.2014	31.12.2013
Interest and similar income	2	2,788,599	2,676,549
Interest expense and similar charges	2	(1,245,900)	(1,516,787)
Net interest income	2	1,542,699	1,159,762
Fee and commission income		380,900	321,848
Commission expense		(46,903)	(47,656)
Net fee and commission income	3	333,997	274,192
Dividend income	4	52,027	664
Gains less losses on financial transactions	5	16,145	(18,704)
Other income	6	18,171	23,433
		86,343	5,393
Total income		**1,963,039**	**1,439,347**
Staff costs	7	(528,342)	(417,991)
Voluntary seperation scheme cost	7	(200,800)	-
General administrative expenses	8	(496,326)	(436,484)
Depreciation and amortization	20, 21, 22	(62,719)	(48,357)
Other expenses	9	(16,952)	(46,941)
Total expenses		**(1,305,139)**	**(949,773)**
Impairment losses and provisions to cover credit risk	10	(1,393,551)	(1,609,775)
Negative goodwill from the acquisition of Emporiki Bank	43	-	3,295,718
Profit/(loss) before income tax		**(735,651)**	**2,175,517**
Income tax	11	677,122	681,504
Profit/(loss) after income tax		**(58,529)**	**2,857,021**
Earnings/(Losses) per share:			
Basic and diluted (€ per share)	12	(0.005)	0.430

The attached notes (pages 188-304) form an integral part of the financial statements

Balance Sheet

(in thousands of Euro)

	Note	31.12.2014	31.12.2013
ASSETS			
Cash and balances with central banks	13	1,265,442	1,006,294
Due from banks	14	4,714,551	5,036,860
Trading securities	15	1,729	7,001
Derivative financial assets	16	1,153,944	807,911
Loans and advances to customers	17	43,475,910	44,236,465
Investment securities			
- Available for sale	18a	4,638,825	4,449,576
- Held to maturity	18b	93,817	1,017,694
- Loans and receivables	18c	4,299,101	4,308,556
Investments in subsidiaries, associates and joint ventures	19	2,072,689	2,070,735
Investment property	20	31,939	28,205
Property, plant and equipment	21	729,585	754,299
Goodwill and other intangible assets	22	261,351	196,067
Deferred tax assets	23	3,604,079	2,740,649
Other assets	24	1,289,764	1,442,735
Assets held for sale	19	1,831	-
Total Assets		**67,634,557**	**68,103,047**
LIABILITIES			
Due to banks	25	17,558,462	19,355,329
Derivative financial liabilities	16	1,946,401	1,374,261
Due to customers	26	37,817,447	37,504,689
Debt securities in issue and other borrowed funds	27	2,021,165	1,295,445
Liabilities of current income tax and other taxes	28	47,819	32,781
Employee defined benefit obligations	29	94,683	74,574
Other liabilities	30	993,887	1,059,717
Provisions	31	333,520	258,945
Total Liabilities		**60,813,384**	**60,955,741**
EQUITY			
Share Capital	32	3,830,718	4,216,872
Share premium	33	4,858,216	4,212,062
Reserves	34	53,351	517,559
Retained earnings	35	(1,921,112)	(1,799,187)
Total Equity		**6,821,173**	**7,147,306**
Total Liabilities and Equity		**67,634,557**	**68,103,047**

The attached notes (pages 188-304) form an integral part of the financial statements

Statement of Comprehensive Income

(in thousands of Euro)

	Note	From 1 January to 31.12.2014	31.12.2013
Profit / (loss), after income tax, recognized in the Income Statement		(58,529)	**2,857,021**
Other comprehensive income recognized directly in Equity:			
Amounts that may be reclassified in the Income Statement			
Net change in available for sale securities reserve		(400,381)	246,689
Net change in cash flow hedge reserve		(227,861)	145,078
Income tax	11	164,034	(87,305)
		(464,208)	**304,462**
Amounts that will not be reclassified in the Income Statement			
Actuarial gains/(losses) of defined benefit obligations	29	(37,341)	(10,089)
Income tax	11	9,709	4,524
		(27,632)	**(5,565)**
Total of other comprehensive income recognized directly in equity, after income tax	11	**(491,840)**	**298,897**
Total comprehensive income for the period, after income tax		**(550,369)**	**3,155,918**

Statement of Changes in Equity

(in thousands of Euro)

	Note	Share capital	Share premium	Reserves	Retained earnings	Total
Balance 1.1.2013		**1,100,281**	**2,757,653**	**213,097**	**(4,501,397)**	**(430,366)**
Changes for the period 1.1 - 31.12.2013						
Profit for the year, after income tax					2,857,021	2,857,021
Other comprehensive income recognized directly in equity, after income tax	11			304,462	(5,565)	298,897
Total comprehensive income for the period, after income tax		-	-	**304,462**	**2,851,456**	**3,155,918**
Share capital increase through issuance of commons shares to Hellenic Financial Stability Fund		2,741,591	1,279,409			4,021,000
Share capital increase paid in cash		375,000	175,000			550,000
Share capital increase expenses, after income tax					(163,828)	(163,828)
Other					14,582	14,582
Balance 31.12.2013		**4,216,872**	**4,212,062**	**517,559**	**(1,799,187)**	**7,147,306**

(in thousands of Euro)

	Note	Share capital	Share premium	Reserves	Retained earnings	Total
Balance 1.1.2014		**4,216,872**	**4,212,062**	**517,559**	**(1,799,187)**	**7,147,306**
Changes for the period 1.1 - 31.12.2014						
Profit for the year, after income tax					(58,529)	(58,529)
Other comprehensive income recognized directly in equity, after income tax	11			(464,208)	(27,632)	(491,840)
Total comprehensive income for the period, after income tax		-	-	**(464,208)**	**(86,161)**	**(550,369)**
Share capital increase	32, 33	553,846	646,154			1,200,000
Repayment of preference shares	32	(940,000)				(940,000)
Share capital increase expenses, after income tax	35				(35,764)	(35,764)
Balance 31.12.2014		**3,830,718**	**4,858,216**	**53,351**	**(1,921,112)**	**6,821,173**

Statement of Cash Flows

(in thousands of Euro)

	Note	From 1 Januray to 31.12.2014	31.12.2013
Cash flows from operating activities			
Profit/(loss) before income tax		(735,651)	2,175,517
Adjustments for:			
Depreciation/ impairment of fixed assets	20, 21, 24	44,127	53,282
Amortization of intangible assets	22	27,723	14,523
Impairment losses from loans, provisions and defined benefit obligations		1,420,292	1,655,717
Impairment of investments	19	42,334	277,790
Negative goodwill from the acquisition of Emporiki Bank	43		(3,295,718)
(Gains)/losses from investing activities		(162,215)	(160,659)
(Gains)/losses from financing activities		151,292	26,546
Other adjustments		8,815	1,907
		796,717	**748,905**
Net (increase)/decrease in assets relating to operating activities:			
Due from banks		537,192	46,974
Trading securities and derivative financial assets		(340,761)	97,003
Loans and advances to customers		(338,482)	839,581
Other assets		116,698	101,051
Net increase /(decrease) in liabilities relating to operating activities:			
Due to banks		(1,796,867)	(5,781,913)
Derivative financial liabilities		344,280	(178,954)
Due to customers		(844,233)	127,047
Other liabilities		(164,033)	(95,724)
Net cash flows from operating activities before taxes		**(1,689,489)**	**(4,096,030)**
Income taxes and other taxes paid		(267)	(885)
Net cash flows from operating activities		**(1,689,756)**	**(4,096,915)**
Cash flows from investing activities			
Investments in subsidiaries, associates and joint ventures		(38,945)	(11,079)
Acquisition of Emporiki Bank			324,962
Acquisition of the Retail Banking operations of Citibank	43	643,941	
Dividends received	4	52,027	664
Acquisition of fixed and intangible assets		(54,696)	(70,990)
Disposals of fixed and intangible assets		(2,110)	3,319
Net (increase) /decrease in investment securities		518,678	2,314,289
Net cash flows from investing activities		**1,118,895**	**2,561,165**
Cash flows from financing activities			
Share capital increase	32	1,200,000	550,000
Repayment of preference shares	32	(940,000)	
Share capital increase expenses		(48,329)	(68,386)
Dividends paid to ordinary shareholders		(604)	(2,283)
Proceeds from the issuance of debt securities in issue and other borrowed funds		913,343	150,000
Repayments of debt securities in issue and other borrowed funds		(81,367)	(358,945)
Net cash flows from financing activities		**1,043,043**	**270,386**
Effect of exchange rate fluctuations on cash and cash equivelents		1,848	1,215
Net increase /(decrease) in cash flows		**474,030**	**(1,264,149)**
Cash and cash equivalents at the beginning of the year		**748,999**	**2,013,148**
Cash and cash equivalents at the end of the year	13	**1,223,029**	**748,999**

The attached notes (pages 188-304) form an integral part of the financial statements

Notes to the Financial Statements

GENERAL INFORMATION

The Bank A.E. operates under the brand name of Alpha Bank A.E. and with the sign of ALPHA BANK.The Bank's registered office is 40 Stadiou Street, Athens and is listed in the General Commercial Register with registration number 223701000 (ex registration number 6066/06/B/86/05) .The Bank's duration is until 2100 but may be extended by the General Meeting of Shareholders.

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

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

The Board of Directors as at December 31, 2014, consists of:

CHAIRMAN (Non Executive Member)

Vasileios Th. Rapanos (from 29.5.2014)

VICE CHAIRMAN (Non Executive Independent Member)

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

EXECUTIVE MEMBERS

MANAGING DIRECTOR

Demetrios P. Mantzounis

EXECUTIVE DIRECTORS AND GENERAL MANAGERS

Spyros N. Filaretos (COO)

Artemis Ch. Theodoridis

George K. Aronis

NON-EXECUTIVE MEMBERS

Efthymios O. Vidalis (from 29.5.2014)

Ioanna E. Papadopoulou ****

NON-EXECUTIVE INDEPENDENT MEMBERS

Paul A. Apostolidis **/****

Evangelos J. Kaloussis */***

Ioannis K. Lyras */**

Ibrahim S.Dabdoub ** (from 29.5.2014)

Shahzad A.Shahbaz *** (from 29.5.2014)

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

Sarantis – Evangelos G. Lolos (on 17.3.2015 was replaced by Mrs Marica S. Ioannou - Fragkakis)

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* *Member of the Audit Committee*

** *Member of the Remuneration Committee*

*** *Member of the Risk Management Committee*

**** *Member of Corporate Governance and Nominations Committee*

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

Panagiota S. Iplixian */**/***/**** (she replaced Mr Nikolaos G. Koutsos on 30.1.2014)

SECRETARY

Georgios P. Triantafyllidis

The General Meeting of 27.6.2014, in recognition of the significant contribution to the development and progress of the Bank, awarded, according to the 8.2 of the Statute of the Bank, the title of the Honorary Chairman, to the former Member and Chairman of the Board, Yannis S. Costopoulos.

Moreover, the Ordinary General Meeting of Shareholders, has appointed, for the fiscal year 2014, KPMG Certified Auditors A.E. as certified auditors of the Bank, through the following persons:

a. Principal Auditors:	Marios T. Kyriacou
	Harry G. Sirounis
b. Substitute Auditors:	Michael A. Kokkinos
	John A. Achilas

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

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

As a result of the Bank's share capital increase which took place in March 2014, redeemed all the Hellenic Republic preference shares issued by the Bank and owned by the Hellenic Republic, amounting to a total of Euro 940 million.

The share capital of the Bank as at 31.12.2014 amounted to 12,769,059,858 ordinary shares.

4,310,200,279 ordinary shares of the Bank are traded in the Athens Exchange while the Hellenic Financial Stability Fund ("HFSF") possesses the remaining 8,458,859,579 ordinary, registered, voting, paperless shares or percentage equal to 66.24% on the total of ordinary shares issued by the Bank. The exercise of the voting rights for the shares of HFSF is subject to restrictions according to the article 7a of Law 3864/2010.

In addition, on the Athens Exchange there are 1,141,747,967 warrants that are traded each one incorporating the right of its holder to purchase 7,408683070 new shares owned by the HFSF.

During the year 2014, the average daily volume per session for shares was € 15,721,587 and for warrants € 3,748,826.

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

- Moody's: Caa1
- Fitch Ratings: B-
- Standard & Poor's: CCC+

The financial statements have been approved by the Board of Directors on 19 March 2015.

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

ACCOUNTING POLICIES APPLIED

1.1 Basis of presentation

These financial statements relate to the fiscal year 1.1 – 31.12.2014 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:

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

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

The accounting policies for the preparation of the financial statements have been consistently applied by the Bank to the years 2013 and 2014, after taking into account the following amendments to standards and Interpretation 21 which were issued by the International Accounting Standards Board (IASB), adopted by the European Union and applied on 1.1.2014:

- **Amendment to International Financial Reporting Standard 10** "Consolidated Financial Statements", to **International Financial Reporting Standard 12** "Disclosure of Interests in Other Entities" and to **International Accounting Standard 27** "Separate Financial Statements": Investment Entities (Regulation 1174/20.11.2013)

On 31.10.2012, the International Accounting Standards Board issued the above amendment which defines "investment entities" and introduces an exception for investment entities from consolidating particular subsidiaries. An investment entity shall not consolidate its subsidiaries or apply IFRS 3 when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9. The above does not apply to subsidiaries that are not held for the purpose of obtaining returns from the investment, but for providing services that relate to the investment activities of the parent. However, a parent of an investment entity, that is not itself an investment entity, shall consolidate all entities that it controls, including those controlled through an investment entity subsidiary.

The adoption of the above amendment by the Bank had no impact on its financial statements.

- **Amendment to International Accounting Standard 32** "Financial Instruments: Presentation": Offsetting financial assets and financial liabilities (Regulation 1256/13.12.2012)

On 16.12.2011, the International Accounting Standards Board issued an amendment to IAS 32 regarding offsetting of financial assets and financial liabilities. The amendment to IAS 32 relates to the addition of application guidance concerning the right to offset.

The adoption of the above amendment by the Bank had no impact on its financial statements.

- **Amendment to International Accounting Standard 36** "Impairment of assets": Recoverable amount disclosures for non-financial assets (Regulation 1374/19.12.2013)

On 29.5.2013, the International Accounting Standards Board issued an amendment to IAS 36 with which it removed the requirement, introduced following the issuance of IFRS 13, to disclose the recoverable amount of each cash generating unit to which a material amount of the carrying amount of goodwill or intangible assets with indefinite useful life has been allocated, regardless of whether an impairment loss had been recognized. Furthermore, the above amendment added the following disclosure requirements:

- the recoverable amount of the asset (or cash-generating unit) for which an impairment loss has been recognized or reversed during the period,
- if the recoverable amount is fair value less costs of disposal, the level of the fair value hierarchy,
- for fair value measurements categorized within level 2 and level 3 of the fair value hierarchy, a description of the valuation techniques and the key assumptions used for their determination, as well as the discount rate used if fair value less costs of disposal was calculated using a present value technique.

The adoption of the above amendment by the Bank had as a result the addition of disclosures which are presented in notes 19, 20, 21.

- **Amendment to International Accounting Standard 39** "Financial Instruments: Recognition and Measurement": Novation of derivatives and continuation of hedge accounting (Regulation 1375/19.12.2013)

On 27.6.2013, the International Accounting Standards Board issued an amendment to IAS 39 which provides an exception to the requirement to discontinue hedge accounting when the hedging instrument expires or is sold, terminated or exercised. The exception is provided when the over-the-counter (OTC) derivative designated in a hedging relationship is novated to a central counterparty and at the same time the novation meets all the following conditions:

- it arises as a result of laws or regulations,
- it achieves the replacement of the previous counterparty with a central one which becomes the new counterparty to each of the parties and finally,
- no changes are expected to the contract's initial terms other than changes directly attributable to the change in the counterparty (changes in the collateral requirements, rights to offset receivables and payables balances and charges levied).

The adoption of the above amendment by the Bank had no impact on its financial statements.

- **IFRIC Interpretation 21** "Levies" (Regulation 634/13.6.2014)

On 20.5.2013, the International Accounting Standards Board issued IFRIC 21 "Levies" which addresses the accounting treatment of levies imposed by governments. According to IFRIC 21, a liability to pay a levy shall be recognized in the financial statements when the obligating event, that triggers the payment of the levy, occurs. The obligating event that triggers the payment of the levy is defined as the activity of the entity that triggers the liability in accordance with the relevant legislation.

The adoption of IFRIC 21 had no impact on the financial statements of the Bank.

Except for the standards mentioned above, the European Union has adopted the following amendments to standards which are effective for annual periods beginning after 1.1.2014 and have not been early adopted by the Bank.

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

Effective for annual periods beginning on or after 1.7.2014

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

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

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

Effective for annual periods beginning on or after 1.7.2014

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

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

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

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

Effective for annual periods beginning on or after 1.1.2018

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

Classification and measurement

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

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

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

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

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

Impairment

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

Hedging

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

more items become eligible for participating in a hedging relationship either as hedging instruments or as hedged items,

the requirement for hedge effectiveness tests to be within the range of 80%-125% is removed. Hedge effectiveness test is performed progressively only and under certain circumstances a qualitative assessment is considered adequate,

in case that a hedging relationship ceases to be effective but the objective of risk management regarding the hedging relationship remains the same, the entity shall rebalance the hedging relationship in order to satisfy the hedge effectiveness criteria.

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

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

The Bank is evaluating the impact from the adoption of IFRS 9 on its financial statements.

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

Effective for annual periods beginning on or after 1.1.2016

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

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

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

Effective for annual periods beginning on or after 1.1.2016

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

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

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

- **Amendment to International Financial Reporting Standard 11** "Joint Arrangements": Accounting for acquisition of interests in joint operations

Effective for annual periods beginning on or after 1.1.2016

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

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

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

Effective for annual periods beginning on or after 1.1.2016.

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

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

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

Effective for annual periods beginning on or after 1.1.2017

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

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

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

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

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

The new IFRS 15 supersedes:

i. IAS 11 "Construction Contracts";

ii. IAS 18 "Revenue";

iii. IFRIC 13 "Customer Loyalty Programmes";

iv. IFRIC 15 "Agreements for the Construction of Real Estate";

v. IFRIC 18 "Transfers of Assets from Customers"; and

vi. SIC-31 "Revenue—Barter Transactions Involving Advertising Services".

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

- **Amendment to International Accounting Standard 1** "Presentation of Financial Statements": Disclosure Initiative

Effective for annual periods beginning on or after 1.1.2016

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

- the restriction to disclose only a summary of significant accounting policies is removed;
- it is clarified that even when other standards require specific disclosures as minimum requirements, an entity may not provide them if this is considered immaterial. In addition, in case the disclosures required by the IFRS are insufficient to enable users to understand the impact of particular transactions, the entity shall consider whether to provide additional disclosures;
- it is clarified that the line items that IFRS require to be presented in the balance sheet and the statements of profit or loss and other comprehensive income are not restrictive and that the entity may present additional line items, headings and subtotals;
- it is clarified that in the Statement of Comprehensive Income the share of other comprehensive income of associates and joint ventures accounted for using the equity method shall be separated into:
  - amounts that will not be reclassified subsequently to profit or loss and
  - amounts that will be reclassified subsequently to profit or loss;
- it is clarified that the standard does not specify the presentation order of the notes and that each entity shall determine a systematic manner of presentation taking into account the understandability and comparability of its financial statements.

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

- **Amendment to International Accounting Standard 16** "Property, Plant and Equipment" and **to Internation-**

al Accounting Standard 38 "Intangible Assets": Clarification of Acceptable Methods of Depreciation and Amortization

Effective for annual periods beginning on or after 1.1.2016

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

a. when the intangible asset is expressed as a measure of revenue, ie when the right over the use of the intangible asset is expressed as a function of revenue to be generated in such a way that the generation of a specific amount of revenue determines the end of the right of use, or

b. when it can be demonstrated that the revenue and the consumption of the economic benefits are highly correlated.

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

- **Amendment to International Accounting Standard 16** "Property, Plant and Equipment" and **to International Accounting Standard 41** "Agriculture": Bearer Plants

Effective for annual periods beginning on or after 1.1.2016

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

- are used in the production or supply of agricultural produce;
- are expected to bear produce for more than one period; and
- have remote likelihood of being sold as agricultural produce, except for incidental scrap sales
- shall be accounted for based on IAS 16 instead of IAS 41.

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

- **Amendment to International Accounting Standard 27** "Separate Financial Statements": Equity Method in Separate Financial Statements

Effective for annual periods beginning on or after 1.1.2016

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

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

- **Improvements to International Accounting Standards – cycle 2012-2014**

Effective for annual periods beginning on or after 1.1.2016

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

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

1.2 Operating Segments

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

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

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

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

- Greece
- Other Countries

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

Detailed information relating to operating segments is provided in note 37.

1.3 Transactions in foreign currency and translation of foreign operations

a. Transactions in foreign currency

The financial statements are presented in Euro, which is the functional currency and the currency of the Bank's country of incorporation.

Items included in the financial statements of each of the foreign branches are measured at the functional currency which is the currency of the country of incorporation in which the branch operates or the currency used in the majority of the transactions held.

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

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

Non-monetary assets and liabilities are recognized at the exchange rate ruling at initial recognition, except for non-monetary items denominated in foreign currencies that are measured at fair value.

The exchange differences relating to these items are part of the change in fair value and they are recognized in the income statement or recorded directly in equity depending on the classification of the non-monetary item.

b. Translation of foreign operations

The results and financial position of all foreign branches that have a functional currency that is different from the presentation currency of the Bank's financial statements are translated as follows:

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

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

The resulting exchange differences from the above translation and those arising from other monetary items designated as a part of the net investment in a foreign entity are recorded in equity. These translation differences are reclassified to the income statement when a foreign branch is sold.

1.4 Cash and cash equivalents

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

a. Cash on hand

b. Non-restricted placements with Central Banks and

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

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

1.5 Classification and measurement of financial instruments

Initial recognition

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

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

Subsequent measurement of financial assets

The Bank classifies its financial assets as:

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

For each of the above categories the following apply:

a) Loans and receivables

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

i. loans to customers,

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

iii. all receivables from customers, banks etc.,

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

This category is measured at amortized cost using the effective interest rate method and is periodically tested for impairment based on the procedures described in note 1.13.

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

b) Held-to-maturity investments

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

The Bank has classified bonds and other debt securities in this category.

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

c) Financial assets at fair value through profit or loss

Financial assets included in this category are:

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

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

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

This classification is used in the following circumstances:

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

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

d) Available-for-sale investments

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

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

This category is measured at fair value. Changes in fair value are recognized directly in equity until the financial asset is sold, where upon, the cumulative gains and losses previously recognized in equity are recognized in profit or loss.

The financial assets included in this category are reviewed at each balance sheet date to determine whether there is any indication of impairment. For investments in shares, in particular, a significant and prolonged decline in their fair value below their acquisition cost is considered as an objective evidence of impairment. The Bank considers as "significant" a decrease of over 20% compared to the cost of the investment. Respectively, "prolonged" is a decrease in the fair value below amortised cost for a continuous period exceeding one year. The above criteria are assessed in conjunction with the general market conditions.

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

The measurement principles noted above are not applicable when a specific financial asset is the hedged item in a hedging relationship, in which case the principles set out in note 1.6 apply.

Reclassification of financial assets

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

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

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

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

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

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

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

i. are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;

ii. occur after the Bank has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or

iii. are attributable to an isolated, nonrecurring event that is beyond the Bank's control.

Derecognition of financial assets

The Bank derecognizes financial assets when:

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

In case of transactions, where despite the transfer of the contractual right to recover the cash flows from financial assets both the risk and rewards remain with the Bank, no derecognition of these financial assets occurs. The amount received by the transfer is recognized as a financial liability. The accounting practices followed by the Bank in such transactions are analysed further in notes 1.20 and 1.21.

In case of transactions whereby the Bank neither retains or transfers risks and rewards of the financial assets, but retains control over them, the financial assets are recognized to the extent of the Bank's continuing involvement. If the Bank does not retain control of the assets then they are derecognised, and in their position the Bank recognizes, distinctively, the assets and liabilities which are created or retained during the transfer. No such transactions occurred upon balance sheet date.

Subsequent measurement of financial liabilities

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

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

i. This category includes financial liabilities held for trading, that is:
   - financial liabilities acquired or incurred principally with the intention of selling or repurchasing in the near term for short term profit, or
   - derivatives not used for hedging purposes. Liabilities arising from either derivatives held for trading or derivatives used for hedging purposes are presented as "derivative financial liabilities" and are measurement according to the principles set out in note 1.6.

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

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

b) Financial liabilities carried at amortized cost

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

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

In cases when financial liabilities included in this category are designated as the hedged item in a hedge relationship, the accounting principles applied are those set out in note 1.6.

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

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

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

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

Derecognition of financial liabilities

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

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

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

Offsetting financial assets and financial liabilities

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

1.6 Derivative financial instruments and hedge accounting

Derivative financial instruments

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

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

Derivatives are entered into for either hedging or trading purposes and they are measured at fair value irrespective of the purpose for which they have been transacted.

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

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

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

In addition the Bank uses derivatives for trading purposes to exploit short-term market fluctuations, within the Bank risk level set by the Asset-Liability Committee (ALCO).

Valuation differences arising from these derivatives are recognized in gains less losses on financial transactions.

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

We emphasize the following:

a. Synthetic Swaps

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

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

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

b. FX Swaps

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

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

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

Hedge accounting

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

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

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

a. Fair value hedges

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

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

When the hedging relationship no longer exists, the hedged items continue to be measured based on the classification and valuation principles set out in note 1.5. Specifically any adjustment, due to the fair value change of a hedged item for which the effective interest method is used up to the point that the hedging relationship ceases to be effective, is amortized to interest income or expense based on a recalculated effective interest rate, over its remaining life.

The Bank uses interest rate swaps (IRS's, caps) to hedge risks relating to borrowings, bonds and loans. It also uses foreign exchange derivatives to hedge the foreign exchange risk of investments in subsidiaries.

b. Cash flow hedge

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

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

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

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

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

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

c. Hedges of net investment in a foreign operation

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

1.7 Fair Value Measurement

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

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

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

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

Level 1 inputs: quoted market prices (unadjusted) in active markets,

Level 2 inputs: directly or indirectly observable inputs,

Level 3 inputs: unobservable inputs used by the Bank, to the extent that relevant observable inputs are not available.

In particular, the Bank applies the following:

Financial instruments

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

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

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

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

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

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

Non financial assets and liabilities

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

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

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

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

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

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

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

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

1.8 Investments in subsidiaries, associates and joint ventures

This caption includes Bank's investments in subsidiaries, associates and joint ventures.

Investments in subsidiaries, associates and joint ventures are carried at cost, plus any expenses directly attributable to their acquisition less impairment losses.

Dividends received by the Bank from the above investments are recognised in the income statement when the dividend distribution is approved by the appropriate body of the company that the Bank has invested in.

1.9 Property, plant and equipment

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

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

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

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

Expenditure on repairs and maintenance is recognized in profit or loss as an expense as incurred.

Depreciation is charged on a straight line basis over the estimated useful lives of property, plant and equipment and it is calculated on the asset's cost minus residual value.

The estimated useful lives are as follows:

- Buildings: up to 40 years.
- Additions to leased fixed assets and improvements: duration of the lease.
- Equipment and vehicles: 5 to 15 years.

Land is not depreciated but it tested for impairment.

The residual value of property and equipment and their useful lives are periodically reviewed and adjusted if necessary at each reporting date.

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

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

1.10 Investment property

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

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

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

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

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

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

In case of a change in the Bank's intention regarding the use of property, reclassifications to or from the "Investment Property" category occur. In particular, property is reclassified to "Property, plant and equipment" if the Bank's intention is to use the asset in its own business operations, whereas in case the Bank decides to sell the property, it is reclassified to the "Assets held-for-sale" category, provided that all conditions mentioned in paragraph 1.16 are met. Conversely, property not classified as "Investment Property" is transferred to this category in case a decision for its lease is made.

1.11 Goodwill and other intangible assets

The Bank has included in this caption:

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

Intangible assets include the value attributed to the acquired customer relationships as well as to the acquired deposit bases. Their useful life has been determined from 2 to 9 years

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

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

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

No residual value is estimated for intangible assets.

1.12 Leases

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

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

All other lease agreements are classified as operating leases.

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

a) When the Bank is the lessor

i. Finance leases:

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

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

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

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

ii. Operating leases:

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

b) When the Bank is the lessee

i. Finance leases:

For finance leases, where the Bank is the lessee, the leased asset is recognized as property, plant and equipment and a respective liability is recognized in other liabilities.

At the commencement of the lease the leased asset and liability are recognized at amounts equal to the fair value of leased property or, if lower, the present value of the minimum lease payments.

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

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

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

ii. Operating leases:

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

1.13 Impairment losses on loans and advances

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

Specifically, the steps performed are the following:

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

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

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

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

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

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

A detailed analysis of the loans that belong to the wholesale and retail sectors, of the trigger events for impairment as well as of the characteristics used for the determination of the groups for the collective assessment is included in note 38.1.

b. Methodology in determining future cash flows from impaired loans

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

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

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

c. Interest income recognition

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

d. Impairment recognition – Write-offs

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

The policy of the Bank regarding write downs/write offs is presented in detail in note 38.1.

e. Recoveries

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

1.14 Impairment losses on non-financial assets

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

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

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

In addition, collection of dividens from subsidiaries, associates and joint ventures is considered as a possible impairment indicator when investments are tested for impairment at each reporting date.

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

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

Value in use is the present value of the future cash flows expected to be derived from an asset or cash –generating unit through their use and not from their disposal.

For the valuation of property, plant and equipment, value in use incorporates the value of the asset as well as all the improvements which render the asset perfectly suitable for its use by the Bank.

1.15 Income tax

Income tax consists of current and deferred tax.

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

Deferred tax is the tax that will be paid or for which relief will be obtained in future periods due to the different period that certain items are recognized for financial reporting purposes and for taxation purposes. It is calculated based on the temporary differences between the tax base of assets and liabilities and their respective carrying amounts in the financial statements.

Deferred tax assets and liabilities are calculated using the tax rates that are expected to apply when the temporary difference reverses, based on the tax rates (and laws) enacted at the balance sheet date.

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

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

1.16 Non-current assets held for sale

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

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

Non-current assets held for sale mainly consist of assets acquired through the enforcement of security over customer loans and advances.

Before their classification as held for sale, the assets are remeasured in accordance with the respective accounting standard.

Assets held for sale are initially recognised and subsequently remeasured at each balance sheet date at the lower of their carrying amount and fair value less cost to sell.

Any loss arising from the above measurement is recorded in profit or loss and can be reversed in the future. When the loss relates to a disposal group it is allocated to assets within the disposal group with the exception of specific assets that are not within the scope of IFRS 5. The impairment loss on a disposal group is first allocated to goodwill and then to the remaining assets and liabilities on a pro-rata basis.

Assets in this category are not depreciated.

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

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

1.17 Employee benefits

The Bank has both defined benefit and defined contribution plans.

A defined contribution plan is where the Bank pays fixed contributions into a separate entity and the Bank has no legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to employee service in current or prior years. The contributions are recognized as employee benefit expense on an accrual basis. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

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

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

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

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

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

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

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

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

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

Likewise, the Bank recognises a gain or loss on the settlement when the settlement occurs.

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

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

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

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

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

1.18 Share options granted to employees

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

The fair value calculated at grant date is recognized over the period from the grant date 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.

1.19 Provisions and contingent liabilities

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

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

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

Amounts paid for the settlement of an obligation are set against the original provisions for these obligations. Provisions are reviewed at the end of each reporting period. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Additionally, provisions are not recognized for future operating losses.

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

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

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

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

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

1.20 Sale and repurchase agreements and securities lending

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

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

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

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

Securities borrowed by the Bank under securities lending agreements are not recognized in the balance sheet except when they have been sold to third parties whereby the liability to deliver the security is recognized and measured at fair value.

1.21 Securitization

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

In each securitization of financial assets the Bank considers the contractual terms and the economic substance of transactions, in order to decide whether the Bank should proceed with the derecognition of the securitized assets, as referred in note 1.5.

1.22 Equity

Distinction between debt and equity

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

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

Incremental costs of share capital increase

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

Share premium

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

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

Treasury shares

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

Retained earnings

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

1.23 Interest income and expense

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

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

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

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

1.24 Fee and commission income

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

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

1.25 Gains less losses on financial transactions

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

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

1.26 Discontinued operations

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

- a major line of the Bank's business; or
- a geographical area of operations.

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

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

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

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

1.27 Related parties definition

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

a) An entity that constitutes for the Bank:

i) a subsidiary,

ii) a joint venture,

iii) an associate and

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

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

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

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

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

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

1.28 Comparatives

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

1.29 Estimates, decision making criteria and significant sources of uncertainty

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

Fair value of assets and liabilities

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

Impairment losses of financial assets

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

Within the year ended 31.12.2014, the Bank has updated some estimates, assumptions and parameters used in the calculation of impairment losses on loans and advances to customers, as further described in Note 38.1.

Impairment losses of non – financial assets

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

Income Tax

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

Employee defined benefit obligations

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

Provisions and contingent liabilities

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

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

1.29.1 Going concern principle

The Bank applied the going concern principle for the preparation of the financial statements as at 31.12.2014.

For the application of this principle, the Bank takes into consideration current economic developments in order to make projections for future economic conditions of the environment in which it operates. The main factors that create uncertainties regarding the application of this principle relate to the adverse economic environment in Greece, and abroad, as well to the progress of the negotiations of the Greek Republic for the financial support program for Greece and the impact from all these uncertainties on the liquidity levels of the Hellenic Republic and the banking system.

In particular, with respect to the economic environment in Greece, the operations of the Bank have been adversely affected, during the last years, by the crisis of the Greek public debt. The adverse effects were mainly caused by the participation of the Bank, in 2012, in the exchange program of Greek Government bonds and loans guaranteed by the Hellenic Republic (PSI) under unfavorable to their holders terms, and by the prolonged recession of the Greek economy which led to an increase in non performing loans and, consequently, to an increase in impairment losses on loans and advances to customers.

As far as liquidity levels are concerned, due to the uncertainty in the internal economic environment, there were outflows of deposits, especially in December 2014 and the first two months of 2015. In particular for the first two months of 2015, customer deposits decreased by € 5.7 billion, resulting in an increase in the borrowing from the European Central Bank and the Bank of Greece, which, as at 28.2.2015, amounted to € 22 billion. In addition, on 4.2.2015, the European Central Bank decided to lift the waiver for securities issued or guaranteed by the Hellenic Republic. The waiver allowed these instruments to be used in Eurosystem monetary policy operations despite the fact that they did not fulfill minimum credit rating requirements. This decision was based on the fact that it was not possible at that time to assume a successful conclusion of the assessment for financial support program of Greece, which expired on 28.2.2015 after an initial two-month extension that was granted until its completion. According to the respective announcement of the European Central Bank, this decision does not bear consequences for the participation of Greek financial institutions in monetary policy operations, since their liquidity needs can be satisfied by the Emergency Liquidity mechanisms of the Bank of Greece. The maximum funding of the credit institutions by the Bank of Greece is short-term and is determined by the European Central Bank with a decision of its Board of Directors that is periodically reviewed.

The Bank taking into account:

- The share capital increases of the Bank in the second quarter of 2013 and the first quarter of 2014, of € 4,571 billion and € 1.2 billion respectively, that fully covered the capital needs of the Group, as determined by the Bank of Greece and the outcome of the diagnostic studies and stress testing (note 39),
- The maintenance of capital adequacy ratios at sufficiently higher levels than those defined by the supervisory authorities (note 40),
- The approval by the European Commission, on 9.7.2014, of the Bank's restructuring plan, noting that the measures already implemented and those included in the restructuring plan create suitable conditions in order for the Bank to return to viability,
- The completion, during 2014, of the European Central Bank comprehensive assessment, the outcome of which was announced on 26.10.2014 exceeding the CET1 hurdle rates of 5.5% and 8% for the adverse and baseline scenarios, for both static and dynamic assumptions, ensuring a safe margin ranging between € 1.3 billion and € 3.1 billion,
- The participation of the Bank in the Single Supervisory Mechanism of the systemically important banks of the European Union by the European Central Bank.
- The accessibility of the Bank, with sufficient collaterals, to the liquidity mechanisms of the Eurosystem and the Bank of Greece as well as the internal procedures for managing the relative risks (note 38.3),
- The decision of the council of the ministers of finance of the Euro zone, on 20.2.2015, for the four-month extension of the Greek financial support program,
- The estimations for the assessment of the reforms that the Hellenic Republic undertook to make, which is in progress, and the completion of which is expected to lead to the disbursement of financial resources to the Hellenic Republic, to the acceptance by the European Central Bank of the eligibility of Greek Government securities as collaterals for refinancing operations and to discussions for the midterm financing of Greece

estimates that the conditions for the application of the going concern principle for the preparation of the Bank's financial statements are met, noting, however, the negative impact of any significant deterioration in the economic environment that would have on the application of the going concern principle.

1.29.2 Estimation of the Bank's exposure to the Hellenic Republic

The Bank's total exposure to Greek Government securities and loans related to the Hellenic Republic is presented in note 38.1. The main uncertainties regarding the estimations for the recoverability of the Bank's total exposure relate to the debt service capacity of the Hellenic Republic, which in turn, is affected by the development of the macroeconomic environment in Greece and the Eurozone as well as by the liquidity levels of the Hellenic Republic.

Following the decision of the council of the ministers of finance of the Eurozone on 20.2.2015, regarding the four-month extension of the financial support program of Greece, the evaluation process of the reforms that the Hellenic Republic undertook to make is in progress. The completion of the above process is expected to lead to the disbursement of financial resources to the Hellenic Republic and subsequently to discussions for the midterm financing of Greece. In addition, it is noted that after the actions taken for the restructuring of the Greek debt, its interest rate has lowered while there has been an increase in its weighted average duration, both being factors that facilitate its midterm servicing prospects.

Based on the above, the Bank has not recognized impairment losses on the Greek Government securities it possessed as at 31.12.2014, while, for the loans that relate to the Hellenic Republic, it applies the credit risk policy which is presented in detail in note 38.1. The Bank assesses the developments relating to the Greek Government debt in conjunction with the market conditions and it reviews its estimations for the recoverability of its total exposure at each reporting date

1.29.3 Recoverability of deferred tax assets

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

The main categories of deferred tax assets which have been recognized by the Bank relate to the tax losses carried forward, to the losses from the Greek government bonds exchange program (PSI) and the December 2012 Greek government bond buyback program and to the deductible temporary differences arising from loans' impairment. Total deferred tax assets amount to € 3.6 billion, as described in detail in note 23.

Deferred tax assets on tax losses carried forward relate to the years 2012-2014. Tax losses can be offset against taxable profits within five years from their formation. The Bank recognized the aforementioned assets since, according to its estimated future taxable profits for the coming years until the expiry of the right to set-off tax losses, these are recoverable even after the deduction of the temporary differences that are expected to occur within these years. The estimation of future taxable profits for the assessment of the recoverability of tax losses took into account:

the existence of significant tax profits in the last decade, with the exception of the years from 2012, because of the unexpected major recession of the Greek economy and the loss from the PSI and

the positive impact on the profitability of the Bank from the synergies due to the integration of Emporiki Bank,

while it was based on forecasts for the development of the accounting results, as these are reflected in the approved by the European Commission restructuring plan of the Bank, taking also into consideration the effect of factors that may adversely affect its figures.

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

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

The Bank, based on the above, estimates that the total deferred tax assets derived both from temporary differences and from tax losses carried forward is recoverable. In this context, during the second quarter of 2014 it recognized the amount of € 422 million of deferred tax assets, which had not been recognized and which is derived from temporary differences arising from the impairment/valuation of loans from the acquisition of former Emporiki Bank.

In addition, and regardless of the assessment of the recoverability of deferred tax assets that the Bank carries out based on what is mentioned above, Law 4303/2014 provides that in case that the after tax accounting result for the period is a loss, the deferred tax assets arising from the PSI debit difference and from the accumulated provisions and other general losses due to credit risk relating to outstanding receivables as at 31.12.2014, are eligible to be converted into a final and settled claim against the Greek State, as described in detail in note 11.

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

INCOME STATEMENT

2. Net interest income

	From 1 January to	
	31.12.2014	31.12.2013
Interest and similar income		
Due from banks	23,244	27,414
Loans and advances to customers	2,077,856	1,906,621
Securitized loans	262,590	243,989
Trading securities	558	1,032
Available for sale securities	186,656	247,476
Held to maturity securities	8,465	21,047
Loans and receivables securities	26,818	13,957
Derivative financial instruments	191,231	201,697
Other	11,181	13,316
Total	**2,788,599**	**2,676,549**
Interest expense and similar charges		
Due to banks	(92,592)	(259,027)
Due to customers	(643,278)	(720,565)
Debt securities in issue and other borrowed funds	(194,433)	(202,961)
Derivative financial instruments	(226,722)	(246,790)
Other	(88,875)	(87,444)
Total	**(1,245,900)**	**(1,516,787)**
Net interest income	**1,542,699**	**1,159,762**

3. Net fee and commission income

	From 1 January to	
	31.12.2014	31.12.2013
Net fee and commission income		
Loans	112,832	102,807
Letters of guarantee	68,600	58,857
Imports-Exports	11,441	9,609
Credit cards	43,942	37,560
Fund transfers	42,936	37,751
Mutual funds	17,713	13,574
Advisory fees and securities transaction fees	7,414	1,855
Foreign exchange trades	11,928	9,080
Issuance of securities of Law 3723/2008	(10,725)	(4,007)
Commission 1% on the nominal value of EFSF bonds	-	(12,667)
Other	27,916	19,773
Total	**333,997**	**274,192**

4. Dividend income

	From 1 January to	
	31.12.2014	31.12.2013
Available for sale securities	735	664
Subsidiaries and associates	51,292	
Total	**52,027**	**664**

5. Gains less losses on financial transactions

	From 1 January to	
	31.12.2014	31.12.2013
Foreign exchange differences	(2,842)	19,526
Trading securities		
- Bonds	1,622	5,837
Investment securities:		
- Bonds	109,947	169,002
- Shares	(2,626)	(10,419)
- Other securities	5,111	2,963
Investments	(38,789)	(279,493)
Derivative financial instruments	(32,236)	(38,225)
Valuation of the convertible bond loan held by Credit Agricole	(25,000)	110,400
Other financial instruments	958	1,705
Total	**16,145**	**(18,704)**

6. Other income

	From 1 January to	
	31.12.2014	31.12.2013
Rental income	3,313	2,456
Sale of fixed assets	366	193
Insurance indemnities	137	623
Secondment of personnel to Group companies	4,759	2,376
Preparation of business plans and financial studies	2,087	1,223
Other	7,509	16,562
Total	**18,171**	**23,433**

7. Staff costs

	From 1 January to	
	31.12.2014	31.12.2013
Wages and salaries	363,577	313,521
Social Security contributions	117,062	94,477
Common Insurance Fund of Bank Employees	7,934	11,534
Employee defined benefit obligation (note 29)	10,387	(14,618)
Bank's employee indemnity provision due to retirement in accordance with Law 2112/1920 (note 29)	4,272	(10,532)
Other	25,110	23,609
Total	**528,342**	**417,991**

The total number of employees of the Bank as at 31.12.2014 were 9,648 (31.12.2013: 11,268) out of which 8,869 (31.12.2013: 10,452) were employed in Greece and 779 (31.12.2013: 816) were employed abroad.

The above figures include expenses of € 0.2 million that arose from the acquisition of the retail banking operations of Citibank. The respective amount was € 3.4 million as at 31.12.2013 and regarded Emporiki Bank.

Defined contribution plans

All the employees of the Bank in Greece are insured for their main pension by the Social Insurance Fund (IKA). Also for the Bank's employees, the following applies:

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 has accounted for it as such.

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

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

d. Employees of former Alpha Credit Bank, which were insured, for supplementary pension in T.A.P. (the Insurance Fund of employees of Alpha Credit Bank), since 1.1.2008, they are insured for supplementary pension in E.T.A.T according to article 10, Law 3620/2007. The Bank pays to E.T.A.T. 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. The outstanding balance including accrued interest amounts to € 194 million as at 31.12.2014, which equals to the last four interest bearing installments of € 67.3 million each.

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

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

When E.T.A.T. was absorbed by E.T.E.A. (Joint Suplementary Insurance Fund) after 1.3.2013:

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

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

e. The Bank, in cooperation with AXA Insurance, has created a new group savings plan for its employees that were hired and insured for the first time on 1.1.1993 and onwards. The plan's effective date is January 1, 2011 and its aim is to provide a lump sum monetary benefit to retiring employees. The plan assets consist of investment from the fixed monthly contributions of the Bank and its employees in low risk mutual funds. For employees hired by the Bank and insured after 1.1.2005 this is a defined contribution plan since the benefit arises solely from the savings capital accumulated up to their departure date.

Employee defined benefit obligations

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

Voluntary Separation Scheme

The Bank prepared a voluntary separation scheme for their employees in Greece, in order to achieve substantial benefits to operating costs, as provided in the approved Restructuring Plan of the Bank by the European Competition Committee. Upon receiving the relevant approvals from the Financial Stability Fund and its Board of Directors, the Bank has set the date for commencement of the Scheme on 15.9.2014 with acceptance period until 3.10.2014.

The Scheme provided an offer of 100% of legal compensation plus incentives which depends on the age and increases for the population outside urban centers of Athens and Thessaloniki. A total number of 2,193 employees left in 2014 and during the first half of 2015 an amount of 15 employees will retire. In the income statement an amount of € 200.8 million is recognized as cost of voluntary redundancy program. As at 31.12.2014 from this amount, an amount of € 1.8 million has been recognized as provision in order to cover retirements that will occur in 2015 (note 31).

8. General administrative expenses

	From 1 January to	
	31.12.2014	31.12.2013
Rent for buildings	36,206	33,175
Rent and maintenance of EDP equipment	21,337	17,721
EDP expenses	34,051	28,733
Marketing and advertisement expenses	21,184	18,379
Telecommunications and postage	20,477	19,079
Third party fees	97,403	86,181
Consultants fees	6,800	6,266
Contribution to the Deposit guarantee fund - Investment fund and Solvency Fund	34,391	33,512
Insurance	9,192	9,092
Consumables	4,847	3,811
Electricity	11,144	9,738
Taxes (VAT, real estate etc)	77,461	71,265
Building and equipment maintenance	6,119	8,787
Cleaning fees	3,751	2,481
Security	9,101	8,131
Transporation	3,676	3,198
Other	99,186	76,935
Total	**496,326**	**436,484**

The above figures include expenses of €11.3 million (31.12.2013: €17.5 million) that arose during 2014 from the acquisition of Emporiki Bank and expenses €2 million that arose from the acquisition of the retail banking operations of Citibank.

9. Other expenses

	From 1 January to	
	31.12.2014	31.12.2013
Impairment losses on loans and advances to customers	12,731	30,669
Impairment losses of other assets		15,998
Other provisions	4,221	274
Total	**16,952**	**46,941**

Impairment on fixed assets as at 31.12.2014 includes an amount of €9.1 million (31.12.2013: €24.1 million) which concerns the recognition of an impairment loss on the value of investment property, property, plant and equipment and property obtained through auctions, as well as an amount of €3.6 million concerning costs where arises from the closing of 50 branches.

The other provisions include provisions of €3.1 million concerning legal cashes against the Bank (note 31).

In 2013 impairment losses on loans and advances to customers included expenses that arose from the merge of Emporiki bank and amounted to €6.5 million.

10. Impairment losses and provisions to cover credit risk

	From 1 January to	
	31.12.2014	31.12.2013
Impairment losses on loans and advances to customers (note 17)	1,326,706	1,488,676
Provisions to cover credit risk relating to off balance sheet items (note 31)	82,892	145,249
Recoveries	(16,047)	(24,150)
Total	**1,393,551**	**1,609,775**

11. Income tax

In accordance with article 65A of Law 4174/2013, for fiscal year 2011, the statutory auditors and audit firms conducting statutory audits to a Societe Anonyme (AE), are obliged to issue an Annual Tax Certificate on the compliance of tax provisions on tax issues. This tax certificate is submitted to the entity subject to an 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 Ordinary General Assembly of the Shareholders.

After eighteen months from the issuance of tax unqualified certificate and on the precondition that no tax offences have been identified by the Ministry of Finance audits, the tax audit of the year is considered finalized.

After the expiry of the deadline set by the circular of the Ministry of Finance (POL 1236/18.10.2013), the year 2011 is considered final except in some cases (e.g. receiving or issuing fake tax documents, additional information from other sources) for which the Ministry of Finance can require re-examination.

For fiscal year 2012 and 2013 the Bank has obtained the relevant tax certificate without any qualifications on the tax issues covered, whereas for the year 2014 the tax audit is in progress and no material findings are expected.

The income tax expense is analyzed as follows:

	From 1 January to	
	31.12.2014	31.12.2013
Deferred	(677,122)	(681,504)
Total	**(677,122)**	**(681,504)**

The Bank, in the context of deferred tax assets recoverability control, recognized in 2014 a deferred tax asset of € 422,034 for temporary differences arising from impairment/valuation of loans derived from the acquisition of Emporiki Bank that were not recognized on 31.12.2013.

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

	From 1 January to	
	31.12.2014	31.12.2013
Debit difference of Law 4046/2012	39,946	(205,364)
Revaluation/impairment of assets	(2,326)	(32,826)
Write-offs and fixed assets depreciation	26,777	28,575
Valuation/impairment of loans	(550,657)	(301,535)
Valuation of loans due to hedging	(399)	(1,460)
Employee defined benefit obligations	19,114	(5,027)
Valuation of derivatives	(9)	(20,939)
Effective interest rate	(943)	(1,439)
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(5,314)	873
Valuation of investments due to hedging	921	(1,018)
Valuation/impairment of bonds and other securities	7,771	(5,183)
Tax losses carried forward	(193,562)	(142,815)
Other temporary differences	(18,441)	6,654
Total	**(677,122)**	**(681,504)**

The above amounts include the effect from the change in the income tax rate from 20% to 26%.

The amount of tax loss includes the amount of the undistributed or capitalized untaxed reserves that were formed in accordance with the Law 2238/1994.

Tax losses carried forward include the amount of debit reserves, which is recognized as deductible, according to article 72 of Law 4172/2013. According to the Circular POL 1143/15.5.2014 of Ministry of Finance any debit balance reduce the taxable profit for the year 2014 and in the case of losses are added to those.

According to article 5 of Law 4303/17.10.2014 "Ratification of the Legislative Act "Emergency legislation to replenish the General Secretary of Revenue upon early termination of office" (A 136) and other provisions", deferred tax assets that have been or will be recognized and are due to the debit difference arising from the PSI and the accumulated provisions and other general losses due to credit risk, with respect to existing amounts up to 31 December 2014, are converted into final and settled claims against the State, if, the accounting result for the period, after taxes, is a loss, according to the audited and approved financial statements by the Ordinary Shareholders' General Meeting. The total amount of the claim is determined by multiplying the above mentioned deferred tax asset with a ratio that represents the accounting loss after tax of the period as a percentage of total equity as shown in the annual financial statements, excluding the accounting loss of the period.

This claim arises at the time that the financial statements are approved and is netted off against the relevant income tax. When the amount of income tax is not sufficient to cover the tax credit, then, a tax receivable is created. In addition, a special reserve equal to 110% of the above tax credit is recorded as well as (free) offer warrant to the State that will result from the capitalization of the abovementioned reserve. These securities are freely transferrable and within reasonable period from the date of issue, the shareholders have a call option right based on the proportions of their participation in the share capital at the time of issuance of the securities.

The inclusion in the Law is implemented by the Shareholders' General Meeting, concerns tax assets created from 2016 onwards, whereas it is envisaged the end of inclusion in the Law with the same procedure and after obtaining relevant approval from the Regulatory Authority.

As at 31.12.2014 the amount of the deferred tax assets estimated that is under the provisions of the above mention Law amounted to € 2,689,965 and is included in the deferred tax asset categories "Debit difference of Law 4046/2012" and "Valuation/impairment of loans".

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

	From 1 January to			
	31.12.2014		31.12.2013	
	%		%	
Profit/(loss) before income tax		**(735,651)**		**2,175,517**
Income tax (nominal tax rate)	26	(191,269)	26	565,634
Increase/(decrease) due to:				
Non taxable income	1.93	(14,177)	(0.12)	(2,686)
Non deductible expenses	(4.17)	30,703	1.17	25,433
Impairment losses from participations			(2.54)	(55,299)
Taxation of reserves under Law 4172/2013	10.29	(75,689)		
Negative goodwill from the acquisition of Emporiki Bank not subject to tax			(31.38)	(682,629)
Effect of changes of tax rates used for deferred tax			(18.90)	(411,118)
Tax losses carried forward			(5.11)	(111,238)
Other tax adjustments	0.63	(4,656)	(0.44)	(9,601)
Total	**34.68**	**(255,088)**	**(31.32)**	**(681,504)**
Deferred tax asset from impairment/valuation of Emporiki Bank's loans that were not recognized in previous year		(422,034)		
Income tax		**(677,122)**		

Income tax of other comprehensive income recognized directly in Equity

	From 1 January to					
	31.12.2014			31.12.2013		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Amounts that may be reclassified to the Income Statement						
Change in available for sale securities reserve	(400,381)	104,790	(295,591)	246,689	(64,815)	181,874
Change in cash flow hedge reserve	(227,861)	59,244	(168,617)	145,078	(37,720)	107,358
Tax rate adjustments (Law 4110/2013)					15,230	15,230
Amounts that will not be reclassified to the Income Statement						
Actuarial gains/(losses) of defined benefit obligations	(37,341)	9,709	(27,632)	(10,089)	2,623	(7,466)
Tax rate adjustments (Law 4110/2013)					1,901	1,901
Total	**(665,583)**	**173,743**	**(491,840)**	**381,678**	**(82,781)**	**298,897**

In 2014, in "Retained earnings" include a deferred tax liability of € 12,565 that was recorded as a result from the share capital increase costs which was recorded in the same account and relate to the share capital increase which was completed during the reporting period (note 32).

The respective amount for 2013 was € 57,561.

12. Earnings/(losses) per share

a. Basic

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

For the calculation of basic earnings/(losses) per share, profit or loss for the period is adjusted with the deduction of the after-tax amount of 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 dividends of preference shares on non-cumulative dividend preference shares declared for distribution during the period.

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

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

b. Diluted

Diluted earnings/(losses) per share are calculated by adjusting the weighted average number of ordinary shares outstanding to 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 that held until 17.4.2014 and the convertible bond loan with Credit Agricole S.A., basic and dilutive earnings/(losses) per share should not differ.

	From 1 January to	
	31.12.2014	31.12.2013
Profit/(loss) attributable to equity owners of the Bank	**(58,529)**	**2,857,021**
Weighted average number of outstanding ordinary shares	12,334,075,664	6,639,922,965
Basic and diluted earnings/(losses) per share (in €)	(0.005)	0.430

The weighted average number of shares as at 31.12.2014 is calculated based on the days during which the ordinary shares are in issue compared to the total number of days of the reporting period, taking into account the new total number of common shares resulting from the share capital increase of Bank on 28.3.2014 (note 32).

ASSETS

13. Cash and balances with Central Banks

	31.12.2014	31.12.2013
Cash	328,049	342,375
Cheques receivable	14,756	11,589
Balances with Central Banks	922,637	652,330
Total	**1,265,442**	**1,006,294**
Less: Deposits pledged to Central Banks	(506,305)	(493,393)
Balance	**759,137**	**512,901**

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

The Bank of Greece also requires, that all financial institutions established in Greece maintain reserve deposits with the Central Bank equal to 1% of customer deposits.

These deposits are interest bearing same with the refinancing rate set by the European Central Bank which as at 31.12.2014 was 0.05% (31.12.2013: 0.25%).

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

	31.12.2014	31.12.2013
Cash and balances with Central Banks	759,137	512,901
Short-term placements with other banks	463,892	236,098
Total	**1,223,029**	**748,999**

14. Due from banks

	31.12.2014	31.12.2013
Placements with other banks	3,203,810	3,835,284
Guarantees for derivative securities coverage (note 36e)	1,497,550	1,189,771
Sale and repurchase agreements (Reverse Repos)	109	
Loans to credit institutions	22,047	20,770
Less:		
Allowance for impairment losses	(8,965)	(8,965)
Total	**4,714,551**	**5,036,860**

15. Trading securities

	31.12.2014	31.12.2013
Bonds		
- Greek Government	1,729	6,537
- Other Issuers:		
Listed		464
Total	**1,729**	**7,001**

16. Derivative financial instruments (assets and liabilities)

	31.12.2014		
	Contractual nominal amount	Fair value	
		Assets	Liabilities
Derivatives held for trading purposes			
a. Foreign exchange derivatives			
Foreign exchange forwards	284,031	6,300	11,112
Foreign exchange swaps	3,744,943	47,183	9,500
Cross currency swaps	10,975,173	457,552	578,352
Currency options	182,084	768	1,101
Currency options embedded in customer products	6,664	38	18
Total non-listed	**15,192,895**	**511,841**	**600,083**
Futures	40,806	807	
Total listed	**40,806**	**807**	
b. Interest rate derivatives			
Interest rate swaps	8,973,476	519,582	653,833
Interest rate options (caps and floors)	826,730	24,684	5,271
Total non-listed	**9,800,206**	**544,266**	**659,104**
Futures	1,384,203	263	74
Total listed	**1,384,203**	**263**	**74**
c. Commodity derivatives			
Commodity swaps	205,779	29,746	29,162
Total non-listed	**205,779**	**29,746**	**29,162**
d. Index derivatibes			
OTC options	49,000	325	325
Total non-listed	**49,000**	**325**	**325**
e. Other derivatives			
GDP linked security	1,667,571	11,289	
Total listed	**1,667,571**	**11,289**	
Derivatives for hedging purposes			
a. Foreign exchange derivatives			
Cross currency swaps	29,187		2,945
Total non-listed	**29,187**		**2,945**
b. Interest rate derivatives			
Interest rate swaps	1,350,511	55,407	654,708
Interest rate options (caps and floors)	1,336		
Total non-listed	**1,351,847**	**55,407**	**654,708**
Grand Total	**29,721,494**	**1,153,944**	**1,946,401**

	31.12.2013		
	Contractual nominal amount	Fair value	
		Assets	Liabilities
Derivatives held for trading purposes			
a. Foreign exchange derivatives			
Foreign exchange forwards	242,172	5,509	3,834
Foreign exchange swaps	3,458,944	16,529	12,924
Cross currency swaps	12,575,039	454,932	562,153
Currency options	20,984	300	59
Currency options embedded in customer products	1,311	2	
Total non-listed	**16,298,450**	**477,272**	**578,970**
Futures	39,858		77
Total listed	**39,858**		**77**
b. Interest rate derivatives			
Interest rate swaps	10,400,536	278,661	320,454
Interest rate options (caps and floors)	1,179,363	22,314	5,627
Total non-listed	**11,579,899**	**300,975**	**326,081**
Futures	4,219,626	1,297	99
Total listed	**4,219,626**	**1,297**	**99**
c. Commodity derivatives			
Commodity swaps	193,158	3,935	3,086
Total non-listed	**193,158**	**3,935**	**3,086**
d. Index derivatibes			
OTC options	49,000	293	293
Total non-listed	**49,000**	**293**	**293**
e. Other derivatives			
GDP linked security	1,920,680	22,453	
Total listed	**1,920,680**	**22,453**	
Derivatives for hedging purposes			
a. Foreign exchange derivatives			
Cross currency swaps	75,886		2,286
Total non-listed	**75,886**		**2,286**
b. Interest rate derivatives			
Interest rate swaps	1,908,637	1,686	463,369
Interest rate options (caps and floors)	3,766		
Total non-listed	**1,912,403**	**1,686**	**463,369**
Grand Total	**36,288,960**	**807,911**	**1,374,261**

17. Loans and advances to customers

	31.12.2014	31.12.2013
Individuals:		
Mortgages		
- Non-securitized	16,857,072	16,680,013
- Securitized		99,096
Consumer:		
- Non-securitized	3,037,977	3,147,784
- Securitized	1,462,066	1,319,169
Credit cards:		
- Non-securitized	563,560	464,973
- Securitized	579,353	471,800
Other		13,765
Total	**22,500,028**	**22,196,600**
Companies:		
Corporate loans:		
- Non-securitized	25,529,128	25,705,409
- Securitized	2,084,171	1,480,643
Other receivables	307,033	413,204
	50,420,360	**49,795,856**
Less:		
Allowance for impairment losses (1)	(6,944,450)	(5,559,391)
Total	**43,475,910**	**44,236,465**

The Bank has proceeded in securitizing consumer, corporate loans and credit cards through special purpose entities controlled by them.

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

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

The Bank has proceeded with the direct issuance of covered bonds, secured by mortgage loans. As at 31.12.2014, the balance of the covered bonds amounted to € 3.7 billion and the value of mortgage loans provided as coverage for these bonds amounted to € 4.5 billion.

Loans and advances to customers of 31.12.2014 include loans obtained from the acquisition of retail banking operations of Citibank. The carrying amount of these loans at the acquisition date amounted to € 227,466 and has been recognized in loans before impairment (Note 43).

Loans and advances to customers as at 31.12.2013 include loans obtained from the acquisition of Emporiki Group. The carrying amount of these loans on acquisition date amounted to € 13.9 billion and has been recognized in loans and advances to customers before impairment.

The balance of securitized mortgage loans as at 31.12.2013 regards loans acquired in the context of the acquisition of Emporiki Bank. This transaction of securitization was withdrawn on 24.2.2014 after the exercise of the respective option of the Bank.

(1) *In addition to the allowance for impairment losses regarding loans and advances to customers, a provision of € 276,235 (31.12.2013: € 193,343) has been recorded to cover credit risk relating to off-balance sheet items. The total provision recorded to cover credit risk amounts to € 7,220,685 (31.12.2013: € 5,752,734).*

Allowance for impairment losses

Balance 1.1.2013	**3,607,221**
Changes for the period 1.1 - 31.12.2013	
Impairment losses for the year (note 10)	1,488,676
Change in present value of the allowance account	335,021
Foreign exchange differences	2,092
Other adjustments for credit risk	174,416
Loans written-off during the year	(48,035)
Balance 31.12.2013	**5,559,391**
Changes for the period 1.1 - 31.12.2014	
Impairment losses for the year (note 10)	1,326,706
Change in present value of the allowance account	447,333
Foreign exchange differences	853
Loans written-off during the year	(389,833)
Balance 31.12.2014	**6,944,450**

18. Investment securities

a. Available for sale

	31.12.2014	31.12.2013
Greek Government:		
- Bonds	1,508,994	851,393
- Treasury bills	1,887,502	2,465,326
Other issuers:		
- Listed	1,199,320	1,069,530
- Non-listed	4,062	2,476
Shares:		
- Listed	18,914	21,418
- Non-listed	10,918	16,304
Other variable yield securities	9,115	23,129
Total	**4,638,825**	**4,449,576**

During 2014 the Bank has recognized impairment loss amounting to € 2,770 in shares.

During 2013 the Bank recognized impairment losses amounting to € 40,779 which is analyzed as an amount of € 9,006 that relates to shares and other variable yield securities and an amount of € 31,773 which relates to bonds of other issuers.

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

b. Held to maturity

	31.12.2014	31.12.2013
Greek Government:		
- Bonds		891,641
Other States:		
- Bonds	6,107	3,385
Other issuers:		
- Listed	96,110	277,432
- Non-listed	1,224	1,578
	103,441	**1,174,036**
Less:		
Allowance for impairment losses	(9,624)	(156,342)
Total	**93,817**	**1,017,694**

In 2013 the held to maturity Greek Government bonds include only bonds transferred to the Bank's ownership for the issuance of the preference shares owned by the Greek State according to Law 3723/2008 and matured on 21.5.2014.

Allowance for impairment losses

Balance 1.1.2013	**157,110**
Changes for the period 1.1-31.12.2013	
Loans written-off during the period	(768)
Balance 31.12.2013	**156,342**
Changes for the period 1.1-31.12.2014	
Reversal of impairment of bonds of other issuers	(204)
Loans written-off during the period	(146,514)
Balance 31.12.2014	**9,624**

The amount of € 146,514 regards the write off subordinated bond of Agricultural Bank and the amount of € 204 regards the proceeds from the liquidation of this bond.

c. Loans and receivables

Loans and receivables include bonds issued by the European Financial Stability Facility (E.F.S.F.) at a nominal value of € 3,960,544 received by the Bank as a result of the share capital increase which was completed on 6.6.2013 and of nominal value of € 284,628 which were transferred to the Bank from the Hellenic Financial Stability Fund for the undertaking of customer deposits from the former Cooperative Banks of Western Macedonia, Evia and Dodecanese in December 2013. The total carrying amount of these bonds as at 31.12.2014 amounted to € 4,299,101 (31.12.2013: € 4,308,556).

19. Investments in subsidiaries, associates and joint ventures

	From 1 January to	
	31.12.2014	31.12.2013
Subsidiaries		
Opening balance	**1,982,262**	**2,044,676**
Additions	43,338	151,312
Disposals	(11,890)	(277,791)
Transfer due to reclassification to assets held for sale	(1,831)	(80,000)
Transfer from joint ventures		30,086
Valuation of investments due to fair value hedge [1]	3,543	(1,701)
Additions from acquisition of Emporiki Bank		115,680
Closing balance	**2,015,422**	**1,982,262**
Associates		
Opening balance	**631**	**74**
Additions		30
Transfer from Investment Securities		527
Closing balance	**631**	**631**
Joint ventures		
Opening balance	**87,842**	**105,705**
Additions	764	12,223
Disposals	(31,970)	
Transfer to subsidiaries		(30,086)
Closing balance	**56,636**	**87,842**
Total	**2,072,689**	**2,070,735**

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 € 43.3 million relate to:

- € 40 million share capital increase of Alpha Group Investments Ltd.
- € 1.9 million share capital increase of Ionian Equity Participations Ltd.
- € 1.4 million from acquisition of Diners Club A.E.

Disposal of subsidiaries of an amount of € 11.9 million relate to impairment of Ionian Equity Participation Ltd. The recoverable amount of € 39.9 million was defined based on the fair value of the company, which arose from the valuation method of the net asset value (NAV) of the holding companies (Venture Capital Funds, etc.) in which it participates. The fair value definition methodology is classified in Level 3.

The transfer of subsidiaries to assets held for sale of an amount of € 1.8 million, concerns the Alpha Insurance Ltd subsidiary, which fulfils the conditions in order to be classified in assets held for sale due to the sale agreement at 11.12.2014. From this transfer no impairment amount arose as the carrying amount was not less than the fair value less cost.

The additions in joint ventures amounting to € 0.8 million relate to the Bank's capital contribution to Alpha-TANEO A.K.E.S.

The disposals of joint ventures amounted to € 31.9 and relate to :

- Amount of € 1.5 million from return of capital to Alpha-TANEO A.K.E.S.
- Amount of € 30.4 million which concern to full impairment of APE Investment Property arising from annual valuation of the initial cost value of the company.

[1] *The Bank uses FX swaps and money market loans to hedge the foreign exchange risk of its investments in subsidiaries abroad.*

Subsidiary financial information

A. SUBSIDIARIES

Name	Country of incorporation	Balance 31.12.2014			1.1 - 31.12.2014		
		Assets	Equity	Liabilities	Turnover	Profit/(Loss) before taxes	Bank's ownership interest % 31.12.2014
Banks							
1. Alpha Bank London Ltd	United Kingdom	665,051	62,064	602,987	13,509	4,842	100.00
2. Alpha Bank Cyprus Ltd	Cyprus	3,327,771	444,945	2,882,826	183,516	(83,549)	100.00
3. Emporiki Bank Cyprus Ltd	Cyprus	399,771	44,343	355,428	18,399	2,453	85.18
4. Alpha Bank Romania S.A.	Romania	3,784,097	298,344	3,485,753	220,170	(33,299)	99.92
5. Alpha Bank AD Skopje	FYROM	100,512	14,986	85,526	7,254	(1,488)	100.00
6. Alpha Bank Srbija A.D.	Serbia	741,812	97,950	643,862	64,618	(67)	100.00
7. Alpha Bank Albania SH.A.	Albania	566,265	78,479	487,786	34,188	3,451	100.00
Leasing companies							
1. Alpha Leasing A.E.	Greece	981,821	246,386	735,435	25,232	(20,246)	100.00
2. Alpha Leasing Romania IFN S.A.	Romania	43,935	1,162	42,773	2,206	18	99.00
3. ABC Factors A.E.	Greece	558,781	112,159	446,622	45,424	16,081	100.00
4. Diners Club Greece A.E.P.P.	Greece	150,392	25,948	124,444	5,842	(434)	100.00
Investment Banking							
1. Alpha Finance A.E.P.E.Y.	Greece	60,447	33,831	26,616	12,635	16	99.72
2. SSIF Alpha Finance Romania S.A.	Romania	1,677	926	751	218	(183)	99.00
3. Alpha A.E. Ventures	Greece	38,691	38,276	415	4,839	4,330	99.42
4. Emporiki Ventures Capital Developed Markets Ltd	Cyprus	25,311	25,286	25	542	531	100.00
5. Emporiki Ventures Capital Emerging Markets Ltd	Cyprus	19,626	19,603	23	2,244	2,231	100.00
6. Emporiki Diachirisis A.E.	Greece	3,712	3,581	131	261	(87)	99.65
Asset Management							
1. Alpha Asset Management A.E.D.A.K.	Greece	56,396	50,924	5,472	23,673	5,435	88.40
Insurance							
1. Alpha Insurance Agents A.E.	Greece	6,616	6,502	114	1,111	942	100.00
2. Alpha Insurance Cyprus Ltd	Cyprus	77,558	18,564	58,994	7,721	2,719	17.95
3. Alphalife A.A.E.Z.	Greece	145,165	12,144	133,021	4,684	3,640	99.90
Real Estate and Hotel							
1. Oceanos A.T.O.E.E.	Greece	22,798	22,710	88	511	6	100.00
2. Emporiki Development and Real Estate Management S.A.	Greece	56,242	54,803	1,439	1,491	1,463	100.00
3. APE Fixed Assets A.E.	Greece	40,245	39,928	317	5	(290)	72.20
Special purpose and holding entities							
1. Alpha Credit Group Plc	United Kingdom	1,316,354	1,176	1,315,178	56,233	11	100.00
2. Alpha Group Jersey Ltd	Jersey	26,789	309	26,480	1,493	(54)	100.00
3. Alpha Group Investments Ltd	Cyprus	305,314	305,287	27	(34,643)	(34,663)	100.00
4. Ionian Holdings A.E.	Greece	401,155	400,619	536	11,664	11,569	100.00
5. Ionian Equity Participations Ltd	Cyprus	42,725	41,945	780	(2,303)	(2,312)	100.00
6. Emporiki Group Finance Plc	United Kingdom	460,653	35,520	425,133	22,865	204	100.00
7. Katanalotika Plc	United Kingdom	1,561,728	64	1,561,664	97,573	5	
8. Epihiro Plc	United Kingdom	1,999,861	43	1,999,818	50,326	15,631	
9. Pisti 2010-1 Plc	United Kingdom	857,826	31	857,795	82,425	5	
10. Alpha Group Ltd	Cyprus	406,267	406,061	206	8,582	8,454	100.00
11. Alpha Shipping Finance Ltd	United Kingdom	707,330	(13)	707,343	1,196	(13)	
Other companies							
1. Kafe Alpha A.E.	Greece	193	152	41	208	(35)	99.00
2. Alpha Supporting Services A.E.	Greece	79,453	69,315	10,138	16,539	5,197	99.00
3. Evisak A.E.	Greece	4,462	3,611	851	3,432	172	85.71

B. ASSOCIATES

Name	Country of incorporation	Balance 31.12.2014 Assets	Equity	Liabilities	1.1 - 31.12.2014 Turnover	Profit/(Loss) before taxes	Bank's ownership interest % 31.12.2014
1. AEDEP Thessalias and Stereas Ellados	Greece		147				50.00
2. Bank Infromation Systems SA	Greece	7,026	3,148	3,878	13,500	247	23.77
3. OLGANOS A.E.	Greece	10,085	81	10,004		(19)	30.44

C. Joint Ventures

Name	Country of incorporation	Assets	Equity	Liabilities	Turnover	Profit/(Loss) before taxes	Bank's ownership interest % 31.12.2014
1. Cardlink A.E.	Greece	10,053	(1,610)	11,663	9,982	(1,110)	50.00
2. APE Commercial Property A.E.	Greece	58,171	58,162	9	375	(2,221)	72.20
3. APE Investment Property A.E.	Greece	270,875	(34,257)	305,132	4,276	(9,341)	72.80
4. Alpha TANEO A.K.E.S.	Greece	6,133	5,733	400	59	84	51.00

20. Investment property

	Land and Buildings
Balance 1.1.2013	
Cost	41,076
Accumulated depreciation and impairment losses	(9,393)
1.1.2013 - 31.12.2013	
Net book value 1.1.2013	31,683
Additions	411
Impairments	(3,526)
Depreciation for the year	(363)
Net book value 31.12.2013	**28,205**
Balance 31.12.2013	
Cost	41,487
Accumulated depreciation and impairment losses	(13,282)
1.1.2014 - 31.12.2014	
Net book value 1.1.2014	28,205
Impairments	(468)
Reclassification from "Property, plant and equipment"	2,659
Reclassification from "Other Assets"	1,926
Depreciation for the year	(383)
Net book value 31.12.2014	**31,939**
Balance 31.12.2014	
Cost	46,149
Accumulated depreciation and impairment losses	(14,210)

In 2014, an impairment loss amounting to € 468 (31.12.2013: € 3,526) was recognized, in order for the carrying amount of investment property not to exceed their recoverable amount as at 31.12.2014, as estimated by certified appraisers. The impairment amount was recorded in "Other Expenses".

The fair value of investment property as at 31.12.2014 amounts to € 32,349. The recoverable amount of investment in property which was impaired during the current year amounted to € 1,265 and it was calculated as the fair value less costs of disposal.

The fair value of investment property as at 31.12.2013 does not materially differ from the carrying amount.

The fair value of investment property is calculated in accordance with the methods mentioned in note 1.7 and are classified, in terms of fair value hierarchy, in Level 3, since they have made use of research inputs, assumptions and inputs relating to properties of relevant characteristics and therefore encompass a wide range of non-observable market inputs.

The capitalization rate used is between 7.0% and 8.5%.

21. Property, plant and equipment

	Land and buildings	Leasehold	Equipment	Total
Balance 1.1.2013				
Cost	812,090	39	360,448	1,172,577
Accumulated depreciation and impairment losses	(260,014)	(6)	(315,563)	(575,583)
1.1.2013 - 31.12.2013				
Net book value 1.1.2013	552,076	33	44,885	596,994
Additions	11,094	745	9,116	20,955
Impairments	(15,922)			(15,922)
Disposals/Write offs	(13,258)		(363)	(13,621)
Reclassification	(5,845)			(5,845)
Reclassification from "Equipment" to "Land and buildings"	18		(18)	
Additions from the acquisition of Emporiki Bank	188,675		16,534	205,209
Depreciation charge for the year	(20,056)	(30)	(13,385)	(33,471)
Net book value 31.12.2013	**696,782**	**748**	**56,769**	**754,299**
Balance 31.12.2013				
Cost	986,066	784	378,803	1,365,653
Accumulated depreciation and impairment losses	(289,284)	(36)	(322,034)	(611,354)
1.1.2014 - 31.12.2014				
Net book value 1.1.2014	696,782	748	56,769	754,299
Additions	13,455		8,313	21,768
Impairments	(2,772)			(2,772)
Disposals/Write offs	(3,613)		(270)	(3,883)
Reclassification to "Investment property"	(2,659)			(2,659)
Reclassification to "Other Assets"	(3,013)			(3,013)
Additions from the acquisition of Citibank (note 43)	37		421	458
Depreciation charge for the year	(20,337)	(108)	(14,168)	(34,613)
Net book value 31.12.2014	**677,880**	**640**	**51,065**	**729,585**
Balance 31.12.2014				
Cost	984,065	784	383,690	1,368,539
Accumulated depreciation and impairment losses	(306,185)	(144)	(332,625)	(638,954)

The carrying amount of owned land and buildings included in the above balances amounts to € 637,083 as at 31.12.2014 (31.12.2013: € 642,250).

In 2014, an impairment loss of € 2,772 was recognized for investment property (31.12.2013: € 15,922) and was recorded in "Other Expenses".

During the impairment test of property, plant and equipment, the estimation is based on the value in use incorporating the carrying amount of an asset and all the improvements which render it absolutely suitable for use from the Bank.

The recoverable amount of "Property, plant and equipment" which was impaired during the current year amounted to € 17,628.

22. Goodwill and other intangible assets

	Software	Banking rights	Other	Total
Balance 1.1.2013				
Cost	291,987	1,785	69	293,841
Accumulated amortization and impairment losses	(198,577)	(1,785)	(50)	(200,412)
1.1.2013-31.12.2013				
Net book value 1.1.2013	93,410		19	93,429
Additions	40,530			40,530
Additions from the acquisition of Emporiki Bank	23,388		46,100	69,488
Additions from the acquisition of Cooperative Banks			9,094	9,094
Disposals/Write offs	(1,951)			(1,951)
Amortization charge for the year	(10,671)		(3,852)	(14,523)
Net book value 31.12.2013	**144,706**		**51,361**	**196,067**
Balance 31.12.2013				
Cost	352,865	1,785	55,263	409,913
Accumulated amortization and impairment losses	(208,159)	(1,785)	(3,902)	(213,846)
1.1.2014 - 31.12.2014				
Net book value 1.1.2013	144,706		51,361	196,067
Additions	32,928			32,928
Additions from the acquisition of Citibank (note 43)			60,079	60,079
Amortization charge for the year	(13,616)		(14,107)	(27,723)
Net book value 31.12.2014	**164,018**		**97,333**	**261,351**
Balance 31.12.2014				
Cost	385,793	1,785	115,342	502,920
Accumulated amortization and impairment losses	(221,775)	(1,785)	(18,009)	(241,569)

"Additions from the acquisition of CITIBANK" refers to the recognition on an intangible asset regarding the acquired customer relationships and the deposit base, the useful life of which was estimated to 9 and 7 years respectively (note 43).

23. Deferred tax assets and liabilities

	31.12.2014	31.12.2013
Assets	3,604,079	2,740,649
Total	**3,604,079**	**2,740,649**

Deferred tax assets and liabilities are analyzed as follows:

	1.1 - 31.12.2014				
		Recognized in			
	Balance 1.1.2014	Income Statement	Equity	Acquistion of Citibank	Balance 31.12.2014
Debit difference of Law 4046/2012	1,118,479	(39,946)			1,078,533
Revaluation/impairment of fixed assets	39,470	5,914		(3,588)	41,796
Depreciation and fixed assets write-offs	(33,858)	(26,777)			(60,635)
Valuation/impairment of loans	1,060,775	548,626		2,031	1,611,432
Valuation of loans due to hedging	(2,496)	399			(2,097)
Valuation of derivatives	128,745	9	59,244		187,998
Other temporary differences	51,056	17,647		794	69,497
Employee defined benefit obligations	84,103	(19,877)	9,709	763	74,698
Tax losses carried forward	248,073	193,562			441,635
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(44,436)	5,314			(39,122)
Valuation of investments due to hedge	2,934	(921)			2,013
Valuation/impairment of bonds and other securities	35,905	(7,771)	104,790		132,924
Effective interest rate	(5,662)	943			(4,719)
Share capital increase expenses	57,561		12,565		70,126
Total	**2,740,649**	**677,122**	**186,308**	**-**	**3,604,079**

	1.1.2013 - 31.12.2013				
		Recognized in			
	Balance 1.1.2013	Income Statement	Equity	Negative goodwill from the acquisition of Emporiki Bank	Balance 31.12.2013
Debit difference of Law 4046/2012	811,773	205,364		101,342	1,118,479
Revaluation/impairment of fixed assets	2,620	32,826		4,024	39,470
Depreciation and fixed assets write-offs	(5,283)	(28,575)			(33,858)
Valuation/impairment of loans	216,276	301,535		542,964	1,060,775
Valuation of loans due to hedging	(3,956)	1,460			(2,496)
Valuation of derivatives	122,861	20,939	(27,593)	12,538	128,745
Other temporary differences	31,481	(6,654)		26,229	51,056
Employee defined benefit obligations	52,138	5,027	4,524	22,414	84,103
Tax losses carried forward	105,258	142,815			248,073
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(4,273)	(873)		(39,290)	(44,436)
Valuation of investments due to hedge	(948)	1,018			70
Impairment of investments	2,864				2,864
Valuation/impairment of bonds and other securities	90,434	5,183	(59,712)		35,905
Effective interest rate	(7,101)	1,439			(5,662)
Share capital increase expenses			57,561		57,561
Total	**1,414,144**	**681,504**	**(25,220)**	**670,221**	**2,740,649**

The adjustement to the opening balance of "Employee defined benefit oligations" as at 1.1.2013 was from the retrospective application of new accounting policy.

24. Other Assets

	31.12.2014	31.12.2013
Tax advances and withholding taxes	293,204	266,918
Deposit and Investment Guarantee Fund	603,396	592,825
Assets obtained from auctions	185,405	187,447
Prepaid expenses	31,560	53,615
Employee advances	6,289	12,249
Accrued income	8,309	8,444
Other	161,601	321,237
Total	**1,289,764**	**1,442,735**

In accordance with article 6 of Law 3714/7.11.2008 deposits guaranteed by the deposit guarantee system increased from € 20 thousand to € 100 thousand per customer. The percentages used for calculating the contribution paid by banks to the Deposit Guarantee Fund also increased. In accordance with the Ministry decision 23384/27.5.2011 the law was extended until 31.12.2015.

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

In 2013, this specific asset includes the amounts of former Emporiki Bank as well as the amounts from Cooperative Banks of Evia, Western Macedonia and Dodecanese, in the context of the decision of Bank of Greece of 8.12.2013 for the transfer to the Bank, among other assets, the rights of Cooperative Banks towards the Deposit and Investment Guarantee Fund (DIGF) which had applied before the recall of their licenses.

On 31.12.2014 the Bank measured its fixed assets classified in other assets at the lowest value between the carrying amount and its fair value. In cases where the fair value was less than the carrying amount, an impairment loss was recognized which amounted to € 5.9 million in total and is included in "Other expenses" of the Income Statement. On 31.12.2013, the relevant impairment loss amounted to € 4.6 million. The fair value of fixed assets acquired from auction are calculated in accordance with the methods mentioned in note 1.7 and are classified in terms of fair value hierarchy in Level 3, since they have made use of research inputs, assumptions and inputs relating to properties of relevant characteristics and therefore encompass a wide range of non-observable market inputs. The capitalization rate used was between 7% and 8.5%.

"Other" as at 31.12.2013 includes the claim of the Bank from the Hellenic Financial Stability Fund amounting to € 157 million for the payment of the difference between the transferred assets and liabilities of the above mentioned Cooperative Banks, the cash settlement of which incurred during the current year of 2014.

LIABILITIES

25. Due to banks

	31.12.2014	31.12.2013
Deposits:		
- Current accounts	115,207	60,894
- Term deposits:		
Central Banks	14,819,325	17,177,209
Other credit institutions	495,852	834,858
Cash collateral for derivative margin accounts	193,064	27,628
Sale and repurchase agreements (Repos)	1,681,959	857,589
Borrowing funds	253,055	397,151
Total	**17,558,462**	**19,355,329**

26. Due to customers

	31.12.2014	31.12.2013
Deposits:		
- Current accounts	6,662,192	6,316,724
- Saving accounts	8,771,195	8,240,818
- Term deposits:		
Synthetic swaps	89	8,192
Other	22,220,773	22,275,097
Sale and repurchase agreements (Repos)	46,000	514,607
	37,700,249	**37,355,438**
Cheques payable	117,198	149,251
Total	**37,817,447**	**37,504,689**

In the above amounts on 31.12.2014 are included deposits acquired by the acquisition of the Retail Banking operations of Citibank (note 43).

Further on 31.12.2013 the above amounts included cash balances acquired from the Cooperative Banks, after the decision of the Bank of Greece for the removal of the operating license of the Cooperative Banks of Evia, Western Macedonia and Dodecanese.

27. Debt securities in issue and other borrowed funds

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

Under the programme for the enhancement of the Greek economy's liquidity, according to Law 3723/2008, as at 31.12.2014, the total balance of senior debt securities guaranteed by the Greek State amounts to €9.8 billion (31.12.2013: €9.8 billion).

During the period the Bank proceeded in issuing the following senior debt securities with a floating interest rate of three month Euribor plus a spread of 12%:

- On 17.2.2014, issued bond amounting to €950 million maturing on 17.3.2015.
- On 15.5.2014, issued bond amounting to €2.6 billion which matured on 15.8.2014.
- On 16.6.2014, issued bond amounting to €2.3 billion which matured on 16.9.2014.
- On 13.8.2014, issued bond amounting to €1.6 billion which matured on 13.11.2014.
- On 9.9.2014, issued bond amounting to €2 billion maturing on 9.3.2015.
- On 31.10.2014, issued bond amounting to €957 million maturing on 31.3.2015.
- On 24.12.2014, issued bond amounting to €1.5 billion maturing on 24.3.2015.
- On 31.12.2014, issued bond amounting to €810 million maturing on 31.3.2015.

During the year, bonds guaranteed by the Greek State of national amount of € 12.7 billion which had been issued under the Pillar II of the Programme for the Enhancement of the Greek Economy's Liquidity, matured. These securities are not disclosed in "Debt securities in issue and other borrowed funds", as they are held by the Bank.

ii. Covered bonds [1]

Covered bonds issued by the Bank as at 31.12.2014 amounts to € 3.7 billion.

Covered bonds are not included in the "Debt securities in issue and other borrowed funds" since the corresponding securities are held by the Bank.

iii. Short term securities

Balance 1.1.2014	37,521
Changes for the period 1.1 - 31.12.2014	
New issues	127,031
Maturities/Repayments	(142,875)
Accrued interest	840
Foreign exchange differences	3,824
Balance 31.12.2014	**26,341**

The amount of "new issues" includes the following issues:

- On 12.3.2014, the Bank issued short term securities of nominal value of USD 5 million and USD 45 million which matured on 14.4.2014 and 11.6.2014 respectively.
- On 12.6.2014, the Bank issued short term securities of nominal value of USD 5 million and USD 37.8 million which matured on 10.7.2014 and 10.9.2014 respectively.
- On 11.7.2014, the Bank issued short term securities of nominal value USD 3.5 million and USD 1.5 million which matured on 11.8.2014 and 10.9.2014 respectively.
- On 11.9.2014, the Bank issued short term securities of nominal value of USD 2.5 million and USD 37 million which matured on 9.10.2014 and 10.12.2014 respectively.
- On 11.12.2014, the Bank issued short term securities of nominal value of USD 32.1 million maturing on 10.3.2015.
- On 31.12.2014, the total balance of short term securities amounts to USD 32.1 million.

During the period, short term securities of nominal value of USD 189.3 million matured.

iv. Senior debt securities

Balance 1.1.2014	**1,067,285**
Changes for the period 1.1 - 31.12.2014	
New issues	519,687
Maturities/Repayments	(185,031)
Fair value change	3,089
Accrued interest	38,905
Foreign exchange differences	314
Balance 31.12.2014	**1,444,249**

The amount of "new issues" includes the following issues:

- On 17.6.2014, the Bank issued senior debt securities of nominal value of € 500 million with three-year maturity and a fixed annual interest rate of 3.375%.
- On 21.8.2014, the Bank issued senior debt security of nominal value of USD 3 million with ten-year maturity, a step-up annual interest rate of 4.6% and annual increase of 20 basis points.
- On 28.11.2014, the Bank issued senior debt security of nominal value of € 50 million maturing on 28.11.2032 with a fixed annual interest rate of 2%.

[1] *Financial disclosures regarding covered bond issues, as determined by the 2620/28.8.2009 Act of the Bank of Greece, have been published on the Bank's website.*

v. Liabilities from the securitisation of mortgage loans

Balance 1.1.2014	26,917
Changes for the period 1.1 - 31.12.2014	
Maturities/Repayments	(27,383)
Accrued interest	466
Balance 31.12.2014	**-**

These obligations occurred after the acquisition of Emporiki Bank and refer to the special purpose entity Lithos Mortgage Financing Plc (securitization of mortgage loans). The transaction was recalled on 24.2.2014 after the exercise of the respective option of the Bank.

Additional liabilities arising from the securitisation of consumer loans, corporate loans and credit cards are not included in "Debt securities in issue and other borrowed funds" since these securities of nominal value € 3.7 billion have been issued by special purpose entities and held by the Bank.

vi. Securitization liabilities of shipping loans

Balance 1.1.2014	**-**
Changes for the period 1.1 - 31.12.2014	
New issues	393,656
Maturities/Repayments	(37,962)
Accrued interest	904
Foreign exchange differences	8,979
Balance 31.12.2014	**365,577**

During the year 2014, the Bank proceeded to a shipping loan securitization transaction , transferring them in the fully consolidated SPE (Special Purpose Entity), Alpha Shipping Finance Ltd. Then Alpha Shipping Finance Ltd issued bonds, which are not held by the company. The liability to the special purpose entity, which relates with the securitized shipping loans amounts to € 365.6 million.

vii. Subordinated debt

Balance 1.1.2014	**88,625**
Changes for the period 1.1 - 31.12.2014	
Accrued interest	(23)
Balance 31.12.2014	**88,602**

viii. Hybrid securities

Balance 1.1.2014	**35,497**
Changes for the period 1.1 - 31.12.2014	
Maturities/Repayments	(3,700)
Accrued interest	(1)
Balance 31.12.2014	**31,796**

On 21.5.2014 an amount of nominal value of € 3.7 million from the CMS Hybrid Security (ISIN:DE000A0DX3M2) without interest step up clause has been cancelled.

Since the requirement for non existence of distributable funds for 2013 is fulfilled, on 17.1.2014 the non payment of dividend for the CMS hybrid security (ISIN: DE000A0DX3M2) which does not have an interest step up clause was announced for 18.2.2014.

ix. Convertible bond loan

Balance 1.1.2014	**39,600**
Changes for the period 1.1 – 31.12.2014	
Fair value change due to hedging	25,000
Balance 31.12.2014	**64,600**

The increase in the liability of the convertible bond amounting to € 25 million was recognized in gain less losses on financial transactions.

Total of Debt securities in issue and other borrowed funds, not held by the Bank, as at 31.12.2014	**2,021,165**

28. Liabilities for current income tax and other taxes

	31.12.2014	31.12.2013
Other taxes	47,819	32,781
Total	**47,819**	**32,781**

29. 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 - Liabilities	
	31.12.2014	31.12.2013
Bank employee's indemnity provision due to retirement in accordance with Law 2112/1920	64,906	70,029
TAP – Lump sum benefit	29,230	4,452
Savings program guarantee	547	93
Total liabilities	**94,683**	**74,574**

	Income Statement Expenses/ (Income) From 1 January to	
	31.12.2014	31.12.2013
Bank employee's indemnity provision due to retirement in accordance with Law 2112/1920 (note 7)	4,272	(10,532)
TAP – Lump sum benefit	10,379	(14,654)
Savings program guarantee	8	36
Total	**14,659**	**(25,150)**

Balance Sheet and Income Statement amounts are analyzed per fund and type of benefits as follows:

a. Employee idemnity due to retirement in accordance with Law 2112/1920

Since 14 February 2012, on promulgation of Law 4046/2012 and in accordance with Cabinet Act 6/28.2.2012 employment contracts that mature at the age limit or when the retirement conditions have been met are considered open term employee contracts and if cancelled the provisions of Law 2112/1920 and 3198/1955 apply as amended by Law 4093/2012 which provide a lump sum payment. The obligation as at 31.12.2013 was affected by the acquisition of Emporiki Bank on 1.2.2013.

The amounts recognized in the balance sheet are as follows:

	31.12.2014	31.12.2013
Present value of defined obligations	64,906	70,029
Liability	**64,906**	**70,029**

The amounts recognized in the income statement are as follows:

	From 1 January to	
	31.12.2014	31.12.2013
Current service cost	859	4,001
Net interest cost resulted from net asset/liability	2,691	4,111
Recognition of past service cost	-	(21,293)
Settlement/Curtailment/Termination (gain)/loss	722	2,649
Total (included in staff costs)	**4,272**	**(10,532)**

In 2013, there was a gain from the calculation of employee defined obligations for the employees from Emporiki Bank taking into consideration the modification introduced by Law 4093/2012.

The movement in the present value of defined obligation is as follows:

	2014	2013
Opening balance	**70,029**	**48,243**
Liability from the acquisition of Emporiki Bank		44,580
Liability from the acquisition of the Retail Banking operations of Citibank	2,936	-
Current service cost	859	4,001
Interest cost	2,691	4,111
Benefits paid	(1,833)	(2,067)
(Settlement/Curtailment/Termination (gain)/loss	722	2,649
Past service cost		(21,293)
Actuarial (gain)/loss - financial assumptions	17,375	
Actuarial (gain)/loss – experience adjustments	(1,321)	(10,195)
Amounts paid to employees left in the context of Voluntary Separation Scheme	(26,552)	
Closing balance	**64,906**	**70,029**

The amounts recognized in equity during the year are analyzed as follows:

	31.12.2014	31.12.2013
Change in liability gain/(loss) due to changes in financial and demographic assumptions	(17,375)	
Change in liability gain/(loss) due to experience adjustments	1,321	10,195
Total actuarial gain/(loss) recognized in Equity	**(16,054)**	**10,195**

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

	2014	2013
Opening balance	**70,029**	**48,243**
Liability from the acquisition of Emporiki Bank		44,580
Liability from the acquisition of the Retail Banking operations of Citibank	2,936	
Benefits paid	(1,833)	(2,067)
Loss /(Gain) recognized in Income Statement	4,272	(10,532)
Loss/(Gain) recognized in Equity	16,054	(10,195)
Amounts paid to employees left in the context of Voluntary Separation Scheme	(26,552)	
Closing balance	**64,906**	**70,029**

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

The obligation to the Supplementary Pension Fund (TAP) of former Alpha Credit Bank employees, after it was absorbed by the Common Insurance Fund of Bank Employees for the supplementary pension (Article 10, Law 3620/2007) is restricted to paying a lump sum benefit to retiring employees, which is guaranteed by the Bank. On 18.11.2013 the Bank signed a new operational agreement with the Association of Personnel, whereby the amount paid by the Supplementary Pension Fund, will not exceed the difference between the amount corresponding to the overall lump sum provision, according to the statute of the Supplementary Pension Fund (TAP), and the amount of compensation that the Bank must pay, according to the current labor legislation, on the termination of employment contracts. This adjustment is not affected by a potential reduction of the compensation amount in the future.

The amounts included in the balance sheet are as follows:

	31.12.2014	31.12.2013
Present value of defined obligation	82,475	78,835
Fair value of plan assets	(53,245)	(74,383)
Liability	**29,230**	**4,452**

The amounts included in the income statement are as follows:

	From 1 January to	
	31.12.2014	31.12.2013
Current service cost	2,819	2,803
Net interest cost resulted from net asset/liability	166	(123)
General expenses	12	1
Total of current service cost	**2,997**	**2,681**
Past service cost	(117)	(17,649)
Settlement/Curtailment/Termination (gain)/loss	7,499	314
Total (included in staff costs)	**10,379**	**(14,654)**

The movement in the present value of defined benefit obligations is as follows:

	2014	2013
Opening balance	**78,835**	**102,967**
Current service cost	2,819	2,803
Interest cost	2,880	3,202
Employee contributions	338	425
Benefits paid	(18,566)	(7,849)
Contributions paid directly by the Bank	(3,220)	(1,187)
Settlement/Curtailment/Termination (gain)/loss	7,499	314
Past service cost	(117)	(17,649)
Actuarial (gain)/loss - financial assumptions	12,429	(1,460)
Actuarial (gain)/loss - demographic assumptions	(3,336)	(2,516)
Actuarial (gain)/loss – experience adjustments	2,914	(215)
Closing balance	**82,475**	**78,835**

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

	2014	2013
Opening balance	**74,383**	**103,378**
Expected return	2,714	3,325
Employee contributions	338	425
Bank's contributions	3,222	-
Benefits paid	(18,566)	(7,849)
Expenses	(12)	(2)
Actuarial losses	(8,834)	(24,894)
Closing balance	**53,245**	**74,383**

The plan assets include bonds issued by Alpha Credit Group Plc of € 19 million, deposits with Alpha Bank of € 29.9 million, Alpha Bank's shares and warrants of € 2.5 million, and other receivables of € 1.8 million.

The amounts recognized directly in equity during the year are analyzed as follows:

	2014	2013
Change in liability due to financial and demographic assumptions	(9,093)	3,976
Change in liability due to experience adjustments	(2,914)	215
Return on plan assets excluding amounts included in Income Statement	(8,834)	(24,894)
Total actuarial gain/(loss) recognized in Equity	**(20,841)**	**(20,703)**

The movement of the liability/(asset) in the balance sheet is as follows:

	2014	2013
Opening balance	**4,452**	**(411)**
Benefits paid directly by the Bank	(3,220)	(1,187)
Bank's contributions	(3,222)	-
Loss/(Gain) recognized in Income Statement	10,379	(14,653)
Loss/(Gain) recognized in Equity	20,841	20,703
Closing balance	**29,230**	**4,452**

c. Guarantee of the minimum benefit for newly insured employees (after 1993) that were hired up to 31.12.2004 and joined the new Bank's savings plan

For employees hired by the Bank and insured from 1.1.1993 until 31.12.2004 the final amount to be received upon retirement has, according to the provisions of the insurance plan, as minimum limit the benefit as defined in Law 2084/1992 and the Cabinet Act 2/39350/0022/2.3.99.

The amounts included in the balance sheet are analyzed as follows:

	31.12.2014	31.12.2013
Present value of defined obligation	547	93
Liability	**547**	**93**

The amounts included in the income statement are analyzed as follows:

	From 1 January to	
	31.12.2014	31.12.2013
Current service cost	5	12
Net interest cost resulted from the net asset/liability	3	24
Total (included in staff costs)	**8**	**36**

The movement in the present value of defined benefit obligation is as follows:

	2014	2013
Opening balance	**93**	**476**
Current service cost	5	12
Interest cost	3	24
Actuarial (gain)/loss - financial assumptions	401	(142)
Actuarial (gain)/loss - demographic assumptions		(29)
Actuarial (gain)/loss – experience adjustments	45	(248)
Closing balance	**547**	**93**

The amounts recognized directly in equity during the year are analyzed as follows:

	2014	2013
Change in liability gain/(loss) due to financial and geographical assumption	(401)	171
Change in liability gain/(loss) due to experience adjustments	(45)	248
Total actuarial gain/(loss) recognized in Equity	**(446)**	**419**

The movement in the obligation is as follows:

	2014	2013
Opening balance	**93**	**476**
Loss/(Gain) recognized in Income Statement	8	36
Loss/(Gain) recognized in Equity	446	(419)
Closing balance	**547**	**93**

The results of the abovementioned valuations are based on the assumptions of the actuarial studies.

The principal actuarial assumptions used used are as follows:

	31.12.2014	31.12.2013
Discount rate	2.0%	3.8%
Inflation rate	1.5%	1.5%
Future salary growth	1.0%	1.0%

The discount rate was based on the iBoxx Euro Corporate AA+ adopted to the characteristics of the programs.

The average duration per program is depicted in the table below:

	31.12.2014	31.12.2013
Bank employee's indemnity provision due to retirement in accordance with Law 2112/1920	17.8	21.6
TAP – Lump sum benefit	14.4	8.3
Savings program guarantee	16.8	9.6

The table below presents the sensitivity of the obligations of the above programs on the financial assumptions.

	Percentage variation in liability (%)
Increase in discount rate by 0,5%	(6.2)%
Decrease in discount rate by 0.5%	6.9%
Increase in future salary growth rate by 0.5%	7.1%
Decrease in future salary growth rate by 0.5%	(6.3)%

30. Other liabilities

	31.12.2014	31.12.2013
Dividends payable		604
Suppliers	51,988	56,214
Deferred income	8,980	6,090
Accrued expenses	50,650	57,369
Liabilities to third parties	99,696	119,560
Liabilities to Insurance Funds (E.T.A.T., I.K.A. – E.T.E.A.M.) (note 7)	193,997	343,908
Liabilities from credit cards	226,277	193,921
Other	362,299	282,051
Total	**993,887**	**1,059,717**

31. Provisions

Balance 1.1.2013	**30,173**
Changes for the period 1.1 - 31.12.2013	
Reversal of other provisions	(388)
Write-offs	(1,478)
Other provisions (note 9)	274
Other provisions used during the period	(3,017)
Provisions to cover credit risk relating to off-balance sheet items (note 10)	145,249
Provisions to cover credit risk relating to off-balance sheet items from the acquisition of Emporiki Bank	37,423
Other provisions from the acquisition of Emporiki Bank	194,982
Reclassification to "Loans and advances to customers" and "Other assets"	(144,273)
Balance 31.12.2013	**258,945**
Changes for the period 1.1 - 31.12.2014	
Other provisions (note 9)	3,146
Other provisions used during the period	(3,559)
Reclassification to "Other liabilities"	(9,807)
Provisions to cover credit risk relating to off-balance sheet items (note 10)	82,892
Provision for Voluntary Separation Scheme (note 7)	1,786
Other provisions from the acquisition of Retail Banking operations of Citibank	117
Balance 31.12.2014	**333,520**

The amounts of other provisions charged to profit and loss account are included in "Other Expenses" of the income statement. On 31.12.2014 the balance of provisions to cover credit risk relating to off-balance sheet items amounts to € 276.2 million and other provisions to € 57.3 million out of which, € 29.6 million relates to pending legal cases.

The transfers from other provisions to other balance sheet positions at 31.12.2013 resulted from the acquisition of Emporiki Bank and are attributed to the fact that these provisions are not related to Bank's contingent liabilities but to impairment on receivables.

EQUITY

32. Share capital

The Bank's share capital as at 31.12.2014 is analysed as follows:

	Opening balance of shares as at 1.1.2014	Changes for the period from 1.1. to 31.12.2014 (units)			Balance of shares as at 31.12.2014	Paid-in capital as at 31.12.2014
		Share capital increase	Warrants exercise	Repayment of preference shares		
a. Ordinary shares						
Number of ordinary shares	1,997,638,231		466,408,202		2,464,046,433	739,214
Number of ordinary shares owned by the HFSF	8,925,267,781		(466,408,202)		8,458,859,579	2,537,658
Share capital increase		1,846,153,846			1,846,153,846	553,846
Balance 31.12.2014	**10,922,906,012**	**1,846,153,846**			**12,769,059,858**	**3,830,718**
b. Preference shares						
Number of preference shares	200,000,000			(200,000,000)		
Total	**11,122,906,012**	**1,846,153,846**		**(200,000,000)**	**12,769,059,858**	**3,830,718**

On 28.3.2014 the share capital increase of the Bank was completed through payment in cash, cancelation of pre-emption rights of existing ordinary and preference shares and distribution of all new shares through a private placement to qualified investors, as specified in article 2 paragraph 1 of Law 3401/2005. An amount of € 1.2 billion was raised through the increase while the share capital increased by € 553.8 million. A total amount of 1,846,153,846 new ordinary shares with voting right were registered and issued of per value € 0.30 and a offer price of € 0.65 each.

The share capital increase intended, among other things, to create the conditions for satisfaction of the terms of Law 3723/2008 for the repayment of preference shares issued by the Bank and owned by the Hellenic Republic and its replacement with high quality capital.

On 17.4.2014, the Bank fully redeemed to the Hellenic Republic the total amount of preference shares of € 940 million, issued to the latter by the Bank.

In the process of warrant's exercise on the shares of Hellenic Financial Stability Fund, held in 16.6.2014, 60,899,318 warrants were exercised by the common shareholders which corresponded to 451,179,721 ordinary shares and on 15.12.2014, 2,055,556 warrants which corresponded to € 15,228,481 ordinary shares resulting in the increase of issued shares.

Thus, on 31.12.2014 the Bank's share capital amounts to € 3,830,718, divided to 12,769,059,858 shares, out of which:

a) 4,310,200,279 ordinary, registered, voting, non-paper shares of nominal value of € 0.30 each and

b) 8,458,859,579 ordinary, registered, voting, pursuant to restrictions of the article 7a of Law 3864/2010, non paper shares owned by the Hellenic Financial Stability Fund of nominal value of € 0.30 each.

33. Share premium

Opening balance 1.1.2014	**4,212,062**
Share capital increase – share premium on issuance of ordinary shares	646,154
Balance 31.12.2014	**4,858,216**

At 28.3.2014 after the share capital increase and the issuance of 1,846,153,846 new common shares with a nominal amount of € 0.30 and an offer price of € 0.65, the total difference of € 646.2 between the nominal value and the shares' offer price increased the caption "Share Premium".

34. Reserves

Reserves are analysed as follows:

a. Statutory reserve

	31.12.2014	31.12.2013
Statutory reserve	420,425	420,425

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

b. Available for sale securities reserve

	2014		2013	
Opening balance 1.1		**114,939**		**(72,039)**
Changes for the period 1.1 - 31.12				
Net change in fair value of available for sale securities, after income tax	(149,891)		350,108	
Net change in fair value of available for sale securities transferred to profit and loss	(145,700)		(163,130)	
Total		**(295,591)**		**186,978**
Balance 31.12		**(180,652)**		**114,939**

c. Other reserves

	2014	2013
Opening balance 1.1	**(17,805)**	**(135,289)**
Changes for the period 1.1 - 31.12		
Cash flow hedge reserve after income tax	(168,617)	117,484
Total 31.12	**(186,422)**	**(17,805)**

Total reserves (a+b+c)	**53,351**	**517,559**

35. Retained earnings

a. Due to the Bank's recorded losses for the year 2013 and after taking into account article 44a of Codified Law 2190/1920, the Ordinary General Meeting of Shareholders on 27.6.2014 decided:

- the non payment to the Greek State of the respective return for the year 2013 on its preference shares under article 1 paragraph 3 of Law 3723/2008 and
- the non distribution of dividend to ordinary shareholders of the Bank for 2013.

b. Since the above are valid for 2014 the Bank's Board of Directors will repeat the same proposals to the Ordinary General Meeting of the shareholder's.

c. The caption "Retained Earnings" as of 31.12.2014 includes expenses concerning the share capital increase, which is referred to note 33, amounting to € 35.8 million net of income tax.

ADDITIONAL INFORMATION

36. Contingent liabilities and commitments

a) Legal issues

The Bank, in the ordinary course of business, is a defendant in claims from customers and other legal proceedings. According to the estimations of the legal department, the ultimate settlement of these matters is not expected to have a material effect on the financial position or the operations of the Bank. The Bank on 31.12.2014 has recorded a provision for pending legal cases amounting to € 29.6 million which is included in "Provisions" in Balance Sheet.

b) Tax issues

Alpha Bank has been audited by the tax authorities for the years up to and including 2009. The year 2011 is considered final while a tax certificate with no qualifications was issued for 2012 and 2013. Former Emporiki Bank has been audited by the tax authorities for the years up to and including 2008. The year 2011 is considered final while it has obtained a tax certificate with no qualifications for 2012 and 2013.

The Bank's branches in London and Bulgaria have been audited by the tax authorities for the years 2011 and 2007 respectively. Emporiki Bank's Cyprus branch has not been audited by the tax authorities since the commencement of its operations (2011).

On 30 September 2014, the acquisition of Retail Banking operations of Citibank International Plc (CIP) in Greece was completed. The acquisition does not affect the tax liabilities of the Bank since any obligations against the State until the date of acquisition remain with CIP.

Additional taxes and penalties may be imposed for the unaudited years due to the fact that some expenses may not be recognized as deductible by the tax authorities.

c) Operating leases

The Bank as lessee

The Bank has various obligations with respect to leases of buildings which are used as branches or for administrative purposes.

The duration of the lease agreements is initially for twelve years with a renewal or extension option according to the lease agreements. The policy of the Bank is to renew these contracts.

The minimum future lease payments are:

	31.12.2014	31.12.2013
Less than one year	38,110	37,630
Between one and five years	100,302	110,500
More than five years	104,105	125,967
Total	**242,517**	**274,097**

Lease payments include amounts that refered to Citibank.

The total lease expenses in 2014 relating to rental of buildings amounted to € 36,206 (2013: € 33,175) and are included in "General administrative expenses.

The Bank as a lessor

The Bank's receivables from leases relate to leases from buildings either to group companies or third parties.

The minimum future lease revenues are:

	31.12.2014	31.12.2013
Less than one year	3,337	2,548
Between one and five years	7,408	4,640
More than five years	7,408	2,571
Total	**18,153**	**9,759**

The lease revenues for the year 2014 amounted to € 3,313 (2013: € 2,456) are included in "Other income".

d) Off balance sheet liabilities

The Bank pursuant to its normal operations, is bound by contractual commitments, that in the future may result to changes in its asset structure. These commitments are monitored in off balance sheet accounts and relate to letters of credit, letters of guarantee, undrawn credit facilities and credit limits, as well as guarantees provided for bonds issued by subsidiaries and other guarantees to subsidiaries.

In addition, contingent liabilities for the Bank arise from undrawn loan commitments and credit limits that may not be fulfilled immediately or may be partly fulfilled as long as the agreed upon requirements are fulfilled by counterparties.

The outstanding balances are as follows:

	31.12.2014	31.12.2013
Letters of credit	38,087	42,029
Letters of guarantee and other guarantees	4,897,126	6,200,228
Guarantees relating to bonds issued by subsidiaries of the Bank	1,759,966	1,635,190

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 liability from limits that can not be recalled (committed) in case where counterparties fail to meet their contractual obligations as at 31.12.2014 amounts to € 292.4 million (31.12.2013: € 279.2 million) and are included in the calculation of risk weighted assets.

e) Assets pledged

Assets pledged, amounting to € 26.9 billion as at 31.12.2014 include:

- Deposits pledged amounting to € 0.2 billion concerning guarantees provided on behalf of the Greek State.
- Deposits pledged to Credit Institutions amounting to € 1.5 billion which have been provided as guarantee for derivative transactions.
- Loans and advances to customers amounting to € 14.8 billion out of which:
  - i. an amount of € 12.4 billion has been pledged as collateral to Central Banks for liquidity purposes.
  - ii. an amount of € 2.4 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 € 1.6 billion in accordance with Law 3723/2008.
- Trading securities and investment securities portfolio amounting to € 10.4 billion out of which:
  - i. an amount of € 2.4 billion that is part of the € 3.7 billion covered bond issue secured by mortgage loans amounting to € 4.5 billion is pledged as collateral in repo transaction.
  - ii. an amount of € 3.7 billion that relates to Greek Government bonds and other bonds of which an amount of € 3.5 billion is pledged as collateral to Central Banks for participation in main refinancing operations, to the Bank of Greece for participation in the TARGET system (Intra-Europe clearing of payments system on ongoing time), to the Athens Derivatives Exchange Clearing House and to the European Investment Bank, while an amount of € 0.2 billion has been given as collateral for the repurchase agreements (repo).
  - iii. an amount of € 4.3 billion relates to securities issued by the European Financial Stability Facility(EFSF) that provided to the Bank by HFSF in the context of a) its participation to the Bank's share capital increase that was completed on 6.6.2013 and b) due to the coverage of the difference between the values of assets and liabilities transferred from Cooperative Banks, of which an amount of € 4.2 billion is pledged as collateral to Central Banks for participation in main refinancing operations and an amount of € 0.1 billion has been given as collateral for the repurchase agreements (repo).

In addition, an amount of € 9 billion that relates to securities issued with the guarantee of the Greek State in accordance with Law 3723/2008 and are held by the Bank, are pledged as collateral to Central Banks for participation in main refinancing operations.

37. Operating segments

a. Analysis of operating segment

(in millions of Euro)

	1.1 - 31.12.2014						
	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Total
Net interest income	813.9	667.9	1.9	28.0	31.0		1,542.7
Net fee and commission income	148.7	151.2	28.2	(0.4)	6.3		334.0
Other income	5.9	6.4	1.2	96.0	4.0	(27.2)	86.3
Total income	**968.5**	**825.5**	**31.3**	**123.6**	**41.3**	**(27.2)**	**1,963.0**
Total expenses	**(801.1)**	**(145.2)**	**(19.7)**	**(18.9)**	**(33.3)**	**(86.1)**	**(1,104.3)**
Impairment losses	(705.5)	(681.1)			(7.0)		(1,393.6)
Voluntary scheme cost						(200.8)	(200.8)
Profit/(losses) before income tax	**(538.1)**	**(0.8)**	**11.6**	**104.7**	**1.0**	**(314.1)**	**(735.6)**
Income tax							677.1
Profit/(losses) after income tax							**(58.5)**
Assets	29,190.0	16,270.2	108.6	14,925.6	757.8	6,382.4	67,634.6
Liabilities	29,973.2	7,478.9	1,353.1	21,120.2	517.0	371.0	60,813.4
Capital expenditure	42.8	8.6	0.5	0.5	3.3	4.0	59.7
Depreciation and amortization	(45.0)	(9.0)	(0.5)	(0.5)	(3.4)	(4.3)	(62.7)

(in millions of Euro)

	1.1 - 31.12.2013						
	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Total
Net interest income	700.1	564.4	(1.5)	(139.0)	35.8		1,159.8
Net fee and commission income	133.2	118.5	20.7	(3.8)	5.6		274.2
Other income	5.3	6.3	2.3	76.9	0.8	(86.2)	5.4
Total income	**838.6**	**689.2**	**21.5**	**(65.9)**	**42.2**	**(86.2)**	**1,439.4**
Total expenses	**(655.5)**	**(129.8)**	**(14.9)**	**(16.2)**	**(34.2)**	**(99.2)**	**(949.8)**
Impairment losses	(649.1)	(812.4)			(18.3)	(130.0)	(1,609.8)
Negative goodwill from the acquisition of Emporiki Bank						3,295.7	3,295.7
Profit/(losses) before income tax	**(466.0)**	**(253.0)**	**6.6**	**(82.1)**	**(10.3)**	**2,980.3**	**2,175.5**
Income tax							681.5
Profit/(losses) after income tax							**2,857.0**
Assets	29,499.1	16,800.2	147.7	15,660.1	758.0	5,237.9	68,103.0
Liabilities	30,357.7	6,687.1	1,468.9	21,715.7	541.2	185.1	60,955.7
Capital expenditure	43.7	12.2	0.7	0.6	5.5	6.0	68.7
Depreciation and amortization	(30.8)	(8.6)	(0.5)	(0.4)	(3.9)	(4.2)	(48.4)

i. Retail Banking

Includes all individuals (retail banking customers), professionals, small and very small companies, except from those whose relationship management is performed by the branches abroad (South-Eastern Europe).

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

ii. Corporate Banking

Includes all Medium-sized and Large companies, with international activities, corporations managed by the Corporate Banking Division and shipping corporations. The Bank offers working capital facilities, corporate loans, and letters of guarantee of the above customers.

iii. Asset Management/Insurance

Consists of a wide range of asset management services offered through Bank's private banking units. In addition, a wide range of insurance products to individuals and companies is provided.

iv. Investment Banking/Treasury

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

v. South-Eastern Europe

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

vi. Other

This segment consists of administration departments of the Bank and income and expenses that are not related to the operating activities or they are non recurring and come from external factors.

b. Analysis by geographical segment

(in millions of Euro)

	1.1 - 31.12.2014		
	Greece	Other Countries	Total
Net interest income	1,503.9	38.8	1,542.7
Net fee and commission income	323.0	11.0	334.0
Other income	82.2	4.1	86.3
Total income	**1,909.1**	**53.9**	**1,963.0**
Total expenses	**(1,066.5)**	**(37.8)**	**(1,104.3)**
Impairment losses	(1,386.6)	(7.0)	(1,393.6)
Voluntary scheme cost	(200.8)		(200.8)
Profit/(losses) before income tax	**(744.8)**	**9.2**	**(735.6)**
Income tax			677.1
Profit/(losses) after income tax			**(58.5)**
Assets	66,626.8	1,007.8	67,634.6

(in millions of Euro)

	1.1 - 31.12.2013		
	Greece	Other Countries	Total
Net interest income	1,115.0	44.8	1,159.8
Net fee and commission income	266.1	8.1	274.2
Other income	4.4	1.0	5.4
Total income	**1,385.5**	**53.9**	**1,439.4**
Total expenses	**(911.7)**	**(38.1)**	**(949.8)**
Impairment losses	(1,591.5)	(18.3)	(1,609.8)
Negative goodwill from the acquisition of Emporiki Bank	3,295.7		3,295.7
Profit/(losses) before income tax	**2,178.0**	**(2.5)**	**2,175.5**
Income tax			681.5
Profit/(losses) after income tax			**2,857.0**
Assets	67,095.0	1,008.0	68,103.0

38. Risk management

Alpha Bank has established a thorough and prudent risk management framework which is being built on the best supervisory practices and based on the common European legislation and banking system rules, principles and standards and is evolved over time and implemented in a coherent and effective manner on the bank's conduct of the day-to-day business so as to strengthen its sound corporate governance under a challenging macroeconomic and financial environment.

The Bank's critical focus in 2014 was to maintain the highest operating standards, ensure compliance with regulatory risk rules and retain confidence in the conduct of its business activities through sound and robust provision of financial services.

38.1 Credit Risk Management

RISK MANAGEMENT ORGANIZATION

Board of Directors

The Board of Directors supervises the overall operations of the Risk Management Unit. Regarding Risk Management, the Board of Directors is supported by the Risk Management Committee. The Risk Management Committee through monthly meetings addresses to the Board of Directors issues regarding the Bank's risk-taking strategy and capital management. It 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.

For a more comprehensive and effective identification and monitoring of all risk types, Management Committees have been established (Assets and Liabilities Committee, Operational Risk Committee and Credit Risk Committee).

Risk Management Committee

The General Manager and Bank Chief Risk Officer supervise the Risk Management Unit and report on a regular basis and ad hoc to the Management

Committees, the Risk Management Committee and to the Board of Directors. As far as credit risk is concerned the reporting to the above mentioned committees covers the following areas:

- The portfolio risk profile by rating grade
- The transition among rating grades (migration matrix)
- The estimation of the relevant risk parameters by rating grade, group of clients, etc.
- The trends of basic rating criteria.
- The changes in the rating process, the criteria or in each specific parameter.
- The concentration risk (by risk type, sector, country, collateral and portolio etc.)

Organizational Structure

Under the supervision of the Bank Chief Risk Officer the following Risk Management Divisions operate within the Bank and have been assigned with the responsibility of implementing the risk management framework, according to the directions of the Risk Management Committee:

- Market and Operational Risk Division
- Wholesale Banking Credit Risk Division
  - Wholesale Banking Credit Risk Methodologies Development Division
  - Wholesale Banking Credit Risk Analysis Division
- Retail Banking Credit Risk
  - Retail Banking Credit Risk Methodologies Development Division
  - Retail Banking Credit Risk Analysis Division
- Wholesale Credit - Greece
- Wholesale Credit - International
- Retail Credit

For administrative purposes facilities are separated into Wholesale and Retail

WHOLESALE BANKING PORTFOLIO

Wholesale Banking credit facilities

Wholesale banking Credit facilities are included in each of the following categories subject to the characteristics of the credit facility and the obligor, as shown in the table below:

	Portfolio	Characteristics
Obligors under the competence of Wholesale Banking	Corporate	Companies with turnover > Euro 50m. Includes financing in shipping companies, as well as, obligors under the management of the Investment Banking Division
	SME	Euro 2,5m. < Companies with turnover < Euro 50m. or companies with credit limit > Euro 1m.

1. Credit Risk Approval Process

The limits of the Wholesale Banking Credit Committees are determined in accordance to **Total Credit Exposure**, defined as the sum of all credit facilities of the obligor (single company or group of associated companies) which can be approved by the Bank and include the following:

- Total credit requested exposure
- Working Capital limits.
- Withdrawal limits from unclear deposits.
- Letters of Credit/Letters of Guarantee limits.
- Factoring limits.
- Credit Cards prepayment limit.
- Derivative transaction limits.
- Corporate Cards limits.
- Medium and long-term loans (current outstanding/exposure for facilities that have been fully drawn or limit amount of undrawn facilities).
- Leasing Facilities (current outstanding/exposure for leasing facilities that have been fully drawn or limit amount for undrawn/unused facilities).
- Special credit limits or loans, or any form of personal financing to the company's business owners (mortgage loans, consumer loans, shares' purchase, credit cards etc.)

Credit Approval Limits Wholesale Banking Credit Committees

Credit Committees Structure:

- General Management Credit Committee
- Wholesale Banking Credit Committees
  - Under the General Managers
  - Under the Divisions Managers
  - Under the Divisions Assistant Managers
  - Commercial Centers Credit Committee

Credit Limit Expiry/Renewal date

The credit limits' expiry/renewal date is determined by the competent Wholesale Banking Credit Committees. The basic factor for the determination of the credit limit expiry is the client's credit rating, which is not a standalone approval or rejection criterion, but the basis for determining the minimum security/collateral required and the respective pricing. As a rule, for clients that have been rated in the Low, Medium and Acceptable credit risk zones, reviews are carried out on an annual basis, for Watch List clients, on a semi-annual basis while obligors that have been rated as in the High Risk zone are reviewed on a quarterly basis. Deviations from the above rule are not allowed, except when the request by the responsible Business Units is approved by the competent Credit Committees.

2. Credit Risk Measurement and Internal Ratings

The assessment of the obligors' creditworthiness and their rating in credit risk scales is established through rating systems.

The rating of the Bank's obligors with the use of credit risk rating systems constitutes a basic tool for:

- The decision-making process of Credit Committees for the approval/ renewal of credit limits and the implementation of the appropriate pricing policy (interest rate spreads etc.).
- The estimation of the future behavior of obligors which belong to a group with similar characteristics.
- The early recognition of potential troubled facilities (early alert mechanism) and the prompt, effective action for the minimization of the expected loss for the Bank.
- The assessment of the quality of the Bank's loan portfolio and the credit risk undertaken.

The aim of the credit risk rating systems is the estimation of the probability that the obligors will not meet their contractual obligations to the Bank.

The rating systems employed by the Bank are the Alpha Bank Rating System (ABRS) and the Moody's Risk Advisor (MRA) which incorporate different credit rating models.

All current and future clients of the Bank s are assessed based on the appropriate credit risk rating model and within prespecified time frames.

For the estimation of the probability of default of the obligors of the Bank the credit risk rating models evaluate a series of parameters, which can be grouped as follows:

- Financial Analysis: obligor's financial ability (liquidity ratios, debt to income etc.).
- Peers' Analysis: Obligor's comparative position in the market in which it operates mostly compared to its peers.
- Behavioral status and history of the obligor with the Bank and with third parties (debt in arrears, adverse transaction records, etc).
- Obligor's qualitative characteristics (solid and healthy administration, management succession, appropriate infrastructure and equipment etc.).

The credit rating models which are currently employed by the Bank are differentiated according to:

- The turnover of the company.
- The level of the total credit exposure.
- The credit facility's specific characteristics.
- The available information for the obligor's assessment. Specifically, for the financial analysis the differentiation relates to the type of the local accounting standards and the International Financial Reporting Standards.

For each of the credit rating models, different parameters may be used, each of which contributes in a specific manner to the relevant assessment.

The statistical validation of the credit risk rating models is reviewed regularly in order to ensure the maximum predictive ability according to the best international practices.

Obligors Rating Scale

Obligors are rated in the following rating scales:

AA, A+, A, A-, BB+, BB, BB-, B+, B, B-, CC+, CC, CC-, C, D, D0, D1,D2, E.

For presentation purposes of the table "Analysis of neither past due nor impaired Loans and Advances to customers", the "strong" rating includes the rating scales AA, A+, A, A- and BB+, "satisfactory" rating includes the rating scales BB, BB-, B, B-, CC+ and CC and "watch list" (higher risk) includes the rating scales CC- and lower than CC-.

3. Impairment Policy

The Bank has defined as 'significant for individual assessment' customers loans that are managed by the Wholesale Banking Unit.

The assessment for impairment is performed on a quarterly basis, as follows:

The Bank assesses whether objective evidence for individual assessment for impairment exists. In cases which have been assessed individually but no impairment allowance was estimated, these loans are assessed for impairment on a collective basis, grouped in pools based on similar credit risk characteristics. The process for identifying loans for impairment and estimating their impairment allowance consists of the following steps:

1. Identification of loans which will be individually assessed and for which events exist which constitute objective evidence that an impairment loss has occurred.
2. Impairment calculation on an individual basis for the loans identified in the previous step, as the difference between the recoverable amount and the carrying amount of the loan.
3. In cases where the impairment allowance under individual assessment was zero, these loans will be assessed for impairment on a collective basis, based on similar credit risk characteristics. For example, groups of loans are created per collateral coverage, days in arrears, credit rating etc, where the corresponding impairment factor will be applied.

The Bank performs controls in order to identify objective evidence that there is a need for impairment for the loans that are significant and for which a trigger event for impairment exists.

The individual assessment for impairment is performed by the Wholesale Banking Unit and is approved by the Wholesale Credit Division.

Significant loans are assessed individually if one of the following conditions are met:

1. Clients with credit risk rating D, D0,D1,D2 and E.
2. Clients with credit risk rating CC- and C.
3. Significant deterioration in the industry outlook in which the borrower operates.
4. Obligors that were impaired in the previous quarter's impairment exercise and do not fulfill any of the abovementioned trigger events.
5. Derogatory items (e.g. payment orders, bounced cheques, auctions, bankruptcies, overdue payments to the State, to Social Security Funds, or to employees).
6. Occurrence of unexpected, extreme events such as natural disasters, fraud, etc.
7. Interventions and actions by regulatory bodies/local authorities against the borrower (e.g. Athens Stock Exchange, Hellenic Capital Market Commission).
8. Breach of contractual terms and conditions.
9. Adverse changes in the shareholders' structure or the management of the company or serious management issues/ problems.
10. Significant adverse changes in cash flows potentially due to ceased cooperation with a key/major customer, significant reduction in demand of a main product or service, ceased cooperation with a key/major supplier or suppliers cut credit, etc.

Collective Assessment for Impairment

A collective assessment should be performed for exposures as follows:

a. Exposures that have been individually assessed and were found not to be impaired on an individual basis -the impairment allowance estimated was zero- are subsequently assessed for impairment on a collective basis, after they are grouped in pools based on common credit risk characteristics.

b. Exposures with no impairment triggers and therefore are assessed collectively in pools formed based on similar credit risk characteristics. The future cash flows of a group of exposures that are collectively evaluated for impairment are calculated on the basis of the estimated contractual cash flows the exposures in the group and historical loss experience for exposures with credit risk characteristics similar to those in the group.The pre condition that there must be a need for objective evidence in order for the loss to be recognized and effectively the impairment loss to be indicated on individual loans, may lead to a delay in the recognition of a loan's impairment, which has already occurred. Within this context and in accordance with IAS 39, it is appropriate to recognize impairment losses for those losses «which have been incurred but have not yet been reported» (Incurred But Not Reported - IBNR).

4. Credit Risk Concentration Management

Concentration Risk is a specific form of credit risk and arises due to the low degree of diversification between counterparties or group of counterparties, sectors, geographic regions, or collaterals.

The Bank monitors on a regular basis concentration risk through detail reporting which informs Senior management and the Board of Directors. According to the supervisory framework, the Bank complies with the regulatory directives regarding large exposures, while the capital requirements for single name and sector concentration risks are estimated in the context of Pillar 2 of Basel II.

RETAIL BANKING PORTFOLIO

Retail banking involves the lending facilities offered to borrowers covering traditional banking products and services such as:

- Housing loans/Mortgages
- Consumer Loans and Credit Cards
- Small companies and small business (SB): Legal entities with turnover up to Euro 2.5million and credit limit up to Euro 1million.

1. Credit Risk Approval Process

Alpha Bank monitors customer Total Credit Risk Exposure (For Individuals and Small Businesses), which refers to the sum of all revolving limits of an obligor, all the balances of long term facilities and for the case of legal entities the total exposure of facilities given to stakeholders of customer companies. Additionally, facilities for which the customer is guarantor or co-debtor are also taken into account:

Individuals:

- Requested loan amount or limit.
- Limits of credit/charge cards, revolving loans and overdraft facilities, as well as outstanding balances of Consumer loans.
- Housing loans (the outstanding balances of the loans which have been fully disbursed or the initial approved loan amount for cases of loans which have not been fully disbursed).
- Withdrawal limits from unavailable amounts (unclear).
- (Lending) limits for derivative transactions.
- Facilities, in which the customer is co–applicant or guarantor.

Small Businesses:

- Requested loan amount or limit.
- Working capital limits.
- Withdrawal limits from unavailable amounts (unclear).
- Limits for issuing Letters of Guarantee opening Letters of credit.
- Limits of Factoring.
- Limit prepayment receivables from credit card installments
- (Lending) limits for derivative transactions.
- Credit Limits of business cards.
- Business Loans – short / mid-term credit and long-term credit – (the outstanding balances of the loans which have been fully disbursed or the initial approved loan amount for cases of loans which have not been fully disbursed).
- Finance leases (the existing residual (remaining) capital of leases where this has not been fully disbursed)
- Facilities where the company provides its guarantee
- The Total Credit Risk Exposure of each stakeholder or guarantor of the business as an individual, as it has been designated above.

Process for credit risk approval for Retail Banking

Alpha Bank has developed and implemented a strict framework for the conduct of credit policy (legislative and supervisory / regulatory) and has also formulated and put into effect an internal system of credit principles, procedures and rules clearly applicable to the Bank's lending business, in order to promote sound practices for managing credit risk.

Credit policies establish the framework for lending and guide the credit-granting activities of Retail Banking through:

- Sound lending management.
- Prudent client selection through in-depth assessment of both financial and qualitative data of the borrower
- Assessing the risk/reward relationship with a respective determination of pricing policy and collateral coverage after taking into account the level of credit risk.
- Monitoring and management of the Total Credit Risk Exposure, which is defined as the sum of all credit risks arising from all credit facilities provided by the Alpha Bank Group as a whole, to a single obligor

The enforcement of the Credit Policy requires certain criteria to be met. These criteria play a significant role to the achievement and maintenance of a healthy portfolio and to the Bank's Capital allocation. The Bank, in order to ensure that all Credit Units fully comply with the Credit Policy, has adopted and introduced a Credit Control mechanism, on a monthly basis in order to review and assess if the credit policy framework is consistently followed during the underwriting process.

More specifically:

a. Individuals

The approval process of credit to individuals is performed on the basis of the classification of borrowers into risk groups (risk groups), which represent a certain level of undertaken risk. The level of risk undertaken by the Bank is adjusted, when deemed necessary, according to the credit policy of the Bank.

The credit assessment for Individuals is based on the following pillars:

- Application Fraud Detection
- Willingness to pay
- Ability to pay
- Collateral risk

b. Small Businesses

In a greater extend the credit assessment of Retail Small Business loans is related to the credit assessment of the stakeholders and vise versa. Hence, the credit assessment for Small Businesses is based on the following aspects:

- Stakeholders'/Managers'/Guarantors' credit assessment.
- Business's credit assessment.
- Determining the customer's needs and repayment sources of/for his liabilities.
- Duration of the loan review.

The Stakeholders'/Managers'/Guarantor's credit assessment it is based on the following pillars:

- Application fraud detection.
- Demographics.
- Financials.
- Behaviour.
- Credit Bureau
- Qualitative data.
- Collateral risk.

2. Credit Risk Measurement and Internal Ratings

Fundamental parameter in assessing Retail Banking Credit Risk is the existence of Credit Rating Models that are developed and employed throughout the credit cycle at a Bank level.. The aforementioned models are segmenting population in homogenous risk groups (pools) and are categorized, as follows, in:

- **Behaviour Models**, which assess the customer's performance and predict the probability of going default within the following months.
- **Application Credit Scoring Models**, which assess application data – mainly demographic- that predict the probability of going default within the following months.
- **Basel III Models**, according to the regulatory framework, (IRB compliant models).

These models and the probabilities of default that derive from them, contribute a significant role in risk management and decision making throughout Alpha Bank Group.

Specifically, the models are used in the following segments:

- In decision making of credit assessment and credit limit assignment.
- In predicting future performance of customers belonging to the same pool of common characteristics.
- In tracing high risk accounts in time to schedule all necessary actions so as to reduce expected losses for the Bank.
- In assessing the Bank's portfolio quality and credit risk.

The parameters taken into consideration vary, according to the model's type and product category that it assesses. Indicatively, the following factors are listed:

- Personal/ demographic data; the customer's age, profession, marital status, current address
- Loan characteristics; product that he applied for, loan term, loan amount, financing purpose.
- Behavior data; payments during latest period of time, max delinquency, outstanding loan balance versus loan limit, transaction type.
- Financial data; sales change, Liabilities versus sales.
- Quality data; experience, seat of business (company registry).

Moreover, the models are reviewed, validated and updated in an annual basis and are subject to continuous quality control so as to ensure at any time their predictive power.

Furthermore, on a regular basis the Bank conducts exercises simulating crisis situations (Stress Tests) where the potential impact on the financial results of the Bank are explored due to unfavorable developments both in obligors' transactional behavior as well as in the broader financial - macroeconomic environment.

3. Impairment Policy

The process for determining the loans eligible for impairment and the estimation of their provision comprises the following steps:

1. Identification of loans which will be individually assessed and for which events exist which constitute objective evidence that impairment loss has occurred.
2. Impairment calculation on individual basis for the loans identified in the previous step, as the difference between the recoverable amount and the accounting value of the loan.
3. Recognition of the loans to be assessed collectively, including cases where the impairment allowance under individual assessment was zero.
4. Collective provision calculation for the loans identified in the previous step.
5. Identification of the Retail Banking loan portfolio to be collectively assessed for loss events that have incurred but not reported ("IBNR").

For provision purposes under collective assessment, loans are segmented based on similar credit risk characteristics. These characteristics are selected based on the future cash flows of the aforementioned segments which depict customers' ability to repay their debts according to the contractual agreements.

Loss Rate is calculated based on credit risk characteristics of the segment and portfolio in which the facility or the customer belongs to.

For the definition of the aforementioned, statistical methods are used.

In January 2015, the Swiss National Bank decision to abandon the CHF cap on Euro resulted in the appreciation of CHF against Euro. This appreciation is expected to have a negative impact on the recoverability of loans and advances to customers denominated in CHF. The Bank during its impairment assessment as at 31.12.2014 has considered the effect of the above appreciation on the estimated expected cash flows of those loans.

Trigger Events for the Individual Assessed Exposures

For the Retail Banking portfolios, loans are assessed on an individual basis if one of the trigger events mentioned below is met and if the following criteria are met:

- **Consumer Loans**: Customers with total exposures more than Euro 500 thousand.
- **Housing Loans**: Customers with total exposures more than Euro 2 million.
- **Small Business Loans**: Customers with total exposures more than Euro 850 thousand.

Trigger Events for Individuals

1. Customers with loans past due more than 90 days.
2. Customers with loans past due more than 30 days and less than 90 days.
3. Customers with restructured loans.
4. Unemployed Customers.
5. Deceased Customers.
6. Occurrence of unexpected, extreme events such as fraud, natural disasters, etc.
7. Freelancers or Personal Company owners who ceased their business activity due to retirement.
8. Freelancers or Personal Company owners with significant adverse changes in cash flows potentially due to ceased cooperation with a key/major customer, significant reduction in demand of a main product or service, ceased cooperation with a key/major supplier or suppliers cut credit etc.
9. Stakeholders of Companies have filled for inclusion in Article 99 (pre-bankruptcy law).
10. Stakeholders of Companies with loans past due more than 90 days (rating D, D0 or D1 or D2 or E) with rating CC- or C.
11. Stakeholders of Companies with detrimentals (eg payment orders, denounced checks, auctions, bankruptcies, overdue amounts to the State, overdue amounts to Social Security or employees).
12. Stakeholders of Companies with interventions and actions of regulatory bodies/local authorities against their companies (e.g. Athens Stock Exchange, Hellenic Capital Market Commission).
13. Stakeholders of Companies with significant adverse changes in cash flows potentially due to ceased cooperation with a key/major customer, significant reduction in demand of a main product or service, ceased cooperation with a key/major supplier or suppliers cut credit etc.
14. Stakeholders of Companies which operate in industries with significant deterioration in their outlook.
15. Customers with impairment amount in the previous impairment test for which none of the above criteria is met.
16. Customers with detrimental (eg payment orders, denounced checks, auctions, bankruptcies, overdue amounts to the State, overdue amounts Social Security or employees).

Trigger Events for Legal Entities

1. Customers with credit risk rating D, D0 or D1 or D2 or E, or past due more than 90 days.
2. Customers with loans past due more than 30 days and less than 89 days.
3. Customers with rating CC- or C.
4. Customers which operate in industries with significant deterioration in their outlook.
5. Customers with detrimentals (eg payment orders, denounced checks, auctions, bankruptcies, overdue amounts to the State, overdue amounts to Social Security or employees).
6. Occurrence of unexpected, extreme events such as fraud, natural disasters, etc.
7. Interventions and actions of regulatory bodies/local authorities against their companies (e.g. Athens Stock Exchange, Hellenic Capital Market Commission).
8. Breach of contract or credit terms and conditions.
9. Adverse changes in the shareholders' structure or the management of the company or serious management issues/ problems.
10. Significant adverse changes in cash flows potentially due to ceased cooperation with a key/major customer, significant reduction in demand of a main product or service, ceased cooperation with a key/major supplier or suppliers cut credit etc.

11. Customers with impairment amount in the previous impairment test for which none of the above criteria is met.

Trigger Events for the Collective assessment per portfolio

The specific trigger events for the collective assessment for the Retail Banking portfolios are the following:

- Accounts up to 89 days past due with signs of unlikeliness to pay.
- Accounts past due more than 30 days and less than 90 days.
- Accounts more than 90 days past due.
- Forborne exposures.
- Accounts with partial write off.

CREDIT RISK MITIGATION

1. Collaterals

The regular repayment of credit facilities is directly connected with the obligors' viability and prospects, the consistency of the companies and their shareholders, the sector in which they operate and the current market conditions, as well as other unforeseeable factors that may arise during the companies' operating cycle and influence their operations in a positive or negative way.

Collaterals are received both for Wholesale and Retail lending in order to mitigate credit risk that may arise from the obligor's inability to fulfill his contractual obligations.

The mitigation tools applied by the Bank include two broad categories: intangible and tangible collaterals.

2. Intangible Collaterals

Intangible collaterals encompass the protection commitments and mechanisms and form the framework of the obligations and rights that are typically included and described in specific contractual documents that bind the Bank and the borrowers during the lending process with specific commitments. The commitments undertaken involve a third party to substitute for the primary debtor in the event of the latter's default or the primary debtor itself (natural or legal entities) to honor the contractual loan agreements and their prompt repayment to the Bank and on the other hand the Bank has the right to claim them.

The main type of intangible collateral that the Bank uses to protect the bank against the risk of losses due to debtor insolvency is the Guarantee.

3. Tangible Collaterals

Tangible collaterals provide the Bank with the right of possessing ownership on an asset (movable or immovable).

Tangible collaterals are distinguished between mortgages and prenotation on mortgages which are registered over immovable properties and pledges on movable assets (e.g., commodities, checks, bills of exchange) or on claims and rights.

In order to better secure credit facilities granted, all mortgage and pledged assets are covered by an insurance contract, with assignment of the relevant insurance contract to the Bank.

3.1. Mortgages – Prenotation on Mortgages

Mortgages are registered on real estate or immovable assets which can be liquidated as indicatively reported below:

- Residential Real Estate
- Commercial Real Estate
- Industrial Buildings
- Land
- Mines
- Ships and aircrafts.
- Machinery

Periodic revaluation of mortgaged property

According to Alpha Bank Credit Policy, the existence and the valuation of mortgaged property is closely monitored. The frequency of the appraisal is usually not exceeding one year.

Valuation are carried out by certified real estate appraisers either:

- using statistical indicators (such as PropIndex), depending on the type of property
- or by qualified engineers, after their visit to the property used as collateral or via desktop assessment.

3.2. Pledges

A Pledge is tangible collateral which provides seniority right from a movable asset whose ownership remains with a third party.

Pledges can be registered on movable assets or on rights that have not been excluded or banned from exchanges and are liquid as indicatively indicated below:

- Raw materials, products or commodities
- Machinery (movable)
- Bill of Lading,
- Bill of exchange
- Checques
- Securities
- Deposit
- Any type of claim that can be pledged

Periodic revaluation of pledges

Depending on the right or the underlying asset on which a pledge is registered, the periodic revaluation varies from one month to one year.

4. Acceptable Value

The Bank calculates the value of the received securities/collaterals based on the potential proceeds that could arise if and when these are liquidated. This calculation refers to the acceptable value/haircut of the securities/collaterals provided to the Bank by its obligors.

For the calculation of the forced-sale value, the following need to be considered:

- The quality of the securities/assets
- Their market value
- The degree of ability to liquidate
- The time required for their liquidation
- Their liquidation cost
- The current charges on the assets
- The privileged priority of third parties on the product of liquidation (e.g. Public Sector, employees, etc.)

The above have to be accounted for when determining the haircuts for each collateral/security. Haircuts, depending on their nature are expressed as a percentage of their market value, their nominal value or their weighted average value.

FORBEARANCE

Maintaining a healthy loan portfolio depends on the constant monitoring and assessment of the borrowers in order to allow early identification and detection of future liquidity problems, which will affect the normal repayment of their obligations to the Bank.

The credit tools which are normally used by the Bank for managing the liquidity problems that borrowers are facing for repaying their obligations are the restructuring of debt through the renegotiation of the original terms and conditions of the loan agreement they have entered into.

The Executive Committee Act 42 / 30.05.2014 of the Bank of Greece and the Executive Committee Act 47 / 09.02.2015, which is a modification of the aforementioned Act 42, has determined the supervisory framework for the management of loans in arrears and non-performing loans, over and above the already applicable requirement of Law 4261/2014, Regulation (EU) No. 575/2013 and delegated the decision authority to the the Bank of Greece.

Furthermore, in the context of the Commission Implementing Regulation (EU) 227/2015 of the European Committee dated 9 January 2015 and the executive technical standards of European Banking Authority the Bank assumes the resulting regulatory obligations for forborne exposures.

Forbearance measures should be applied on the basis of the risk, cooperativeness and viability of each debtor and consist of concessions that are robust and sustainable, through the renegotiation of the initial terms and conditions of the debt contract duly taking into account the causes of the debtor's financial difficulties.

Forbearance measures may be applied a) on the basis of a customer's request, b) in accordance with the Code of Conduct under Law 4224/2013, effective January 2015, which is a State initiative under the supervision of the Bank of Greece, and mainly refers to Financial Institutions in order to settle the private arrears of their borrowers, considering their classification as "Cooperative" or not and respective Reasonable Living Expenses

Apart from the forbearance measures applied to existing Retail lending exposures, which are initiated by the Bank in accordance with the directives of the Executive Committee Acts of the Bank of Greece (No. 42 / 30.05.14 & 47 / 09.02.2015) and Arrears Resolution Process (ARP) of the Code of Conduct under L.4224/2013, there are restructuring solutions according to Legislative Framework.

The existence of more favorable terms for renegotiating and modifying the terms and conditions of the bilateral arrangement between the Bank and the debtor, who is facing or is about to face difficulties in meeting his financial commitments ("financial difficulty"), are defined with respect to:

- Difference in favour of the debtor between the modified and the previous terms of the contract.
- Cases where a modified contract includes more favourable terms than other debtors with a similar risk profile could have obtained from the same institution.

MONITORING OF FORBORNE EXPOSURES

Following the Executive Committee Act 42 / 30.05.2014, " supervisory reporting on exposures in arrears and non – performing exposures" of the Bank of Greece - as subsequently amended by Act 47 / 09.02.2015, the Bank has undertaken a series of actions to ensure adherence to the supervisory obligations and requirements arising from the above Act. These changes cover the following distinct sections:

- Adaptation of Information Systems of the Bank.
- Amendments of the existing processes, eg customization of new types of forborne exposures according to what is provided in Act 42/47.
- Creation of data structures (Data Marts) aiming at:
  - automation of the processes related to the production of both internal (Risk Management) and external (Supervisory) reports
  - perform analyses on the portfolio of the Bank
  - production of Management Information Reporting (MIS)

Additionally, the Bank has introduced independent operation management for the "Troubled assets" (Troubled Asset Committee). This is achieved by the representation of the Administrative Bodies in the Evaluation and Monitoring of Denounced Customers Committee as well as in the Arrears Councils.

WRITE-OFFS AND WRITE-DOWNS OF BAD DEBTS

1. Write-offs

Write-offs are defined as the accounting reduction of a debt, which does not entail waiving the legal claim against the debtors and, hence, the debt may be revived.

Proposals for writing-off a part or the whole of the debts may be submitted to the competent committee on condition that the following have been carried out:

- The relevant agreements with the clients have been terminated.
- Payment Orders have been issued against all the liable parties.
- The procedure for the registration of compulsory encumbrances has commenced.
- At least one real estate property has been auctioned, in order for the privileged claims (through the final creditors priority list) and, as a result, for the possible losses of the Bank to be finalized.

Equal Impairment Provision at least during the quarter preceding the one of the proposal.

2. Write downs

Write-downs are defined as the permanent accounting reduction of a debt, as a result of a legally binding decision or agreement (court judgment, contractual agreement etc.), which is no further claimable and, hence, is considered as definitively non-revivable, whereas it also entails the fact that the Bank definitively and irrevocably waives its right to claim the written-down debt, unless (in case of settlement) it is ascertained that the terms set by virtue of the aforementioned decision or agreement were violated.

European Central Bank's Comprehensive Assessment

In the context of the transfer of full responsibility for banking supervision from national authorities to the European Central Bank (ECB) in November 2014, the ECB ,completed the Comprehensive Assessment of the banking system in October 2014. The Comprehensive Assessment was a detailed review of largest banks' balance sheets and their resilience, using a common methodology applied consistently across all participating banks. The Comprehensive Assessment included the following steps : a) a risk assessment for regulatory purposes, b) an Asset Quality Review, c) a stress test in cooperation with the European Banking Authority.

The AQR was a regulatory exercise, based on a uniform standardized approach set by the ECB. The results of the AQR for the Group amounted to € 1.1 billion before income tax and are analyzed as follows:

- € 432 million from the credit file review.
- € 386 million from the collective assessment of loans out of which € 281 relates to mortgage loans.
- € 295 million from the extrapolation of the results of the credit file review to the remaining portfolio.
- € 55 million regarding property valuation and credit valuation of derivatives.

Although the AQR was a prudential exercise assessing the Bank's and its subsidiaries in Romania and Cyprus assets as of 31.12.2013, Management has thoroughly reviewed the results of the exercise and the methodologies applied by the ECB.

According to the Group's assessment, the AQR results are not related to accounting errors nor did they lead to a change in accounting policy regarding the recognition of impairment losses on loans and advances to customers as mentioned in note 1.13. Therefore a retrospective adjustment of the financial statements was not required.

The estimates, the parameters used in the assessment and the assumptions made by the Group in applying the above policy are regularly evaluated and adjusted based on the latest available information in order to reflect the current market conditions and the developments associated with the Group.

Specifically, in 2014, the Group calibrated its provisioning models for collective assessment and reviewed the estimates related to the recoverable amount of customers individually assessed in order to reflect the following:

- The adjustment to the methodology applied for impairment assessment in order to be aligned to the extent possible with the estimates used by the ECB during the AQR.
- The change in the economic environment from September 2014 which led to a decelerating trend of the economy and the general macroeconomic environment.
- The further decline in real estate market reflected through the volume of new housing construction, real estate investments and residential property prices. This decline is due to factors that negatively affect both the demand, such as the significant reduction in available income, high unemployment and heavy taxation of real estate, and the offer such as the reduction in housing construction investments.
- Recent laws which have an impact on the management of non-performing loans (code of conduct, extension of the auction moratorium, legislation on "non-performing loans").
- The organizational changes in the Bank and the Group for a more effective management of non-performing loans according to PEE 42/2014 of the Bank of Greece.

As a result, the Group took into consideration the recommendations made by the ECB as well as the results from the AQR when calculating the allowance for impairment and considers that AQR findings have been properly addressed.

The amount recognized in 2014 for the group for impairment losses amounted to € 1.85 billion compared to € 1.1 billion which was the result of the AQR.

The Group estimates that it is not possible to accurately quantify the impact on impairment losses attributed to changes in specific parameters and estimates following AQR.

DEFINITIONS:

The following definitions are applied in order to complete the following tables:

The Public Sector includes:

- The Central Government (all departments or Ministries and Public Administration)
- Local Authorities
- Companies controlled and fully or partially belong to the State
- Companies connected to the State

Past Due Exposures

Past due exposures are defined as exposures that are more than one (1) day past due.

Non-Performing Exposures

An exposure is considered as non-performing when one of the following criteria is satisfied:

- The exposure is more than 90 days past due
- An exposure against which legal actions have been undertaken by the Bank.
- The debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral.
- The exposure is classified as impaired (as defined below)
- The exposure is classified as forborne non-performing exposure, as defined in the Implementing Regulation (EU) 575/09.01.2015, amending Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council and the Bank of Greece Executive Committee Act No 42/30.05.2014 as modified accordingly by the Act 47/9.2.2015, that define the special framework of requirements for the management of exposures in arrears and non-performing exposures.

  More specifically a non-performing exposures with forbearance measures include the following:

  - exposures which have become non-performing due to the application of forbearance measures
  - exposures which were non-performing prior to the extension of forbearance measures
  - forborne exposures which have been reclassified from the performing exposures category, including exposures under probation (forborne performing having been reclassified out of the Forborne Non Performing Loan (FNPL) status) having been re-forborne or that are more than 30 days past-due.

Performing Exposures

An exposure is considered as performing when the following criteria are met:

- The exposure is less than 90 days past due
- No legal actions have been undertaken against the exposure.
- The situation of the debtor has improved to the extent that full repayment, according to the original or when applicable the modified conditions, is likely to be made.
- The exposure is not classified as impaired.

Or

the exposure is classified as forborne performing exposure, as defined in the aforementioned Implementing Regulation (EU) 575/09.01.2015 and the Bank of Greece Executive Committee Act No 42/30.05.2014 as modified accordingly by the Act No 47/9.2.2015.

Unlikely to pay Exposures for Retail Banking

For the Wholesale Banking Portfolio: Customers assessed as unlikely to pay are the customers that are announced to the Non Performing Loans Division with no past due exposures.

For the retail Banking Portfolio, the following exposures are considered as unlikely to pay:

- Customers under the protection of the Law 3869. (Bankrupty Law for Individuals)
- Fraudelent cases
- Deseased Customers or Customers with heavy health problems
- Unemployed Customers with lack of any source of income
- Insolvent companies.
- Companies which have ceased their operations (inactive)

Impaired Exposures

Impaired exposures are defined as follows:

a. Exposures for which an impairment amount has been allocated following the individual assessment for impairment.

b. Exposures in arrears more than 90 days or under legal workout status, for which an impairment amount has been allocated following the collective assessment for impairment.

c. Exposures of debtors assessed as unlikely to pay.

d. Forborne Non Performing Exposures that are up to 89 day past due.

Accumulated provision for impairment

The accumulated provision for impairment, for disclosure purposes of credit risk as well as for the monitoring of credit risk, includes the adjustment for the contractual loans which were acquired at fair value during the acquisition of assets or companies (i.e. Emporiki Bank andCitibank Greece), since the Bank monitors the respective adjustment as part of the provisions. It is noted that in note 17 Loans and Advances to customers, this adjustment is deducted from the gross balance of loans before impairment.

Collaterals value

The collateral's last market value available. In the case of non transferable properties collateral value is considered the lower figure between the prenotation amount and the market value. All collateral values are capped at 100% of the outstanding amount of the loan.

DUE FROM BANKS

Exposure to credit institutions relates to their own debt securities in issue and shares, loans, interbank transactions (which include positions in derivatives) and International Trade activities. Following the basic rules of designation, monitoring and revision of corporate lending, boundaries are established by the relevant Credit Committees for the monitoring of credit risk for the overall exposure per credit institution counterparty, excluding positions related to bonds issued by them. The approved credit limits are monitored on a daily basis. The validity period of the limits is specified in the approval of the limits in accordance with the counterparty credit institutions rating from international credit rating agencies.

In addition to the regular revisions of counterparty credit institutions limits, interim revisions may be carried out either due to circumstances associated with the trading activity of the Bank or due to markets conditions or problems associated with counterparty credit institutions. Trigger events for an extraordinary review are regularly monitored per counterparty in order to review the relevant limits when such trigger events exist.

In addition, at each reporting date an impairment test is performed as follows:

1. The respective Credit Institutions are separated to be tested for impairment.
2. Due from Banks will be evaluated individually by Credit Institution.
3. Credit institutions are reviewed for events that constitute objective evidences for impairment.
4. Impairment provisions per receivable are calculated, as the difference between the recoverable amount and the carrying amount of the claim on an individual basis for the credit institution for which there are objective evidences for impairment.

INVESTMENTS IN DEBT SECURITIES

Investments in debt securities relate to securities that are classified into loans and receivables portfolios, held to maturity and available for sale. If there is a loan relationship with the counterparty issuer at the time of classification of the security position as investment, the Corporate Credit Policy procedures apply. In each case, the classification of the position is subject for approval by the relevant Committee of the Bank. These positions are subject to Bank investment limits and country limits and are monitored on a daily basis.

In addition, at each reporting date an impairment test is performed as follows:

1. The respective securities are separated to be tested for impairment.
2. Securities are reviewed for events that constitute objective evidence for impairment losses.
3. Impairment provisions are calculated on a individual basis per each security, for which there are objective evidences that impairment losses exist, as: a) the difference between the present value of future cash flows and the carrying amount of securities that are classified into loans and receivables portfolio and held to maturity and b) the difference between acquisition costs and current fair value, less the impairment loss which has already been recognized in income statement for securities classified as available for sale.

FINANCIAL INSTRUMENTS CREDIT RISK

	31.12.2014			31.12.2013		
	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	922,637		922,637	652,330		652,330
Due from banks	4,723,516	8,965	4,714,551	5,045,825	8,965	5,036,860
Loans and advances to customers	54,238,948	10,763,038	43,475,910	53,759,090	9,522,625	44,236,465
Derivative financial assets	1,153,944		1,153,944	807,911		807,911
Trading securities:						
- Government bonds	1,729		1,729	6,538		6,538
- Other debt securities				463		463
Total	**1,729**		**1,729**	**7,001**		**7,001**
Available for sale securities:						
- Available for sale (Government bonds)	3,396,496		3,396,496	3,316,719		3,316,719
- Available for sale (other)	1,254,542	51,160	1,203,382	1,122,440	50,434	1,072,006
Total	**4,651,038**	**51,160**	**4,599,878**	**4,439,159**	**50,434**	**4,388,725**
Held to maturity securities:						
- Held to maturity (Government bonds)	6,107		6,107	895,026		895,026
- Held to maturity (other)	97,334	9,624	87,710	279,010	156,342	122,668
Total	**103,441**	**9,624**	**93,817**	**1,174,036**	**156,342**	**1,017,694**
Loans and receivables (HFSF)	4,299,101		4,299,101	4,308,556		4,308,556
Total amount of balance sheet items exposed to credit risk (a)	**70,094,354**	**10,832,787**	**59,261,567**	**70,193,908**	**9,738,366**	**60,455,542**
Other balance sheet items not exposed to credit risk	8,870,657	497,667	8,372,990	8,122,691	475,186	7,647,505
Total assets	**78,965,011**	**11,330,454**	**67,634,557**	**78,316,599**	**10,213,552**	**68,103,047**
Credit risk exposure relating off balance sheet items:						
Letters of guarantee, letters of credit and other guarantees	5,211,448	276,235	4,935,213	6,435,600	193,343	6,242,257
Undrawn loan agreements and credit limits than can not be recalled (committed) [(1)]	292,363		292,363	279,233		279,233
Guarantees relating to bonds issued by subsidiaries of the Bank	1,759,966		1,759,966	1,635,190		1,635,190
Total amount of off balance sheet items exposed to credit risk (b)	**7,263,777**	**276,235**	**6,987,542**	**8,350,023**	**193,343**	**8,156,680**
Total credit risk exposure (a+b)	**77,358,131**	**11,109,022**	**66,249,109**	**78,543,931**	**9,931,709**	**68,612,222**

The maximum credit risk per category, in which the Bank is exposed, is depicted in the “Net exposure to credit risk”.

The figures of prior year were restated in order to be comparable.

[(1)] *Undrawn loan agreements and credit limits that can not be recalled (committed) in cases where it becomes apparent that the counterparties will fail to meet their contractual obligations.*

LOANS AND ADVANCES TO CUSTOMERS

LOANS AND ADVANCES TO CUSTOMERS BY ASSET QUALITY (IMPAIRED OR NOT IMPAIRED – IMPAIRMENT ALLOWANCE – VALUE OF COLLATERAL)

	31.12.2014								
	Not impaired Loans and Advances		Impaired Loans and Advances			Accumulated Impairment allowance			
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed	Total gross amount	Individually assessed	Collectively assessed	Total net amount	Value of collateral
Retail lending	**11,158,086**	**3,282,782**	**235,521**	**14,914,482**	**29,590,871**	**154,269**	**6,085,233**	**23,351,369**	**19,202,307**
Mortgage	8,013,053	2,376,989	108,812	6,971,533	17,470,387	63,996	1,748,057	15,658,334	15,122,813
Consumer	1,491,706	362,425	20,206	3,192,289	5,066,626	12,390	1,732,805	3,321,431	1,113,969
Credit cards	773,261	149,006		352,831	1,275,098		306,111	968,987	33,592
Other (incl. SBL)	880,066	394,362	106,503	4,397,829	5,778,760	77,883	2,298,260	3,402,617	2,931,933
Corporate lending	**14,259,269**	**429,636**	**8,267,652**	**273,305**	**23,229,862**	**4,333,968**	**160,539**	**18,735,355**	**14,071,065**
Large	10,311,950	276,569	2,669,763	69,496	13,327,778	1,282,019	72,786	11,972,973	7,170,525
SME	3,947,319	153,067	5,597,889	203,809	9,902,084	3,051,949	87,753	6,762,382	6,900,540
Public sector	**1,384,219**	**589**	**33,407**		**1,418,215**	**24,746**	**4,283**	**1,389,186**	**410,977**
Greece	1,289,719	589	33,407		1,323,715	24,746	3,485	1,295,484	410,977
Other countries	94,500				94,500		798	93,702	
Total	**26,801,574**	**3,713,007**	**8,536,580**	**15,187,787**	**54,238,948**	**4,512,983**	**6,250,054**	**43,475,910**	**33,684,349**

	31.12.2013								
	Not impaired Loans and Advances		Impaired Loans and Advances			Accumulated Impairment allowance			
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed	Total gross amount	Individually assessed	Collectively assessed	Total net amount	Value of collateral
Retail lending	**10,726,385**	**1,609,281**	**9,553**	**16,643,461**	**28,988,680**	**6,500**	**5,424,039**	**23,558,142**	**19,161,817**
Mortgage	7,881,556	1,055,295	9,401	8,418,490	17,364,742	6,411	1,329,821	16,028,510	15,113,208
Consumer	1,406,371	267,590		3,409,114	5,083,075		1,627,937	3,455,138	1,002,122
Credit cards	569,970	104,480		409,877	1,084,327		303,718	780,609	17,418
Other (incl. SBL)	868,488	181,916	152	4,405,980	5,456,536	89	2,162,563	3,293,884	3,029,069
Corporate lending	**14,801,056**	**557,092**	**7,613,248**	**210,217**	**23,181,613**	**3,962,848**	**98,446**	**19,120,319**	**13,906,099**
Large	10,231,738	368,008	2,392,870	40,471	13,033,087	1,187,010	33,127	11,812,950	6,722,161
SME	4,569,318	189,084	5,220,378	169,746	10,148,526	2,775,838	65,319	7,307,369	7,183,938
Public sector	**1,553,737**		**34,384**	**676**	**1,588,797**	**26,074**	**4,718**	**1,558,005**	**403,411**
Greece	1,448,737		34,384	676	1,483,797	26,074	4,718	1,453,005	403,411
Other countries	105,000				105,000			105,000	
Total	**27,081,178**	**2,166,373**	**7,657,185**	**16,854,354**	**53,759,090**	**3,995,422**	**5,527,203**	**44,236,465**	**33,471,327**

The accumulated impairment allowance for collectively assessed loans and advances includes an amount of € 474.2 million (31.12.2013: € 93.6 million) concerning IBNR provisions.

The impaired loans and advances include also past due exposures up to 89 days that are collectively assessed and amount to € 2.9 billion as at 31.12.2014 (31.12.2013: € 4.8 billion).

ANALYSIS OF NEITHER PAST DUE NOR IMPAIRED LOANS AND ADVANCES TO CUSTOMERS

	31.12.2014				
	Strong	Satisfactory	Watch list (higher risk)	Total neither past due nor impaired	Value of collateral
Retail lending		**11,158,086**		**11,158,086**	**8,164,062**
Mortgage		8,013,053		8,013,053	7,372,960
Consumer		1,491,706		1,491,706	230,310
Credit cards		773,261		773,261	102
Other (incl. SBL)		880,066		880,066	560,690
Corporate lending	**3,444,393**	**9,482,285**	**1,332,591**	**14,259,269**	**8,139,178**
Large	3,238,541	6,500,060	573,349	10,311,950	5,148,820
SME's	205,852	2,982,225	759,242	3,947,319	2,990,358
Public sector	**184,775**	**1,193,339**	**6,105**	**1,384,219**	**389,590**
Greece	184,775	1,098,839	6,105	1,289,719	389,590
Other countries		94,500		94,500	
Total	**3,629,168**	**21,833,710**	**1,338,696**	**26,801,574**	**16,692,830**

	31.12.2013				
	Strong	Satisfactory	Watch list (higher risk)	Total neither past due nor impaired	Value of collateral
Retail lending		**10,726,385**		**10,726,385**	**8,207,916**
Mortgage		7,881,556		7,881,556	7,462,185
Consumer		1,406,371		1,406,371	180,342
Credit cards		569,970		569,970	24
Other (incl. SBL)		868,488		868,488	565,365
Corporate lending	**3,091,242**	**9,732,908**	**1,976,906**	**14,801,056**	**8,383,452**
Large	2,934,521	6,537,557	759,660	10,231,738	4,963,426
SME's	156,721	3,195,351	1,217,246	4,569,318	3,420,026
Public sector	**326,000**	**1,119,445**	**108,292**	**1,553,737**	**382,679**
Greece	326,000	1,119,445	3,292	1,448,737	382,679
Other countries			105,000	105,000	
Total	**3,417,242**	**21,578,738**	**2,085,198**	**27,081,178**	**16,974,047**

AGEING ANALYSIS OF PAST DUE BUT NOT IMPAIRED LOANS AND ADVANCES TO CUSTOMERS BY PRODUCT LINE

	31.12.2014								
	Retail lending				Corporate lending		Public sector		
	Mortgage	Consumer	Credit cards	Other (Incl. SBL)	Large	SME's	Greece	Other countries	Total Past due but not impaired
1 - 29 days	1,510,820	212,758	103,738	246,704	157,413	92,550	240		2,324,223
30 - 59 days	473,238	98,682	28,104	80,752	57,577	13,549	349		752,251
60 - 89 days	392,931	50,985	17,164	66,906	60,229	46,431			634,646
90 - 179 days						30			30
180 - 360 days						89			89
> 360 days					1,350	418			1,768
Total	**2,376,989**	**362,425**	**149,006**	**394,362**	**276,569**	**153,067**	**589**		**3,713,007**
Value of collateral	2,155,202	54,619	53	265,719	255,372	142,089	578		2,873,632

	31.12.2013								
	Retail lending				Corporate lending		Public sector		
	Mortgage	Consumer	Credit cards	Other (Incl. SBL)	Large	SME's	Greece	Other countries	Total Past due but not impaired
1 - 29 days	596,446	167,416	76,244	98,474	156,286	97,684			1,192,550
30 - 59 days	205,051	69,586	19,810	47,194	6,634	12,591			360,866
60 - 89 days	253,798	30,588	8,426	36,217	100,932	15,677			445,638
90 - 179 days					2,327	15,490			17,817
180 - 360 days					33,525	9,903			43,428
> 360 days				31	68,304	37,739			106,074
Total	**1,055,295**	**267,590**	**104,480**	**181,916**	**368,008**	**189,084**			**2,166,373**
Value of collateral	931,825	34,609	2	113,835	293,166	177,656			1,551,093

AGEING ANALYSIS OF IMPAIRED LOANS AND ADVANCES TO CUSTOMERS BY PRODUCT LINE

	31.12.2014								
	Retail lending				Corporate lending		Public sector		
	Mortgage	Consumer	Credit cards	Other (Incl. SBL)	Large	SME's	Greece	Other countries	Total
Current	722,783	506,359	376	233,798	988,787	791,442	8,528		3,252,073
1 - 29 days	361,447	156,419	148	51,579	38,496	61,164			669,253
30 - 59 days	151,911	129,729	101	26,287	14,047	14,596			336,671
60 - 89 days	332,043	84,644	113	24,774	7,901	48,520			497,995
90 - 179 days	32,045	76,883	13,675	7,087	32,217	58,063			219,970
180 - 360 days	144,639	81,228	9,371	39,172	33,098	77,006			384,514
> 360 days	3,718,297	505,114	43,514	1,803,754	333,017	1,671,216	133		8,075,045
Total net amount	**5,463,165**	**1,540,376**	**67,298**	**2,186,451**	**1,447,563**	**2,722,007**	**8,661**		**13,435,521**
Value of collateral	5,594,971	829,040	33,437	2,105,523	1,766,790	3,768,665	20,809		14,119,235

	31.12.2013								
	Retail lending				Corporate lending		Public sector		
	Mortgage	Consumer	Credit cards	Other (Incl. SBL)	Large	SME's	Greece	Other countries	Total
Current	1,966,854	587,414	26,549	228,113	677,187	688,930	427		4,175,474
1 - 29 days	398,633	113,532	8,872	59,832	8,922	32,286	11		622,088
30 - 59 days	162,255	156,036	16,556	27,770	33,352	24,414			420,383
60 - 89 days	265,792	116,768	8,859	19,512	36,427	84,907			532,265
90 - 179 days	83,553	74,373	11,869	93,316	51,926	62,243			377,280
180 - 360 days	233,921	173,350	14,005	74,126	118,044	144,616	47		758,109
> 360 days	4,000,832	567,791	21,767	1,751,456	311,141	1,535,604	8,337		8,196,928
Total net amount	**7,111,840**	**1,789,264**	**108,477**	**2,254,125**	**1,236,999**	**2,573,000**	**8,822**		**15,082,527**
Value of collateral	6,719,198	787,172	17,392	2,349,870	1,465,569	3,586,256	20,731		14,946,188

RECONCILIATION OF IMPAIRED LOANS AND ADVANCES PER CATEGORY

	Retail lending				Corporate lending		Puclic sector		
	Mortgage	Consumer	Credit cards	Other (incl. SBL)	Large	SME's	Greece	Other countries	Total
Opening balance 1.1.2014	**8,427,892**	**3,409,114**	**409,877**	**4,406,131**	**2,433,341**	**5,390,124**	**35,060**		**24,511,539**
New impaired loans	863,758	469,266	31,198	488,632	793,200	823,307	2,408		3,471,769
Transfer to non- impaired loans	(2,070,009)	(389,496)	(83,352)	(368,721)	(197,415)	(168,016)	(3,950)		(3,280,959)
Repayments of impaired loans	(142,467)	(98,412)	(11,870)	(51,052)	(33,459)	(81,056)	(111)		(418,427)
Write-offs of impaired loans	(1,447)	(179,496)	(2,702)	(312)	(387,130)	(183,152)			(754,239)
Disposals of impaired loans					(4,761)				(4,761)
Foreign exchange differences and other movements	2,618	1,221	3	324	1,981	1,661			7,808
Acquisition of impaired loans		298	9,677	29,330	133,502	18,830			191,637
Balance 31.12.2014	**7,080,345**	**3,212,495**	**352,831**	**4,504,332**	**2,739,259**	**5,801,698**	**33,407**		**23,724,367**
Accumulated impairment allowance	1,617,180	1,672,118	285,531	2,317,882	1,291,696	3,079,693	24,746		10,288,846
Net value of impaired loans and advances	**5,463,165**	**1,540,377**	**67,300**	**2,186,450**	**1,447,563**	**2,722,005**	**8,661**		**13,435,521**

RECONCILIATION OF THE ACCUMULATED IMPAIRMENT ALLOWANCE

The accumulated impairment allowance for disclosure purposes of credit risk as well as for credit risk monitoring purposes includes the adjustments for the contractual balances of loans which were acquired at fair value either individually or in the context of acquisitions(eg Emporiki Bank and Citibank Greece), since the Bank monitors such adjustment as part of the impairments. It is noted that in Note 17 Loans and advances to customers this adjustment is deducted from the gross balance of loans before impairments.

	31.12.2014			
	Retail lending	Corporate lending	Public sector	Total
Balance 1.1.2014	**3,173,031**	**2,380,864**	**5,496**	**5,559,391**
Impairment losses for the year	724,293	601,795	618	1,326,706
Change in present value of the allowance account	316,772	130,501	60	447,333
Foreign exchange differences		853		853
Loans written-off during the year	(159,701)	(230,132)		(389,833)
Balance 31.12.2014	**4,054,395**	**2,883,881**	**6,174**	**6,944,450**
Fair value adjustments	2,185,107	1,610,626	22,855	3,818,588
Total 31.12.2014	**6,239,502**	**4,494,507**	**29,029**	**10,763,038**

LOAN-TO-VALUE RATIO (LTV) OF MORTGAGE LENDING

	Mortgages	
	31.12.2014	31.12.2013
< 50%	3,265,721	3,701,561
50% - 70%	2,523,820	2,921,027
71% - 80%	1,420,456	1,618,417
81% - 90%	1,461,808	1,655,328
91% - 100%	1,442,492	1,522,167
101% - 120%	2,504,215	2,492,208
121% - 150%	2,491,920	1,960,291
> 150%	2,359,955	1,493,743
Total exposure	**17,470,387**	**17,364,742**
Avg LTV (%)	73	70

REPOSSESSED COLLATERALS

	31.12.2014						
	Balance					Disposals during the year	
	Value of collaterals repossessed 31.12.2014	Of which in 2014	Accumulated impairment allowance 31.12.2014	Of which in 2014	Carrying amount of collaterals repossessed 31.12.2014	Net disposal value	Net gain/ (loss) on disposal
Real estate collateral	205,309	5,009	18,656	4,878	186,653	2,015	(70)
Other	28	1,492			28		

	31.12.2013						
	Balance					Disposals during the year	
	Value of collaterals repossessed 31.12.2013	Of which in 2013	Accumulated impairment allowance 31.12.2013	Of which in 2013	Carrying amount of collaterals repossessed 31.12.2013	Net disposal value	Net gain/ (loss) on disposal
Real estate collateral	202,562	104,399	13,784	3,971	188,778	415	10
Other	52	556			52	564	13

An amount of € 98 million is included in the value of collaterals repossessed during 2013, which concerns real estate property acquired in the context of Emporiki Bank's acquisition.

POLICY OF DISPOSAL OF REPOSSESSED ASSETS

The Bank has assigned to a subsidiary of the Bank the management of repossessed assets of Bank and Group. When the Bank acquires the legal title of property which had been given as collateral for the respective asset, due to the debtor's default, then the respective company deals with the legal, accounting and tax settlement of property in cooperation with the competent Bank's services and in parallel it performs technical tests and assesses, based on the market conditions, the ability of promoting it for sale or leasing. Based on the above assessment, a proposal is submitted to the Technical Projects of Property and Commissions Committee, which decides the sale or leasing of the assets or their own use from a Bank company. Based on the decision, the asset is classified into the suitable category for reporting purposes.

BREAKDOWN OF COLLATERAL AND GUARANTEES

	31.12.2014				
	Value of collateral received				
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	Guarantees received
Retail Lending	18,883,291	133,494	185,522	19,202,307	12,624,310
Corporate Lending	9,106,087	733,036	4,231,942	14,071,065	3,624,692
Public sector	64,412		346,565	410,977	237,830
Total	**28,053,790**	**866,530**	**4,764,029**	**33,684,349**	**16,486,832**

	31.12.2013				
	Value of collateral received				
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	Guarantees received
Retail Lending	18,904,258	127,648	129,911	19,161,817	10,736,920
Corporate Lending	8,680,399	601,004	4,624,696	13,906,099	3,733,842
Public sector	27,785	5,726	369,900	403,411	143,466
Total	**27,612,442**	**734,378**	**5,124,507**	**33,471,327**	**14,614,228**

The Bank has not received any collaterals it may sell or or repledged, in the absence of default by the owner of the collateral.

LOANS AND ADVANCES TO CUSTOMERS, IMPAIRED LOANS AND IMPAIRMENT ALLOWANCE BY PRODUCT LINE, INDUSTRY AND GEOGRAPHICAL REGION

	31.12.2014					
	Greece			Rest of Europe		
	Gross Amount	Impaired Amount	Accumulated impairment allowance	Gross Amount	Impaired Amount	Accumulated impairment allowance
Retail lending	**29,337,662**	**15,080,118**	**6,197,145**	**253,209**	**69,885**	**42,357**
Mortgage	17,318,179	7,033,090	1,789,939	152,208	47,255	22,113
Consumer	4,977,820	3,195,663	1,729,577	88,805	16,832	15,619
Credit cards	1,270,146	352,233	305,524	4,953	598	587
Other (incl. SBL)	5,771,517	4,499,132	2,372,105	7,243	5,200	4,038
Corporate Lending	**21,087,516**	**8,201,344**	**4,324,122**	**2,142,346**	**339,613**	**170,385**
Financial institutions	867,441	46,265	42,152	1,219	427	7
Manufacturing	5,248,558	2,086,560	1,091,071	193,862	62,454	38,578
Construction and real estate	3,385,162	1,648,617	830,439	566,170	212,940	100,175
Wholesale and retail trade	4,749,873	2,387,939	1,349,455	93,492	19,564	11,092
Transportation	340,127	194,124	106,725	10,681	3,056	1,502
Shipping	1,885,747	167,404	52,459			
Hotels / Tourism	1,660,538	508,512	239,491	33,701	25,355	6,973
Services and other sectors	2,950,070	1,161,923	612,330	1,243,221	15,817	12,058
Public sector	**1,323,715**	**33,407**	**28,231**	**94,500**		**798**
Total	**51,748,893**	**23,314,869**	**10,549,498**	**2,490,055**	**409,498**	**213,540**

	31.12.2013					
	Greece			Rest of Europe		
	Gross Amount	Impaired Amount	Accumulated impairment allowance	Gross Amount	Impaired Amount	Accumulated impairment allowance
Retail lending	**28,733,339**	**16,584,248**	**5,393,559**	**255,341**	**68,766**	**36,979**
Mortgage	17,203,237	8,380,385	1,317,552	161,505	47,506	18,680
Consumer	5,001,161	3,393,510	1,613,639	81,914	15,604	14,298
Credit cards	1,079,672	409,320	303,211	4,655	557	506
Other (incl. SBL)	5,449,269	4,401,033	2,159,157	7,267	5,099	3,495
Corporate Lending	**21,699,211**	**7,667,411**	**3,980,855**	**1,482,402**	**156,054**	**80,439**
Financial institutions	369,462	9,672	3,195	1,539		
Manufacturing	5,501,564	2,102,033	1,108,384	146,097	19,076	16,480
Construction and real estate	3,300,456	1,351,706	632,068	518,631	103,948	41,922
Wholesale and retail trade	5,161,862	2,375,328	1,359,246	61,099	15,234	9,212
Transportation	238,408	87,094	39,926	9,551	2,742	1,192
Shipping	1,809,911	222,906	74,460			
Hotels / Tourism	1,680,182	504,349	139,413	9,455	285	281
Services and other sectors	3,637,366	1,014,323	624,163	736,030	14,769	11,352
Public sector	**1,483,797**	**35,060**	**30,792**	**105,000**		
Total	**51,916,347**	**24,286,719**	**9,405,206**	**1,842,743**	**224,820**	**117,418**

INTEREST INCOME RECOGNISED BY QUALITY OF LOANS AND ADVANCES AND TYPE OF LOAN

	31.12.2014		
	Interest income on non impaired Loans and Advances	Interest income on impaired Loans and Advances	Total interest income
Retail lending	824,567	517,664	1,342,231
Corporate lending	737,055	231,987	969,042
Public sector	29,173		29,173
Total interest income	**1,590,795**	**749,651**	**2,340,446**

	31.12.2013 *		
	Interest income on non impaired Loans and Advances	Interest income on impaired Loans and Advances	Total interest income
Retail lending	841,484	380,475	1,221,959
Corporate lending	716,788	192,022	908,810
Public sector	17,255	2,586	19,841
Total interest income	**1,575,527**	**575,083**	**2,150,610**

** The figures of prior year were reclassified to be comparable.*

FORBORNE LOANS

As at 31.12.2014, the Bank reassessed the perimeter of forborne loans for all the portfolios based on the Executive Regulation (EU) 2015/227 of European commission dated 9January 2015 and the Executive technical standards of the European banking authority and incorporated the related definitions to its credit risk policy. In this respect, prospectively the evolution, the quality and the effectiveness of these loans is monitored according to the above definition.

Due to this reassessment, forborne loans as at 31.12.2014 and as at 31.12.2013 are not comparable.

The forborne loans perimter as at 31.12.2013 included loans:

- Which have been restructured within the last twelve months, and
- Which were not past due more than 90 days as at 31.12.2013.

The forborne loans perimeter as at 31.12.2014 includes loans:

- Which have been restructured within the last 36 months and were not past due for more than 90 days as at 31.12.2014, and
- past due loans more than 90 days.

The restructuring of loans is performed through renegotiation of the original contractual terms and include changes such as:

- Extension of the credit duration
- Write-off of a portion of debtor's amounts due
- Grace period for the principal and interests
- Decrease in interest rate

As a rule forbearance measures which are extended include a combination of the above amendments to the contractual terms. The carrying amount of forborne loans of Bank amounted to € 8,850,550 as at 31.12.2014

In addition, in the context of renegotiations of the terms of loans granted, the Bank has participated in agreements for the exchange of debt securities with debtors' shares. On 31.12.2014, the Bank included in its Available for Sale portfolio shares of fair value amounting to € 9 million (31.12.2013: € 10 million) which were acquired from respective transactions. In none of the above cases, the Bank had control or significant influence over these companies.

ANALYSIS OF FORBORNE LOANS AND ADVANCES TO CUSTOMERS

	31.12.2014
Interest payment extension	117,132
Reduce payments scheme	4,239,118
Grace period	392,707
Loan term extension	851,987
Arrears capitalization	2,188,204
Partial write-off in borrower's obligations	29
Hybrid forbearance measure	372,918
Payments other than cash	
Debt for equity transactions	24,230
Breach of loan covenants	
Other	664,225
Total net amount	**8,850,550**

FORBORNE LOANS AND ADVANCES TO CUSTOMERS BY PRODUCT LINE

	31.12.2014
Retail lending	**7,384,655**
Mortgage	4,364,118
Consumer	1,806,384
Credit cards	87,593
Other (incl. SBL)	1,126,560
Corporate lending	**1,462,250**
Large	717,135
SME's	745,115
Public sector	**3,645**
Greece	3,645
Other countries	
Total	**8,850,550**

FORBORNE LOANS AND ADVANCES TO CUSTOMERS BY GEOGRAPHICAL REGION

	31.12.2014
Greece	8,782,952
Rest of Europe	67,598
Total	**8,850,550**

FORBORNE LOANS AND ADVANCES TO CUSTOMERS ACCORDING TO THEIR CREDIT QUALITY

	31.12.2014		
	Total amount of Loans and Advances	Total amount of Forborne Loans and Advances	Forborne Loans and Advances (%)
Neither past due nor impaired	26,801,574	2,660,630	10
Past due but not impaired	3,713,007	1,552,195	42
Impaired	23,724,367	6,693,985	28
Exposure before impairment	**54,238,948**	**10,906,810**	**20**
Individual Impairment Allowance	(4,512,983)	(335,535)	7
Collective Impairment Allowance	(6,250,055)	(1,720,725)	28
Total net amount	**43,475,910**	**8,850,550**	**20**
Value of collateral	33,684,349	7,101,746	21

The published figures of 2013 are presented below.

The restructuring of loans is performed through renegotiation of the original contractual terms and include changes such as:

- Extension of the credit duration
- Write-off of a portion of debtor's amounts due
- Grace period for the principal and interests
- Decrease in interest rate

As a rule forbearance measures which are extende include a combination of the above amendments to the contractual terms. The carrying amount of forborne loans of Bank amounted to € 4,912,077 as at 31.12.2013.

Forborne loans which comply with the restructuring terms are kept in the category of forborne loans for a period of one year. Otherwise, they are transferred to non-performing loans. Therefore, on 31.12.2013, the forborne loans category includes loans to which forbearance measures were extende during the year.

FORBORNE LOANS AND ADVANCES TO CUSTOMERS BY PRODUCT LINE

	31.12.2013
Retail lending	**4,343,653**
Mortgage	2,864,243
Consumer	969,607
Credit cards	53,439
Other (incl. SBL)	456,364
Corporate lending	**567,992**
Large	230,021
SME's	337,971
Public sector	**432**
Greece	432
Other countries	
Total	**4,912,077**

FORBORNE LOANS AND ADVANCES TO CUSTOMERS BY GEOGRAPHICAL REGION

	31.12.2013
Greece	4,902,709
Rest of Europe	9,368
Total	**4,912,077**

FORBORNE LOANS AND ADVANCES TO CUSTOMERS BY CREDIT QUALITY

	31.12.2013		
	Total amount of Loans and Advances	Total amount of Forborne Loans and Advances	Forborne Loans and Advances (%)
Neither past due nor impaired	27,081,178	110,194	0.4
Past due but not impaired	2,166,373	9,940	0.5
Impaired	24,511,539	5,253,604	21.4
Exposure before impairment	**53,759,090**	**5,373,738**	**10.0**
Individual Impairment Allowance	(3,995,423)	(105,894)	2.7
Collective Impairment Allowance	(5,527,202)	(355,767)	6.4
Total net amount	**44,236,465**	**4,912,077**	**11.1**
Value of collateral	33,471,327	3,743,213	11.2

During 2013 , loans of a gross amount before impairment of 5.4 billion were restructured. For these loans, an amount of € 109 million was recognized as interest income during the year, while their impairment allowance as at 31.12.2013 amounted to € 462 million.

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

	31.12.2014							
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Trading securities	Available for sale securities	Held to maturity securities	Loans and advances securities	Total
AAA	811,688				14,096	6,107		831,891
AA+ to AA-		10,506	55,635			6,129	4,299,101	4,371,371
A+ to A-		1,481,168	260,033		2,535	25,198		1,768,934
BBB+ to BBB-	110,949	329,178	68,856			1,661		510,644
Lower than BBB-		2,885,351	749,059	1,729	4,127,720	53,498		7,817,357
Unrated		17,313	20,361		506,687	10,848		555,209
Exposure before impairment	**922,637**	**4,723,516**	**1,153,944**	**1,729**	**4,651,038**	**103,441**	**4,299,101**	**15,855,406**

	31.12.2013							
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Trading securities	Available for sale securities	Held to maturity securities	Loans and advances securities	Total
AAA	548,390				17,798	3,905		570,093
AA+ to AA-		576,969	61,544	464	780	5,979	4,308,556	4,954,292
A+ to A-		955,556	67,280		1,653	34,197		1,058,686
BBB+ to BBB-	103,940	1,733				12,120		117,793
Lower than BBB-		3,488,602	650,851	6,537	3,952,917	959,915		9,058,822
Unrated		22,965	28,236		466,011	157,920		675,132
Exposure before impairment	**652,330**	**5,045,825**	**807,911**	**7,001**	**4,439,159**	**1,174,036**	**4,308,556**	**16,434,818**

BALANCES WITH CENTRAL BANKS – DUE FROM BANKS – DERIVATIVE FINANCIAL INSTRUMENTS AND DEBT SECURITIES – Analysis by credit quality

	31.12.2014							
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Trading securities	Available for sale securities	Held to maturity securities	Loans and receivables securities	Total
Neither past due nor impaired	922,637	4,714,551	1,153,944	1,729	4,586,216	93,817	4,299,101	15,771,995
Past due but not impaired								
Impaired		8,965			64,822	9,624		83,411
Exposure before impairment	**922,637**	**4,723,516**	**1,153,944**	**1,729**	**4,651,038**	**103,441**	**4,299,101**	**15,855,406**
Less: Allowance for impairment losses		(8,965)			(51,160)	(9,624)		(69,749)
Net exposure	**922,637**	**4,714,551**	**1,153,944**	**1,729**	**4,599,878**	**93,817**	**4,299,101**	**15,785,657**

	31.12.2013							
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Trading securities	Available for sale securities	Held to maturity securities	Loans and receivables securities	Total
Neither past due nor impaired	652,330	5,036,860	807,911	7,001	4,378,061	1,017,694	4,308,556	16,208,414
Past due but not impaired								
Impaired		8,965			61,098	156,342		226,405
Exposure before impairment	**652,330**	**5,045,825**	**807,911**	**7,001**	**4,439,159**	**1,174,036**	**4,308,556**	**16,434,819**
Less: Allowance for impairment losses		(8,965)			(50,434)	(156,342)		(215,741)
Net exposure	**652,330**	**5,036,860**	**807,911**	**7,001**	**4,388,725**	**1,017,694**	**4,308,556**	**16,219,078**

The following tables present the financial instruments exposed to credit risk by sectors of the counterparties.

FINANCIAL INSTRUMENTS CREDIT RISK – Analysis by industry sector

	31.12.2014										
	Financial Institutions and other financial services	Manufacturing	Construction and real estate	Wholesale and retail trade	Public sector/ Government securities/ Derivatives	Transportation	Shipping	Hotels-Tourism	Services and other sectors	Retail	Total
Credit risk exposure relating to balance sheet items:											
Balances with Central Banks	922,637										922,637
Due from banks	4,723,516										4,723,516
Loans and advances to customers	868,660	5,442,420	3,951,332	4,843,365	1,418,215	350,808	1,885,747	1,694,239	4,193,291	29,590,871	54,238,948
Derivative financial assets	457,601	25,457	66,942	884	566,070	1,240	11,941	14,243	9,235	331	1,153,944
Trading securities					1,729						1,729
Available for sale securities	899,013	63,842		12,175	3,396,496				279,512		4,651,038
Held to maturity securities	61,603		468		6,107				35,263		103,441
Loans and receivables securities	4,299,101										4,299,101
Total amount of balance sheet items exposed to credit risk (a)	**12,232,131**	**5,531,719**	**4,018,742**	**4,856,424**	**5,388,617**	**352,048**	**1,897,688**	**1,708,482**	**4,517,301**	**29,591,202**	**70,094,354**
Other balance sheet items not exposed to credit risk	1,456,758	4,699	158,638	1,497		404			7,248,661		8,870,657
Total assets	**13,688,889**	**5,536,418**	**4,177,380**	**4,857,921**	**5,388,617**	**352,452**	**1,897,688**	**1,708,482**	**11,765,962**	**29,591,202**	**78,965,011**
Credit risk exposure relating to off-balance sheet items:											
Letters of guarantee, letters of credit and other guarantees	505,826	593,994	2,210,198	510,833	164,515	45,856	1,091	104,585	1,074,550		5,211,448
Undrawn loan agreements and credit limits that can not be recalled (committed)		75,000	162,421				4,942		50,000		292,363
Guarantees for bonds issued by subsidiaries of the Bank									1,759,966		1,759,966
Total amount of off balance sheet items exposed to credit risk (b)	**505,826**	**668,994**	**2,372,619**	**510,833**	**164,515**	**45,856**	**6,033**	**104,585**	**2,884,516**	**-**	**7,263,777**
Total credit risk exposure (a+b)	**12,737,957**	**6,200,713**	**6,391,361**	**5,367,257**	**5,553,132**	**397,904**	**1,903,721**	**1,813,067**	**7,401,817**	**29,591,202**	**77,358,131**

FINANCIAL INSTRUMENTS CREDIT RISK – Analysis by industry sector

	31.12.2013										
	Financial Institutions and other financial services	Manufacturing	Construction and real estate	Wholesale and retail trade	Public sector/ Government securities/ Derivatives	Transportation	Shipping	Hotels-Tourism	Services and other sectors	Retail	Total
Credit risk exposure relating to balance sheet items:											
Balances with Central Banks	652,330										652,330
Due from banks	5,045,825										5,045,825
Loans and advances to customers	371,001	5,647,661	3,819,087	5,222,961	1,588,797	247,959	1,809,911	1,689,637	4,373,396	28,988,680	53,759,090
Derivative financial assets	148,430	11,093	44,856	5,281	549,100	5,202	7,878	13,200	22,489	382	807,911
Trading securities	464				6,537						7,001
Available for sale securities	865,196	27,338		2,476	3,316,719				227,430		4,439,159
Held to maturity securities	244,115		1,065		895,026				33,830		1,174,036
Loans and receivables securities	4,308,556										4,308,556
Total amount of balance sheet items exposed to credit risk (a)	**11,635,917**	**5,686,092**	**3,865,008**	**5,230,718**	**6,356,179**	**253,161**	**1,817,789**	**1,702,837**	**4,657,145**	**28,989,062**	**70,193,908**
Other balance sheet items not exposed to credit risk	1,496,284	11,510	192,822	1,514		404			6,420,157		8,122,691
Total assets	**13,132,201**	**5,697,602**	**4,057,830**	**5,232,232**	**6,356,179**	**253,565**	**1,817,789**	**1,702,837**	**11,077,302**	**28,989,062**	**78,316,599**
Credit risk exposure relating to off-balance sheet items:											
Letters of guarantee, letters of credit and other guarantees	756,566	688,348	2,283,484	519,164		49,649		71,904	2,066,485		6,435,600
Undrawn loan agreements and credit limits that can not be recalled (committed)	27,733	79,703	12,974				158,823				279,233
Guarantees for bonds issued by subsidiaries of the Bank									1,635,190		1,635,190
Total amount of off balance sheet items exposed to credit risk (b)	**784,299**	**768,051**	**2,296,458**	**519,164**		**49,649**	**158,823**	**71,904**	**3,701,675**		**8,350,023**
Total credit risk exposure (a+b)	**12,420,216**	**6,454,143**	**6,161,466**	**5,749,882**	**6,356,179**	**302,810**	**1,976,612**	**1,774,741**	**8,358,820**	**28,989,062**	**78,543,931**

The figures of prior year were restated to be comparable.

EXPOSURE IN CREDIT RISK FROM DEBT ISSUED BY THE PERIPHERAL EUROZONE COUNTRIES

Due to the prolonged turmoil in the Eurozone countries, and the issues which the Greek economy faces, concerning the service of public debt, the Bank monitors credit risk from its exposure to the Greek State as well as the remaining peripheral countries.

i. Exposure to the Greek State

The table below presents the Bank's total exposure in Greek Government securities:

	31.12.2014		31.12.2013	
Portfolio	Nominal value	Carrying amount	Nominal value	Carrying amount
Available for sale	4,360,221	3,396,496	3,908,750	3,316,719
Held to maturity			890,000	891,641
Trading	2,675	1,729	11,251	6,537
Total	**4,362,896**	**3,398,225**	**4,810,001**	**4,214,897**

All Greek Government securities are classified in level 1 based on the quality of inputs used for the estimation of their fair value. The public entities securities on 31.12.2014 amounted to € 27.6 million.

In addition, the Bank's exposure to Greek State from other financial instruments, excluding securities and loans and advances is depicted in the table below:

On balance sheet exposure

	31.12.2014	31.12.2013
	Carrying amount	Carrying amount
Derivative financial instruments – assets	566,070	549,100
Derivative financial instruments – liabilities	(290,879)	(69,764)

Derivative financial liabilities to public sector entities amounted to € 29.1 million on 31.12.2014.

The Bank exposure in loans to public entities/organizations on 31.12.2014 amounted € 1,418 million. The Bank for the above receivables has recognized impairment amounted to € 29 million as at 31.12.2014

In addition the balance of Bank's loans guaranteed by the Greek State (directly guaranteed by Greek government, loans guaranteed by TEMPE, Loans guaranteed by Common Ministerial Decisions) on 31.12.2014 amounted to € 725 million. For these loans the Bank has recognized impairment amounted to € 142 million as at 31.12.2014.

Off balance sheet exposure

	31.12.2014		31.12.2013	
	Nominal value	Fair value	Nominal value	Fair value
Bonds used as collaterals for refinancing operation	105,641	65,202	75,610	41,600

ii. Exposure to other peripheral Eurozone countries debt

The Bank holds a bond of Cyprus Popular Bank (senior term) for which an impairment loss of € 31.8 million was recorded in 2013. The carrying amount after impairment equals to € 1.6 million.

As at 31.12.2014 the Bank had no exposure to bonds issued by Italy, Spain, Portugal and Ireland.

38.2 Market risk

Market risk is the risk of losses arising from unfavourable changes in the value or volatility of interest rates, foreign exchange rates, stock exchange indices, equity prices and commodities. Losses may also occur either from the trading portfolio or from the Assets-Liabilities management.

i. Trading portfolio

The market risk is measured by the Value at Risk – VAR. The method applied for calculating Value at Risk is historical simulation.

The Bank applies a holding period of one and ten days, depending on the time required to liquidate the portfolio.

1 day value at risk, 99% confidence interval (2 years historical data)

(in Euro)

	2014					2013
	Foreign currency risk	Interest rate risk	Price risk	Covariance	Total	Total
31 December	1,180,547	151,493	18,074	(139,419)	1,210,695	894,339
Average daily value (annual)	1,069,511	491,772	46,821	(339,463)	1,268,641	988,872
Maximum daily value (annual)	1,144,577	2,299,567	54,615	(468,304)	3,030,455	1,588,013
Minimum daily value (annual)	695,259	277,488	56,035	(244,477)	784,305	616,953

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, maximum loss (stop loss) and value at risk for various products of the trading positions have been set.

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

- Foreign currency risk regarding spot and forward positions and FX options
- Interest rate risk regarding positions on bonds, Interest Rate Swaps, Interest Futures, Interest Options
- Price risk regarding positions in shares, Index Futures and Options, Commodity Futures and Swaps
- Credit risk regarding interbank transactions and bonds

Positions held in these products are monitored on a continuous basis and are examined for the corresponding limit percentage cover and for any limit excess.

ii. The financial risks of the banking portfolio

The market risk is possible to be arisen not only from the trading portfolio, but also from the structure of assets- liabilities items and the portfolio of loans and deposits of the Bank. This risk consists foreign currency and interest rate risk.

a. Foreign currency risk

Bank takes on the risk arising from the fluctuations in foreign exchange rates.

The General Management sets limits on the total foreign exchange position as well as on the exposure by currency.

The management of foreign currency position of the Bank is centralized. All customer positions including loans, deposits and derivatives are transferred to departments of the management area which is responsible for the management of liquidity and foreign currency position.

The policy of the Bank is the positions to be closed immediately using spot transactions or currency derivatives. In case is still held open the positions is monitored daily by the competent Division and are subject to limits.

For CHF loans that relate mainly to subsidiaries of the Group abroad, the foreign currency risk was hedged through derivatives (FX swaps, Cross Currency Interest Rate Swaps) in subsidiary and Group level. Therefore the effect of the devaluation of the EURO versus CHF in January 2015 is not expected to affect significantly the income statement of the Bank.

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

	31.12.2014								
	USD	GBP	CHF	JPY	RON	RSD	Other F/C	Euro	Total
ASSETS									
Cash and balances with Central Banks	4,190	1,296	402	14			32,231	1,227,309	1,265,442
Due from banks	116,647	(27,181)	12,582	32,614	599	102,952	5,354	4,470,984	4,714,551
Trading securities								1,729	1,729
Derivative financial assets								1,153,944	1,153,944
Loans and advances to customers	1,741,618	87,515	939,051	5,721	6,355		105,317	40,590,333	43,475,910
Investment securities									
- Available for sale	8,351						6	4,630,468	4,638,825
- Held to maturity	1,661							92,156	93,817
- Loans and receivables								4,299,101	4,299,101
Investments in subsidiaries, associates and joint ventures	8,011	65,774			174,265	226,226	30,191	1,568,222	2,072,689
Investment property							1,277	30,662	31,939
Property, plant and equipment							6,653	722,932	729,585
Goodwill and other intangible assets							3,430	257,921	261,351
Deferred tax assets							6,346	3,597,733	3,604,079
Other assets and assets held for sale	801	435	1	290			114,849	1,175,219	1,291,595
Total Assets	**1,881,279**	**127,839**	**952,036**	**38,639**	**181,219**	**329,178**	**305,654**	**63,818,713**	**67,634,557**
LIABILITIES									
Due to banks and customers	2,192,430	130,337	53,356	1,078	941		491,972	52,505,795	55,375,909
Derivative financial liabilities								1,946,401	1,946,401
Debt securities in issue and other borrowed funds	396,710							1,624,455	2,021,165
Liabilities for current income tax and other taxes							148	47,671	47,819
Employee defined benefit obligations								94,683	94,683
Other liabilities	6,968	155	403	761			(1,151)	986,751	993,887
Provisions							788	332,732	333,520
Total liabilities	**2,596,108**	**130,492**	**53,759**	**1,839**	**941**		**491,757**	**57,538,488**	**60,813,384**
Net balance sheet position	(714,829)	(2,653)	898,277	36,800	180,278	329,178	(186,103)	6,280,225	6,821,173
Derivatives forward foreign exchange position	671,439	36,113	(908,855)	(35,831)	(371,271)		232,655	(398,666)	(774,416)
Total Foreign Exchange Position	**(43,390)**	**33,460**	**(10,578)**	**969**	**(190,993)**	**329,178**	**46,552**	**5,881,559**	**6,046,757**
Undrawn loan agreements and credit limits than can not be recalled (committed)	4,942							287,421	292,363

	31.12.2013								
	USD	GBP	CHF	JPY	RON	RSD	Other F/C	Euro	Total
ASSETS									
Cash and balances with Central Banks	4,033	1,320	368	54			46,141	954,378	1,006,294
Due from banks	(919,764)	156,868	111,952	42,719	(596)	76,048	12,117	5,557,516	5,036,860
Trading securities								7,001	7,001
Derivative financial assets								807,911	807,911
Loans and advances to customers	1,741,586	66,511	681,148	18,050	9,961		66,517	41,652,692	44,236,465
Investment securities									
- Available for sale	6,076						6	4,443,494	4,449,576
- Held to maturity	1,462							1,016,232	1,017,694
- Loans and receivables								4,308,556	4,308,556
Investments in subsidiaries, associates and joint ventures	7,309	61,324			171,893	234,365	30,312	1,565,532	2,070,735
Investment property							1,315	26,890	28,205
Property, plant and equipment							9,269	745,030	754,299
Goodwill and other intangible assets							3,950	192,117	196,067
Deferred tax assets							5,957	2,734,692	2,740,649
Other assets	317	43	(2,232)	(6)			115,693	1,328,920	1,442,735
Total Assets	**841,019**	**286,066**	**791,236**	**60,817**	**181,258**	**310,413**	**291,277**	**65,340,961**	**68,103,047**
LIABILITIES									
Due to banks and customers	2,114,487	100,077	22,014	9,634			465,732	54,148,074	56,860,018
Derivative financial liabilities								1,374,261	1,374,261
Debt securities in issue and other borrowed funds	49,203							1,246,242	1,295,445
Liabilities for current income tax and other taxes					1		339	32,441	32,781
Deferred tax liabilities									
Employee defined benefit obligations								74,574	74,574
Other liabilities	841	28	11	463			2,096	1,056,278	1,059,717
Provisions							909	258,036	258,945
Total Liabilities	**2,164,531**	**100,105**	**22,025**	**10,097**	**1**		**469,076**	**58,189,906**	**60,955,741**
Net balance sheet position	(1,323,512)	185,961	769,211	50,720	181,257	310,413	(177,799)	7,151,055	7,147,306
Derivatives forward foreign exchange position	1,281,446	(201,294)	(848,424)	(49,691)	(368,374)		223,083	(116,967)	(80,221)
Total Foreign Exchange Position	**(42,066)**	**(15,333)**	**(79,213)**	**1,029**	**(187,117)**	**310,413**	**45,284**	**7,034,088**	**7,067,085**
Undrawn loan agreements and credit limits than can not be recalled (committed)	22,887							256,346	279,233

The net foreign exchange position as at 31.12.2014 presents the following sensitivity analysis:

Currency	Exchange rate variation scenario against Euro (%)	Impact on net income before tax
USD	Appreciation USD	(2,284)
	Depreciation USD	2,066
GBP	Appreciation GBP	1,761
	Depreciation GBP	(1,593)
CHF	Appreciation CHF	(557)
	Depreciation CHF	504
RON	Appreciation RON	(10,052)
	Depreciation RON	9,095
MKD	Appreciation MKD	1,446
	Depreciation MKD	(1,309)
RSD	Appreciation RSD	17,325
	Depreciation RSD	(15,675)

b. Interest rate risk

In the context of analysis of the Banking portfolio, Interest Rate Gap Analysis is performed. In particular, assets and liabilities are allocated into time bands (Gaps) according to their repricing date for variable interest rate instruments, or according to their maturity date for fixed rate instruments.

An interest rate gap analysis of assets and liabilities is set out in the table below.

	31.12.2014							
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
ASSETS								
Cash and balances with Central Banks	922,637						342,805	1,265,442
Due from Banks	2,780,333	1,646,010	46,490	45,977	37,665	158,076		4,714,551
Securities helf for trading					656	1,073		1,729
Derivative financial assets	1,153,944							1,153,944
Loans and advances to customers	22,543,223	6,524,765	3,398,525	2,206,917	8,798,117	4,363		43,475,910
Investment securities								
- Available for sale	749,371	1,093,487	553,270	5,146	959,263	1,278,288		4,638,825
- Held to maturity	28,471	15,024	11,096	1,771	35,262	2,193		93,817
- Loans and receivables			4,299,101					4,299,101
Investments in subsidiaries, associates and joint ventures							2,072,689	2,072,689
Investment property							31,939	31,939
Property, plant and equipment							729,585	729,585
Goodwill and other intangible assets							261,351	261,351
Deferred tax assets							3,604,079	3,604,079
Other assets							1,289,764	1,289,764
Non-current assets held for sale							1,831	1,831
Total Assets	**28,177,979**	**9,279,286**	**8,308,482**	**2,259,811**	**9,830,963**	**1,443,993**	**8,334,043**	**67,634,557**
LIABILITIES								
Due to banks	14,624,870	1,065,492	65,725		1,802,375			17,558,462
Derivative financial liabilities	1,946,401							1,946,401
Due to customers	10,129,920	5,886,232	7,648,986	6,331,808	6,491,268	1,329,233		37,817,447
Debt securities in issue and other borrowed funds	389,934	423,204	59,452		878,997	269,578		2,021,165
Liabilities for current income tax and other taxes							47,819	47,819
Employee defined benefit obligations							94,683	94,683
Other liabilities							993,887	993,887
Provisions							333,520	333,520
Total Liabilities	**27,091,125**	**7,374,928**	**7,774,163**	**6,331,808**	**9,172,640**	**1,598,811**	**1,469,909**	**60,813,384**
EQUITY								
Share capital							3,830,718	3,830,718
Share premium							4,858,216	4,858,216
Reserves							53,351	53,351
Retained earnings							(1,921,112)	(1,921,112)
Total Equity							**6,821,173**	**6,821,173**
Total Liabilities and Equity	**27,091,125**	**7,374,928**	**7,774,163**	**6,331,808**	**9,172,640**	**1,598,811**	**8,291,082**	**67,634,557**
OPEN EXPOSURE	**1,086,854**	**1,904,358**	**534,319**	**(4,071,997)**	**658,323**	**(154,818)**	**42,961**	
CUMULATIVE EXPOSURE	**1,086,854**	**2,991,212**	**3,525,531**	**(546,466)**	**111,857**	**(42,961)**		

	31.12.2013							
	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	652,324						353,970	1,006,294
Due from Banks	1,634,676	2,691	24,572	9,584	2,696,048	669,289		5,036,860
Securities helf for trading		275				6,726		7,001
Derivative financial assets	807,911							807,911
Loans and advances to customers	22,046,311	9,809,176	2,788,502	2,046,998	5,660,901	1,459,035	425,542	44,236,465
Investment securities								
- Available for sale	666,246	776,922	1,159,865	12,983	408,022	1,425,538		4,449,576
- Held to maturity	138,903	52,906	780,401	1,246	42,520	1,718		1,017,694
- Loans and receivables			4,308,556					4,308,556
Investments in subsidiaries, associates and joint ventures							2,070,735	2,070,735
Investment property							28,205	28,205
Property, plant and equipment							754,299	754,299
Goodwill and other intangible assets							196,067	196,067
Deferred tax assets							2,740,649	2,740,649
Other assets							1,442,735	1,442,735
Total Assets	**25,946,371**	**10,641,970**	**9,061,896**	**2,070,811**	**8,807,491**	**3,562,306**	**8,012,202**	**68,103,047**
LIABILITIES								
Due to banks	17,669,276	13,147	23,640	10,933	1,293,862	344,471		19,355,329
Derivative financial liabilities	1,374,261							1,374,261
Due to customers	11,715,724	5,565,659	4,834,664	5,538,127	9,585,440	113,787	151,288	37,504,689
Debt securities in issue and other borrowed funds	90,681	621,814	582,950					1,295,445
Liabilities for current income tax and other taxes							32,781	32,781
Employee defined benefit obligations							74,574	74,574
Other liabilities							1,059,717	1,059,717
Provisions							258,945	258,945
Total Liabilities	**30,849,942**	**6,200,620**	**5,441,254**	**5,549,060**	**10,879,302**	**458,258**	**1,577,305**	**60,955,741**
EQUITY								
Share capital							4,216,872	4,216,872
Share premium							4,212,062	4,212,062
Reserves							517,559	517,559
Retained earnings							(1,799,187)	(1,799,187)
Total Equity							**7,147,306**	**7,147,306**
Total Liabilities and Equity	**30,849,942**	**6,200,620**	**5,441,254**	**5,549,060**	**10,879,302**	**458,258**	**8,724,611**	**68,103,047**
OPEN EXPOSURE	**(4,903,571)**	**4,441,350**	**3,620,642**	**(3,478,249)**	**(2,071,811)**	**3,104,048**	**(712,409)**	
CUMULATIVE EXPOSURE	**(4,903,571)**	**(462,221)**	**3,158,421**	**(319,828)**	**(2,391,639)**	**712,409**		

From the Interest Rate Gap Analysis and from the application of alternative scenarios regarding the changes in market interest rates or changes in the Bank's base interest rates, the Bank is able to calculate the immediate changes in net interest income and equity relating to available for sale securities. In the interest rate decrease scenarios the change is assessed up to a feasible point (interest rate set to zero) in accordance with the effective yield curves per currency.

Interest rate variation scenario (parallel fall or rise in yield curves)	Sensitivity for net interest income (annual)	Sensitivity of Equity
-100	-20,718.93	+98,434.17
+100	+29,084.02	-113,036.35

38.3 Liquidity risk

Liquidity risk relates to the Bank's ability to maintain sufficient funds to cover its planned or extraordinary obligations. A substantial portion of the Bank's assets is funded by customer deposits and bonds issued by the Group. Additionally, in order to extend the period and diverse the types of lending, the Bank is additionally financed by issuing securities to the international capital markets and borrowing from the system of Central Banks. In fact, the total funding can be divided into two main categories:

A. Customer deposits

1. 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 significant fluctuations are limited and that these deposits constitute mostly a stable deposit base. Therefore, these deposits, forms an important factor of stability of the deposit base.

2. Customer deposits and bonds for investment purposes

The customer deposits and bonds issued by the Group companies for investment purposes may take the form of deposits with agreed maturity and repurchase agreements. Whereas bond issued by the Group companies disposed by outright sale. The customers have the possibility of early withdrawal of deposits or early liquidation of bonds, resulting in potential need of finding alternative liquidity by the Bank in the case of extensive outflows.

Not only for this purpose but also for the general secure of customer deposits, the Bank shall provide either the existence of adequate liquidity surpluses, which calculation based on stress testing scenarios of liquidity conditions or the existence of sufficient credit lines of financial instruments as below.

B. Wholesale funding

1. Medium-term borrowing from international capital markets

The Bank's constant aspiration is to cooperate with international investors who may offer medium term financing through securities purchased issued by the Group companies. The Bank reserves for this purpose special financing programs appealing international investors and provides adequate coverage of credit needs through international capital markets by planning Asset level needs on an annual basis. However, the Bank acknowledges that the demand of these bonds may not be enough to fully meet the needs of specific time intervals as a result of factors which concern the credit assessment in the domestic and international economic environment.

2. Funding by Central Banks

An alternative way of Bank funding is the liquidity from financial instruments of the Central Banks- Euro system and especially from the European Central Bank (ECB). This funding is formed as a loan pledge of assets based on instructions and the eligible assets determined by the ECB.

During the last years this additional source funding has become a major financial instrument by hedging the inadequate or loss of basic forms of Bank funding. Furthermore, under the period on which Greece is under the restructuring program of economy and fiscal improvement of financial figures and concurrently servicing financing needs of the network of institutions bodies that have the oversight of the program. The Bank can take full advantage of current assets in order to increase liquidity from the Euro system to cover any financing gap. The Bank recognizes the short-term nature of this liquidity source and pursues gradually to release, if circumstances allow. However, for as long as the country is experiencing financial and economic crisis, the Bank ensures the smooth financing from these financial instruments which receive either with the form of conventional marginal lending from the ECB (MRO), or in the form of emergency mechanism of credit facility of the Bank of Greece (ELA). The Bank ensure the adequacy of collateral required in order to serve the financing from the above financial instruments, while recognizing both the type and the amount of financing that is under the discretion of the Euro system.

The political developments in Greece created temporary significant uncertainty which led to outflows of deposits of the Bank amounting to € 5.7 billion during the first 2 months of 2015. As a result was the increase of the borrowings from the European System of Central Banks which amounted to € 22 billion at the same time.

Based on the Liquidity Gap Analysis, the cash flows arising from balance sheet items are calculated and classified into time periods in accordance with the contractual maturity date or the estimated date based on a statistical analysis (convention). An exception to the above, are the securities portfolios, which can contribute directly to raise liquidity, and they are allocated in the first period under the condition that they have not been used to raise liquidity either by the Central Bank or through interbank repos.

	31.12.2014					
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Total
ASSETS						
Cash and balances with Central Banks	1,265,442					1,265,442
Due from banks	1,541,873	442,312	21,141	80,920	2,628,305	4,714,551
Trading securities	1,729					1,729
Derivative financial assets	1,153,944					1,153,944
Loans and advances to customers	2,708,383	1,757,198	1,620,293	2,855,649	34,534,387	43,475,910
Investment securities						
- Available for sale	1,972,987				2,665,838	4,638,825
- Held to maturity				7,900	85,917	93,817
- Loans and receivables					4,299,101	4,299,101
Investments in associates and joint ventures					2,072,689	2,072,689
Investment property					31,939	31,939
Property, plant and equipment					729,585	729,585
Goodwill and other intangible assets					261,351	261,351
Deferred tax assets					3,604,079	3,604,079
Other assets					1,289,764	1,289,764
Non current assets held for sale	1,831					1,831
Total Assets	**8,646,189**	**2,199,510**	**1,641,434**	**2,944,469**	**52,202,955**	**67,634,557**
LIABILITIES						
Due to banks	14,332,819	1,106,222	66,794	3,052	2,049,575	17,558,462
Derivative financial liabilities	1,946,401					1,946,401
Due to customers (including debt securities in issue)	8,966,169	5,623,638	5,013,887	6,025,080	12,188,673	37,817,447
Debt securities in issue held by institutional investors and other borrowed funds	3,668	26,339	59,589		1,931,569	2,021,165
Liabilities for current income tax and other taxes	2,861	44,958				47,819
Employee defined benefit obligations					94,683	94,683
Other liabilities	280,764				713,123	993,887
Provisions					333,520	333,520
Total Liabilities	**25,532,682**	**6,801,157**	**5,140,270**	**6,028,132**	**17,311,143**	**60,813,384**
EQUITY						
Share capital					3,830,718	3,830,718
Share premium					4,858,216	4,858,216
Reserves					53,351	53,351
Retained earnings					(1,921,112)	(1,921,112)
Total Equity					**6,821,173**	**6,821,173**
Total Liabilities and Equity	**25,532,682**	**6,801,157**	**5,140,270**	**6,028,132**	**24,132,316**	**67,634,557**
OPEN EXPOSURE	**(16,886,493)**	**(4,601,647)**	**(3,498,836)**	**(3,083,663)**	**28,070,639**	
CUMULATIVE EXPOSURE	**(16,886,493)**	**(21,488,140)**	**(24,986,976)**	**(28,070,639)**		

Held for trading and available for sale portfolios are listed based on their liquidation potential and not according to their maturity.

	31.12.2013					
	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	1,006,294					1,006,294
Due from banks	1,635,065	2,691	24,570	9,583	3,364,951	5,036,860
Trading securities	7,001					7,001
Derivative financial assets	807,911					807,911
Loans and advances to customers	2,687,153	1,634,128	2,415,416	3,391,075	34,108,693	44,236,465
Investment securities						
- Available for sale	627,229				3,822,347	4,449,576
- Held to maturity			897,641		120,053	1,017,694
- Loans and receivables					4,308,556	4,308,556
Investments in associates and joint ventures					2,070,735	2,070,735
Investment property					28,205	28,205
Property, plant and equipment					754,299	754,299
Goodwill and other intangible assets					196,067	196,067
Deferred tax assets					2,740,649	2,740,649
Other assets					1,442,735	1,442,735
Total Assets	**6,770,653**	**1,636,819**	**3,337,627**	**3,400,658**	**52,957,290**	**68,103,047**
LIABILITIES						
Due to banks	17,643,783	11,362	22,798	10,020	1,667,366	19,355,329
Derivative financial liabilities	1,374,261					1,374,261
Due to customers	7,395,809	5,282,074	4,524,179	5,022,251	15,280,376	37,504,689
Debt securities in issue and other borrowed funds	1,465	95,881	67,871	31,887	1,098,341	1,295,445
Liabilities for current income tax and other taxes			32,781			32,781
Employee defined benefit obligations					74,574	74,574
Other liabilities	441,562				618,155	1,059,717
Provisions					258,945	258,945
Total Liabilities	**26,856,880**	**5,389,317**	**4,647,629**	**5,064,158**	**18,997,757**	**60,955,741**
EQUITY						
Share capital					4,216,872	4,216,872
Share premium					4,212,062	4,212,062
Reserves					517,559	517,559
Retained earnings					(1,799,187)	(1,799,187)
Total Equity					**7,147,306**	**7,147,306**
Total Liabilities and Equity	**26,856,880**	**5,389,317**	**4,647,629**	**5,064,158**	**26,145,063**	**68,103,047**
OPEN EXPOSURE	**(20,086,227)**	**(3,752,498)**	**(1,310,002)**	**(1,663,500)**	**26,812,227**	
CUMULATIVE EXPOSURE	**(20,086,227)**	**(23,838,725)**	**(25,148,727)**	**(26,812,227)**		

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

	31.12.2014						
		Nominal inflows / (outflows)					
	Total Balance Sheet	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Total
Non-derivative liabilities							
Due to banks	17,558,462	(14,341,989)	(1,107,221)	(67,259)	(3,618)	(2,102,112)	(17,622,199)
Due to customers	37,817,447	(8,971,878)	(5,711,185)	(5,140,522)	(6,278,407)	(13,286,339)	(39,388,331)
Debt securities in issue held by institutional investors and other borrowed funds	2,021,165	(3,669)	(37,122)	(79,213)	(6,500)	(2,090,993)	(2,217,497)
Other liabilities	993,887	(280,764)				(713,123)	(993,887)
Derivatives held for assets fair value hedge	13,669						
- Outflows		(105)	(4,073)	(4,826)	(12,477)	(22,501)	(43,982)
- Inflows		24	3,649	3,720	10,147	20,918	38,458
Derivatives held for liabilities fair value hedge	643,985						
- Outflows		(4)	(49)	(40,055)	(125)	(883,451)	(923,684)
- Inflows		15	27	9,858	19,780	849,469	879,149
Derivatives held for trading	1,288,747						
- Outflows		(1,388,453)	(1,737,043)	(1,393,429)	(1,222,934)	(3,552,319)	(9,294,178)
- Inflows		1,349,816	1,721,266	1,237,244	1,060,410	3,018,729	8,387,465
Total	**60,337,362**	**(23,637,007)**	**(6,871,751)**	**(5,474,482)**	**(6,433,724)**	**(18,761,722)**	**(61,178,686)**
Off Balance sheet items							
Undrawn loan agreements and credit limits that can not be recalled (committed)		(292,363)					(292,363)
Financial guarantees		(33,686)	(27,471)	(16,052)	(44,050)	(265,057)	(386,316)
Total off Balance sheet items		**(326,049)**	**(27,471)**	**(16,052)**	**(44,050)**	**(265,057)**	**(678,679)**

		31.12.2013					
		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	19,355,329	(17,674,292)	(11,858)	(23,016)	(25,158)	(1,670,608)	(19,404,932)
Due to customers	37,504,689	(7,422,027)	(5,322,637)	(4,718,473)	(5,385,933)	(16,036,539)	(38,885,609)
Debt securities in issue and other borrowed funds	1,295,445	(1,706)	(100,906)	(71,800)	(38,229)	(1,362,475)	(1,575,116)
Other liabilities	1,059,717	(441,562)	-	-	-	(618,155)	(1,059,717)
Derivative held for assets fair value hedge	15,004						
- Outflows		(163)	(166)	(1,293)	(5,206)	(93,815)	(100,643)
- Inflows		68	15	429	3,124	90,280	93,916
Derivative held for liabilities fair value hedge	450,651						
- Outflows		(11)	(191)	(40,788)	(22,393)	(1,065,076)	(1,128,459)
- Inflows		141	1,350	10,393	22,370	995,918	1,030,172
Derivative held for trading	908,606						
- Outflows		(1,381,574)	(318,929)	(856,343)	(1,346,946)	(4,719,189)	(8,622,981)
- Inflows		1,365,555	279,421	798,173	1,210,360	4,631,479	8,284,988
Total	**60,589,441**	**(25,555,571)**	**(5,473,901)**	**(4,902,718)**	**(5,588,011)**	**(19,848,180)**	**(61,368,381)**
Off Balance Sheet items							
Undrawn loan agreements and credit limits that can not be recalled (committed)		(279,233)	-	-	-	-	(279,233)
Financial guarantees		(51,660)	(38,933)	(28,670)	(82,161)	(507,663)	(709,087)
Total off Balance sheet items		**(330,893)**	**(38,933)**	**(28,670)**	**(82,161)**	**(507,663)**	**(988,320)**

38.4 Fair value of financial assets and liabilities

Hierarchy of financial instruments not measeured at fair value

	31.12.2014				
	Level 1	Level 2	Level 3	Total Fair Value	Total Carrying Amount
Financial Assets					
Loans and advances to customers			43,199,945	43,199,945	43,475,910
Investment securities					
- Held to maturity	53,335	14,396	21,366	89,097	93,817
- Loans and receivables		4,370,874		4,370,874	4,299,101
Financial liabilities			37,551,523	37,551,523	37,817,447
Due to customers					
Debt securities in issue [2]	513,360	869,504	361,366	1,744,230	1,956,565

	31.12.2013				
	Level 1	Level 2	Level 3	Total Fair Value	Total Carrying Amount
Financial Assets					
Loans and advances to customers			43,954,363	43,954,363	44,236,465
Investment securities					
- Held to maturity (1)	949,318	20,976	14,768	985,062	1,017,694
- Loans and receivables		4,333,574		4,333,574	4,308,556
Financial liabilities					
Due to customers			37,414,504	37,414,504	37,504,689
Debt securities in issue [2]		1,101,372	31,434	1,132,806	1,255,845

The above table presents the fair value of financial instruments which are measured at amortized cost and classified according to hierarchy and carrying amount.

The fair value of loans is estimated based on the interbank market yield curves by adding a liquidity premium and spread per loan category and business unit for the expected loss. The fair value of deposits is estimated based on the interbank market yield curves by deducting customer's spread depending on the type of deposit. In both above mentioned cases, the future cash flows (floating rate) are calculated based on the implied forward rates until their maturity.

The held to maturity securities and debt securities in issue whose fair value is calculated based on market prices, are classified into Level 1.

The held to maturity securities and securities in issue whose fair value is calculated based on non-binding market prices provided by dealers-brokers or on the application of income approach methodology using interest rates and credit spreads which are observable in the market, are classified into Level 2. The fair value of the loans and receivables securities relating to securities issued by the European Financial Stability Facility (E.F.S.F.), was determined by discounted cash flows using relevant E.F.S.F. issues inputs.

(1) *On 31.12.2013 investment securities portfolio includes an amount of €891.6 million which relates to the security transferred to the Bank's ownership for the issuance of preference shares of the Greek State in the context of Law 3723/2008, which matured on 21.5.2014.*

(2) *Debt securities in issue do not include the convertible bond loan issued by the Bank in the context of the agreement with Credit Agricole S.A. regarding the acquisition of Emporiki Bank since this security is measured at fair value.*

Level 3 classification includes the securities and debt securities in issue of which the fair value, estimated using significant unobservable inputs. In this case the fair value is quoted by the issuers of the securities and confirmed by the Bank or calculated by the Bank. In addition, Level 3 includes a bond liability of the Bank to the SPE entity which is related to the securitization of shipping loans whose fair value was defined with discount of future cash flows using unobservable inputs of market.

The fair value of other financial assets and liabilities which are valued at amortized cost does not differ materially from the respective carrying amount.

Hierarchy of financial instruments measured at fair value

	31.12.2014			
	Level 1	Level 2	Level 3	Total Carrying Amount
Derivative Financial Assets	12,360	1,141,545	39	1,153,944
Trading securities				
- Bonds and treasury bills	1,729			1,729
Available for sale securities				
- Bonds and treasury bills	3,787,720	796,448	15,710	4,599,878
- Shares	10,786		19,046	29,832
- Other variable yield securities	9,115			9,115
Derivative Financial Liabilities	74	1,940,895	5,432	1,946,401
Convertible bond		64,600		64,600

	31.12.2013			
	Level 1	Level 2	Level 3	Total Carrying Amount
Derivative Financial Assets	23,751	784,096	64	807,911
Trading securities				
- Bonds and treasury bills	7,001			7,001
Available for sale securities				
- Bonds and treasury bills	3,596,047	779,736	12,942	4,388,725
- Shares	19,810		17,912	37,722
- Other variable yield securities	23,129			23,129
Derivative Financial Liabilities	178	1,373,437	646	1,374,261
Convertible bond		39,600		**39,600**

The tables above present the fair value hierarchy of financial instruments which are measured at fair value based on the inputs used for the fair value measurement.

Securities which are traded in an active market and exchange-traded derivatives are classified into Level 1.

The available for sale securities whose fair value is calculated based on non-binding market prices provided by dealers-brokers or on the application of the income approach methodology using interest rates and credit spreads which are observable in the market, are classified as Level 2. Level 3 classifications include securities whose fair value is estimated using significant unobservable inputs.

The fair value of non listed shares, as well as shares not traded in an active market is determined based on the estimations made by the Bank which relate to the future profitability of the issuer taking into account the expected growth rate of its operations, as well as the weighted average rate of capital return which is used as discount rate. Given that the above parameters are mainly non observable, the valuation of these shares is classified in Level 3.

For the valuation of over the counter derivatives income approach methodologies are used: discounted cash flow models, option-pricing models or other widely accepted valuation models. Valuations are checked on a daily basis with the respective prices of the counterparty banks in the context of the daily process of provision of collaterals and settlement of derivatives. If the non observable inputs are significant, the fair value that arises is classified as Level 3 or otherwise as Level 2.

The Bank recognizes the transfer between fair value hierarchy Levels at the end of the reporting period.

Within the period, € 8.7 million were transferred from Level

2 to Level 1 due to the satisfaction of the criteria of active market. In addition, within the period, €32.7 million were transferred from Level 1 to Level 2, as the liquidity margin (bid-ask spread) moved above the limit set for the characterization of market as active.

The table below presents the valuation methods used for the measurement of Level 3 fair value:

	31.12.2014			
	Total Fair Value	Fair Value	Valuation Method	Significant non-observable inputs
Derivative Financial Assets	39	39	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid secutities' dividends
Available for sale bonds	15,710	15,710	Based on issuer price	Price
Available for sale shares	19,046	19,046	Discounted cash flows – Multiples valuation method – Cost of acquisition	Future profitability of the issuer
Derivative Financial Liabilities	5,432	20	Discounted cash flows - Black Scholes valuation model with shares basket being the underlying instrument	Coefficient of variation and correlation coefficient between shares
		5,412	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid secutities' dividends

	31.12.2013			
	Total Fair Value	Fair Value	Valuation Method	Significant non-observable inputs
Derivative Financial Assets	64	64	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid secutities' dividends
Available for sale bonds	12,942	12,942	Based on issuer price	Price
Available for sale shares	17,912	17,912	Discounted cash flows – Multiples valuation method – Cost of acquisition	Future profitability of the issuer
Derivative Financial Liabilities	646	18	Discounted cash flows - Black Scholes valuation model with shares basket being the underlying instrument	Coefficient of variation and correlation coefficient between shares
		628	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid secutities' dividends

For all financial instruments measured at fair value classified in Level 3 due to the limited exposure of the Bank on the specific financial instruments, a reasonable variation in non-observable inputs would not affect significantly the results of the Bank.

A reconciliation for the movement of financial instruments measured at fair value in Level 3 is depicted below.

	31.12.2014		
	Assets		Liabilities
	Available for sale securities	Derivative financial assets	Derivative financial liabilities
Opening balance 1.1.2014	**30,854**	**64**	**(646)**
Total gain or loss recognized in Income Statement	(1,657)	(25)	(4,804)
Total gain or loss recognized in Equity	820		
Purchases/ Issues	753		
Sales/ Repayments/ Settlements	(3,892)		18
Transfers in level 3 from level 1	7,164		
Transfers in level 3 from level 2	714		
Balance 31.12.2014	**34,756**	**39**	**(5,432)**
Amounts included in the Income Statement for financial instruments held at the end of the reporting year.	(1,634)	(25)	(4,804)

During the period, the transfer to Level 3 from Level 2 of Available for Sale Securities regards a securitized issue which was valued with the use of non-observable parameters. In addition, the transfer to Level 3 from Level 1 of listed shares of € 7.2 million due to lack of active market.

	31.12.2013		
	Assets		Liabilities
	Available for sale securities	Derivative financial assets	Derivative financial liabilities
Opening balance 1.1.2013	**12,357**	**1,880**	**(4,022)**
Total gain or loss recognized in Income Statement	(10,906)	(763)	2,278
Total gain or loss recognized in Equity	10,602		
Purchases/ Issues	5,503		
Sales/ Repayments/ Settlements	(2,591)	(237)	282
Transfers in level 3 from level 1	2,277		
Transfers in level 3 from level 2	15,272		
Transfers from level 3 in level 2	(1,660)	(816)	816
Balance 31.12.2013	**30,854**	**64**	**(646)**
Amounts included in the Income Statement for financial instruments held at the end of the reporting year.	(10,992)	(763)	1,848

In 2013, the transfer to Level 3 from Level 1 of Available for Sale Securities regards the security issued by Alpha Credit Group, which is not traded anymore in an active market, while the transfer of Available for Sale Securities to Level 3 from Level 2 relates to the security issued by Cyprus Popular Bank. The other transfers to Level 3 concern shares due to lack of an active market. The transfer from Level 3 to Level 2 relates to securitized bond (asset backed) for which there are active market prices.

In addition, during the year 2013, the definition of fair value was achieved with observable inputs for positions of derivative assets and liabilities with similar but inverse characteristics where it was transferred from Level 3 to Level 2.

38.5 Transfers of financial assets

The Bank in its ordinary course of business, transfers financial assets. In cases that, despite the fact that the contractual right to receive cash flows has been transferred the risks and rewards remain with the Bank, these assets continue to be recognized on the balance sheet.

On 31.12.2014, the financial assets that have not been derecognized despite the contractual transfer of their cash flows, are derived from the following two categories of transactions:

a) Securitizations of financial assets

The Bank has securitized corporate, consumer loans and credit cards in order to absorb liquidity from the Eurosystem. In the context of these transactions, these items have been transferred to special purpose entities, which have issued bonds. These loans and credit cards continue to be recognized as loans and advances to customers, since the Bank continues in all cases to retain the rewards and risks associated with them. This is justified by several factors which include the fact that the Bank owns these bonds and the entitlement to the deferred consideration from the transfer. Given that bonds are owned by the Bank, there are no liabilities for the Bank which actually arises from the transfer. The carrying amount of the securitized loans and credit cards on 31.12.2014 amounts to € 3,289,192 (31.12.2013: € 3,139,666).

In addition, during the current fiscal year, the Bank proceeded to a shipping loan securitization transaction through the fully consolidated special purpose company Alpha Shipping Finance Ltd. These loans are recognized in the category of loans and trade receivables as the Bank retains the risks and benefits of the portfolio through entitlement to deferred consideration paid. The carrying amount of the securitized shipping loans and the bonds which are issued of the SPE, which are not held, amounted to € 658,685 and € 365,577 respectively. The fair value of loans amounted to € 646,279 and the debt security at € 358,439.

Finally, in the context of the acquisition of Emporiki Bank during 2013, the Bank acquired a portfolio of mortgage loans that had been securitized through Lithos entity. This transaction regarding the securitized loan was recalled during the current year. As at 31.12.2013, the carrying amounts of securitized mortgage loans, which did not meet the requirements for interruption of recognition in the Bank financial statements, as well as the bonds issued by Lithos not owned by the Bank, amounted to € 99,096 and € 26,917, respectively. The fair values of loans and bonds did not differ from their respective carrying amounts.

b) Sale and repurchase agreements of debt securities

The Bank on 31.12.2014 proceeded with the transfer of Greek Government bonds, bonds of other issuers and bonds issued by EFSF with a repurchase agreement. These securities are still included in the Bank's investment portfolio and the respective figures are presented in the following table.

	31.12.2014			
	Available for sale portfolio		Held to maturity	Loans and receivables bonds
	Greek Government Bonds	Bonds of other issuers	Bonds of other issuers	EFSF Bonds
Carrying amount of transferred securities	18,236	201,498	2,341	76,015
Carrying amount of related liability	(13,416)	(159,089)	(2,031)	(75,244)
Fair value of transferred securities	18,236	201,498	2,544	76,554
Fair value of related liability	(13,416)	(159,089)	(2,031)	(75,244)
Equity	**4,820**	**42,409**	**513**	**1,310**

	31.12.2013		
	Available for sale portfolio		Loans and receivables bonds
	Treasury bills of Greek State	Bonds of other issuers	EFSF Bonds
Carrying amount of transferred securities	515,092	108,088	814,339
Carrying amount of related liability	(514,607)	(79,886)	(777,704)
Fair value of transferred securities	515,092	108,088	820,918
Fair value of related liability	(514,607)	(79,886)	(777,704)
Equity	**485**	**28,202**	**43,214**

On 31.12.2014 the Bank has proceeded to the transfer of covered bonds securitized by mortgages issued by the Bank with a repurchase agreement. These bonds do not exist in the balance sheet because they are held by the Bank. The carrying amount of the liability of the above repurchase agreements at 31.12.2014 amounts to € 1,432,179.

38.6 Offsetting financial assets - liabilities

The following tables present derivative transactions under contracts of the International Swaps and Derivatives Association (ISDA), which are signed with credit institutions as counterparties. In accordance with these contracts, the Bank is able to offset its assets and liabilities relating to a counterparty in case of a credit default.

Financial assets subject to offsetting

	31.12.2014					
				Related amounts not offset		
	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offset	Net amount of financial assets presented in the balance sheet	Financial instruments	Cash collateral received	Net amount
Derivatives	998,080		998,080	(517,120)	(188,404)	292,556

	31.12.2013					
				Related amounts not offset		
	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offset	Net amount of financial assets presented in the balance sheet	Financial instruments	Cash collateral received	Net amount
Derivatives	689,510		689,510	(160,000)	(23,916)	505,594

Financial liabilities subject to offsetting

	31.12.2014					
				Related amounts not offset		
	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offset	Net amount of financial liabilities presented in the balance sheet	Financial instruments	Cash collateral received	Net amount
Derivatives	1,878,470		1,878,470	(517,120)	(1,347,427)	13,923

	31.12.2013					
				Related amounts not offset		
	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offset	Net amount of financial liabilities presented in the balance sheet	Financial instruments	Cash collateral received	Net amount
Derivatives	1,317,108		1,317,108	(160,000)	(1,120,061)	37,047

Reconciliation of the net amount of financial assets and liabilities presented in the balance sheet

	31.12.2014			
	Note	Net amount presented in the balance sheet	Carrying amount of financial assets in the balance sheet	Financial assets not in scope of offsetting disclosures
Type of financial asset				
Derivatives	16	998,080	1,153,944	155,864

	Note	Net amount presented in the balance sheet	Carrying amount of financial liabilities in the balance sheet	Financial liabilities not in scope of offsetting disclosures
Type of financial liability				
Derivatives	16	1,878,470	1,946,401	67,931

	31.12.2013			
	Note	Net amount presented in the balance sheet	Carrying amount of financial assets in the balance sheet	Financial assets not in scope of offsetting disclosures
Type of financial asset				
Derivatives	16	689,510	807,911	118,401

	Note	Net amount presented in the balance sheet	Carrying amount of financial liabilities in the balance sheet	Financial liabilities not in scope of offsetting disclosures
Type of financial liability				
Derivatives	16	1,317,108	1,374,261	57,153

39. The Bank's recapitalization framework

On 6.6.2013, the Bank completed the share capital increase procedure, pursuant to the decisions of the second iterative Extraordinary General Meeting of 16.4.2013 and the Board of Directors meeting of 30.4.2013, Based on the provisions of Law 3864/2010 amounting to € 4,571 billion, covering in this way the capital needs of the Bank, as these were determined by the Bank of Greece.

After the completion of the recapitalization, the Coordination Framework between the HFSF and the Bank was signed, which determines the relations between the parties and other issues, related to corporate governance of the Bank and the preparation of the Restructuring Plan.

As set out in the Memorandum of Economic and Financial Policies of May 2013, the Bank of Greece conducted a new stress test, based on the data as at 30.6.2013, in order to update the capital needs of the banks. The results of the stress test were announced in March 2014. The exercise showed that the Bank capital needs were determined at € 262 million.

On 7.3.2014, Alpha Bank's Board of Directors decided that an Extraordinary Meeting of Shareholders will be held on 28.3.2014 and the agenda included the share capital increase of a total amount of up to € 1.2 billion, through payment in cash and cancellation of pre-emption rights. The share capital increase is intended to:

a) contribute to the creation of the conditions necessary to satisfy the provisions of Law 3723/2008 regarding the repayment of preferred shares issued by Bank and owned by the Greek State (article 1 of Law 3723/2008) and their replacement with high quality capital, a fact that will give greater flexibility to the Bank's dividend policy in the future,

b) meet requirements as defined by the results of the diagnostic assessment of the Bank of Greece,

c) improve the quality of the Bank's regulatory capital and accelerate its adaptation to the new regulatory framework of Basel III and

d) to facilitate the Bank's financing from international capital markets under the reinforced creditworthiness.

The share capital increase of the Bank amounting to € 1.2 billion was completed on 28.3.2014 through a private placement of qualified investors. On 17.4.2014, the Bank fully redeemed to the Hellenic Republic the total amount of preference shares of € 940 million, issued to the latter by the Bank.

Additionally it is noted that the assessment conducted by the European Central Bank was completed and according to the results announced on 26.10.2014 there are no capital requirements for the Bank.

40. Capital adequacy

The Bank's policy is to maintain a robust capital base to safeguard the Bank's development and retain the trust of depositors, shareholders, markets and business partners.

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

Treasury shares are allowed to be purchased based on the terms and conditions of law.

The capital adequacy is supervised by Single Supervising Mechanism of ECB, to which reports are submitted every quarter. The minimum requirements regarding Tier I ratio and the capital adequacy ratio of the Bank are stipulated by Bank of Greece Governor's Acts.

The capital adequacy ratio compares regulatory capital with the risks assumed by the Bank (risk-weighted assets). Regulatory capital includes Tier I capital (share capital, reserves and non-controlling interests), additional Tier I capital (hybrid securities) and Tier II capital (subordinated debt, real estate properties revaluation reserves). Risk-weighted assets include the credit risk of the investment portfolio, the market risk of the trading portfolio and operational risk.

From 1.1.2008 up to 31.12.2013, capital adequacy calculation is determined under the new regulatory framework (Basel II), which has been incorporated in the Greek legislation by Law 3601/2007, and several Acts of the Governor of Bank of Greece. These Acts were amended during 2010 in order to adopt the corresponding changes of EU Directives on risk management, own funds, capital adequacy and large exposures, and some of them were further amended during 2012. Since January 1, 2014 the above EU Directives have been repealed by virtue of EU Directive 2013/36/EU dated June 26, 2013 along with the EU Regulation 575/2013/EU, dated June 26, 2013 and effective as of January 1, 2014. The Directive and the Regulation gradually introduce the new capital adequacy framework (Basel III) of credit institutions.

As of 31.12.2013 with the effect of the new BoG Executive Committee Act 36/23.12.2013 the 20% limit on the deduction of deferred tax assets from Common Equity Tier I was abolished.

From 1.1 to 31.12.2014, besides the 8% capital adequacy limit, new limits of 4.5% for Common Equity Tier I ratio and 6.0% for Tier I ratio were set according to the Regulation

575/2013 and the transitional provisions/ for the calculation of own funds as adopted by the Bank of Greece. These limits should be satisfied on a standalone and on a consolidated basis.

	31.12.2014	31.12.2013
Core Tier I [1]	14.7%	16.1%
Tier I	14.7%	16.1%
Capital Adequacy Ratio (Tier I + Tier II)	**14.9%**	**16.4%**

On 6.3.2014 the Bank of Greece announced the capital needs for the greek banks, taking into account the expected losses as they were defined in the Baseline Scenario of the Blackrock Solutions assessment. The capital needs of Alpha Bank amounted to € 262 million. The amount of € 262 million was covered from the recent share capital increase of the Bank amounted to € 1.2 billion that was completed on March 2014, while on April 2014 the preference shares of Hellenic Republic were repaid.

At the end of 2014, ECB announced the results of Comprehensive Assessment ("CA") 2014 based on which the Bank exceeding the CET1 hurdle rates 5.5% and 8% for the adverse and baseline scenarios for both static and dynamic assumptions with a safe margin ranging between € 1.3 and € 3.1 billion. This includes the results of the Asset Quality Review ("AQR"), the Stress Test and the "joinup" methodology.

According to the ECB announcement, the AQR adjustment after tax to the 31.12.2013 CET1 was 1.8% or € 942 million.

Comprehensive Assessment Summary [2]

	Reported [3]	Static		Dynamic	
	2013	2016		2015[4]	2016
		Baseline	Adverse	Baseline	Adverse
CET1 (€ mn)	8,211	7,216	4,189	7,694	5.013
RWAs (€ mn)	51,754	52,261	51,918	57,764[5]	59.316[5]
CET1 (%)	15.9%	13.81%	8.07%	13.32%	8.45%
Hurdle rates		8.0%	5.5%	8.0%	5.5%
Capital surplus (€ mn)		3,035	1,334	3,073	1,750
Capital surplus (bps)		581	257	532	295

The above figures arise from the results of ECB assessment and have already published.

(1) *From 31.12.2013 the calculation is in accordance with the BoG Act 13/28.3.2013 and from 1.1.2014 based on Basel III.*

(2) *After AQR/Stress Test/Join Up, in accordance with official notifications of ECB and EBA. The information of the relevant table is outside the scope of the audit performed by the auditors on the financial statements.*

(3) *The starting point of the Comprehensive Assessment is adapted to Basel III (in accordance with the methodology of EBA).*

(4) *As a final result is considered the lowest level of capital for a period of three (3) years, i.e. 31.12.2015.*

(5) *Based on European Banking Authority methodology and other related adjustments.*

41. Related-party transactions

The Bank enters into a number of transactions with related parties in the normal course of business. These transactions are performed at arms length and are approved by the Bank's committees.

a. The outstanding balances of the Bank's transactions with key management personnel consisting of members of the Bank's Board of Directors and Executive Committee, their close family members and the entities controlled by them, as well as, the results related to these transactions are as follows:

	31.12.2014	31.12.2013
Assets		
Loans and advances to customers	32,529	77,644
Liabilities		
Due to customers	42,582	74,839
Employee defined benefit obligations	387	607
Total	**42,969**	**75,446**
Letters of guarantee and approved limits	**11,917**	**12,054**

	From 1 January to	
	31.12.2014	31.12.2013
Income		
Interest and similar income	922	1,427
Fee and commission income	129	58
Total	**1,051**	**1,485**
Expenses		
Interest expense and similar charges	1,355	2,724
Key management and close family members income 5	3,418	3,472
Total	**4,773**	**6,196**

b. The outstanding balances with the Bank's subsidiaries, associates and joint ventures as well as the results related to these transactions are as follows:

i. Subsidiaries

	31.12.2014	31.12.2013
Assets		
Due from banks	2,783,157	3,376,298
Derivative financial assets	12,959	16,824
Loans and advances to customers	2,271,310	1,307,156
Available for sale securities	753,009	716,926
Other assets	6,483	2,637
Total	**5,826,918**	**5,419,841**

	31.12.2014	31.12.2013
Liabilities		
Due to banks	322,834	354,299
Due to customers	630,046	478,519
Derivative financial liabilities	20,381	13,257
Debt securities in issue and other borrowed funds	2,081,452	1,402,376
Other liabilities	5,746	7,710
Total	**3,060,459**	**2,256,161**
Letters of guarantee and other guarantees	**1,157,316**	**524,101**

	From 1 January to	
	31.12.2014	31.12.2013
Income		
Interest and similar income	90,344	65,776
Fee and commission income	18,487	15,211
Gains less losses on financial transactions	20,435	(8,719)
Other income	4,415	1,925
Total	**133,681**	**74,193**
Expenses		
Interest expense and similar charges	78,383	98,505
Commission expense	1,935	2,586
General administrative expenses	20,087	21,219
Total	**100,405**	**122,310**

ii. Joint Ventures

	31.12.2014	31.12.2013
Assets		
Loans and advances to customers	168,507	150,297
Other assets	15	
Total	**168,522**	**150,297**
Liabilities		
Due to customers	7,120	8,357

	From 1 January to	
	31.12.2014	31.12.2013
Income		
Interest and similar income	5,912	5,155
Fee and commission income	3	10
Other income	27	24
Total	**5,942**	**5,189**
Expenses		
Interest expense and similar charges	96	273
General administrative expenses	5,652	5,125
Total	**5,748**	**5,398**

iii. Associates

	31.12.2014	31.12.2013
Assets		
Loans and advances to customers	3,044	
Liabilities		
Due to customers	207	547

	From 1 January to	
	31.12.2014	31.12.2013
Expenses		
Interest expense and similar charges	-	8

c. The Supplementary Fund of former Alpha Credit Bank's employees holds bonds of the subsidiary of the Bank Alpha Credit Group Plc of € 19,031, while its deposits with Alpha Bank amount to € 29,876. Additionally, it holds Alpha Bank's shares of € 1,075.

d. The Hellenic Financial Stability Fund (HFSF) exerts significant influence on the Bank. In particular, due to its participation in the recent share capital increase as at 6.6.2013 according to Law 3864/2010, HFSF acquired representation in the Board of Directors and in other significant Committees of the Bank. Therefore, according to IAS 24, HFSF and its related entities are considered related parties for the Bank.

The outstanding balances of the transactions as well as the results related to these transactions are analyzed as follows:

	31.12.2014	31.12.2013
Assets		
Investment securities		57,370
Other assets		156,666
Total	**-**	**214,036**
Liabilities		
Due to banks		988

	From 1 January to	
	31.12.2014	31.12.2013
Income		
Interest and similar income	289	3,119
Fee and commission income	133	
Total	**422**	**3,119**
Expenses		
Interest expense and similar charges		9
Commission expense		12,667
Total	**-**	**12,676**

In June 2014 the HFSF paid in cash to the Bank the amount of € 92.5 million and € 41.2 million in order to cover the difference between the transferred assets and liabilities of the under liquidation Cooperative Banks of Dodecanese and of Evia respectively.

In July 2014 the HFSF paid also in cash the amount of € 40.6 million in order to cover the difference between the transferred assets and liabilities of the under liquidation Cooperative Banks of West Macedonia.

42. Auditors’ fees

During 2014, the total fees of "KPMG Certified Auditors A.E.", legal auditor of the Bank, are analyzed below, as stated in article 43a of Codified Law 2190/1920 and as amended by article 30 of Law 3756/2009.

	1.1 - 31.12.2014	1.1 - 31.12.2013
Fees for statutory audit	950	850
Fees for the issuance of tax certificate	400	400
Fees for other audit related services	367	983
Fees for other non-audit services	26	3
Total	**1,743**	**2,236**

43. Acquisition of the Retail Banking operations of Citibank

On 30.09.2014, the Bank acquired the Retail Banking operations of Citibank, including the company Diners Club Greece A.E.P.P., following the agreement signed on 13.6.2014 between the Bank and Citibank International plc (hereinafter "CIP") and Citibank Overseas Investment Corporation (hereinafter "Sellers") and the receipt of the required regulatory approvals.

The transaction includes the operations of Wealth Management with assets under management amounting to € 2 billion, out of which deposits amounting to € 0.9 billion, loans of € 0.4 billion (mainly credit cards), as well as a retail network of 20 branches, that offers services to 480,000 customers. In addition, as a result of the acquisition, the qualified personnel working in the Retail Banking network of Citibank was incorporated into the Bank.

The benefits of this acquisition primarily focus on the following:

- The Bank further strengthens its position in the Greek banking market by building on the expertise of Citibank at Wealth Management operations,
- The partnership with Diners Club, a high quality brand, reinforces the presence of the Bank in the credit cards market.

CIP will continue to be involved in the Corporate Banking sector, through its branch in Greece. The Bank and CIP signed agreements that provide for the exchange of services during the migration of the acquired products from CIP to the Bank's IT systems. Specifically from 30.9.2014 onwards, CIP provides access to its systems, for a fee, for the servicing of the products transferred while the Bank provides access to its network of acquired branches, for a fee, for the servicing of CIP customers. Fees and expenses that will arise for the Bank in respect of these agreements will be recognized in the income statement as incurred. During the fourth quarter of 2014, revenues amounting to € 158 thousand and expenses amounting to € 2.4 million were recognized in Other Income and General Administrative Expenses in the Consolidated Income Statement respectively for the abovementioned agreements.

The transfer agreement signed between the parties provided that the acquisition will take the form of two separate transactions, the one relating to the transfer of assets and liabilities as well as of the Retail Banking operations of the CIP branch in Greece (hereinafter "CIP transaction"), and the other to the acquisition of 100% of the share capital of Diners Club Greece A.E.P.P (hereinafter "Diners transaction") from the Sellers. The acquisition costs which were recognized for the two transactions in Bank's General Administrative Expenses amounted to € 1.3 million in 2014.

For accounting purposes of the recognition of the acquisition, the two transactions are treated as two distinct business combinations that should be recognized in accordance with IFRS 3. Information concerning each transaction is separately disclosed in the following paragraphs. Diners is now a subsidiary of the Bank and the figures incuded in the consolidated financial statements and the relevant with the transaction information are included in note 47 of the consolidated financial statements as of 31.12.2014.

CIP Transaction

The transaction involves the transfer to the Bank of the Retail Banking operations of CIP branch in Greece, namely these specified assets and liabilities of the branch relating to the above activities (mainly consumer loans and deposits), Wealth Management operations, branches network, as well as the employees of the retail sector. Therefore, it is an acquisition of a full range of activities and assets that meet the definition of "business" in accordance with IFRS 3. The Bank obtained control of the above "business" on 30.9.2014, i.e. the date of transfer of the Retail Banking operations.

As part of the agreement of 13.6.2014, CIP assumed the obligation to cover the difference in values between the transferred assets and liabilities of the Retail Banking operations, as these were calculated based on the accounting principles agreed by the two parties, by including in the assets transferred the amount of the difference in cash (funding gap). The difference amounted to € 680.9 million, according to the final closing balance sheet of 30.9.2014, of which an amount of € 670.4 million was transferred to the Bank on 30.9.2014, whereas the remaining amount of € 10.5 million was paid by CIP in February 2015. The consideration for the acquisition of the Retail Banking operations amounted to € 46.7 million and was paid by the Bank on 30.9.2014.

The valuation at fair value of net assets acquired through the acquisition of the retail banking operations of CIP has not been completed due to the short time that elapsed between the completion of the transaction and the publication of these financial statements.

The table below depicts the provisional fair values of net assets acquired as of 30.9.2014:

(in thousands of Euro)

	Provisional fair values
Net assets	
Assets	
Cash and balances with Central Banks	20,279
Loans and advances to customers	227,466
Tangible assets	458
Other intangible assets	60,079
Funding gap	680,950
Other assets	695
Total Assets	**989,927**
Liabilities	
Due to customers	927,343
Employee defined benefit obligations	2,936
Other liabilities and provisions	12,948
Total Liabilities	**943,227**
Net Assets	**46,700**
Consideration	46,700
Negative goodwill	**-**

In intangible assets an amount of € 60 million was recognized as the value which was attributed to the customer relationships of the credit cards and wealth management business and the acquired deposit base.

The fair value of the net assets acquired represents the € 46.7 million consideration paid. In addition, the consideration paid is also recognized as an Intangible Asset according to the tax law and is amortized at a 10% rate. As a result, the sum of the deferred tax assets and liabilities which were recognized on 30.9.2014 for the items acquired in the context of the above transaction is zero.

The balance of Loans and Advances which were acquired from the acquisition of the retail banking operations of CIP before impairment amounted to € 275.6 million. Regarding the estimation for the amounts that are expected not to be received, it is noted that the Bank examines the loans in the context of the impairment policy that follows and the credit risk policy is analyzed in note 38.1

Due to the incorporation of the assets and liabilities acquired in the respective Bank's assets and liabilities, it is not feasible to distinctly present the results which arose from the retail banking operations of CIP after 30.9.2014. Respectively, it is not feasible to disclose the Bank's results that would have arisen if the acquisition had taken place on 1.1.2014, taking into account the fact that the results of the retail banking operations cannot accurately be distincted from the total results of the branch of CIP for the period 1.1.2014 – 30.9.2014.

The net cash inflow for the Bank from the transaction for the year 2014 amounted to € 644 million and is analyzed in the following table:

Difference in value of transferred assets and liabilities	680,950
- Part of which received during 2015	(10,588)
Cash and balances with Central Banks	20,279
Consideration	(46,700)
Net cash inflow	**643,941**

Emporiki Bank Acquisition

In 2013 the transfer of the entire share capital of Emporiki Bank to Alpha Bank by Credit Agricole was completed, which resulted in the recognition of negative goodwill amounting to € 3,295,718. More information on this transaction is contained in note 43 of the Bank's financial statements as at 31.12.2013.

44. Disclosures of Law 4151/2013

According to Article 6 of Law 4151/2013, the capitals from dormant deposit accounts will be used by the Greek State to cover government needs, after the prescription of rights of depositors or their legal heirs.

According to Law 3601/2007, dormant deposit account to credit Institution is an account on which no transaction by depositors has been recorded for a period of 20 years from the day following the last transaction. The crediting or capitalizing of interest to an account will not constitute a transaction and not interrupt the prescription.

Following the expiry of the 20-year period, the credit institutions in Greece are obliged to: a) transfer to the State the aggregate balance of dormant deposit accounts, including any interest, by the end of April of each year by depositing the relevant amount in a special account in the Bank of Greece b) notify the General Accounting Office (GAO) and the General Directorate of Public Property to fulfill the obligations arising from the Law 4151/2013, and c) to provide information to beneficiaries and heirs after the lapse of twenty years for the transfer of the respective amounts, if asked. The abovementioned amounts will be recorded as income in the Annual State Budget.

The auditors in the notes to the published annual financial statements of credit institutions will confirm whether or not they complied with the provisions of the law on dormant deposits indicating the amount that was transferred to the State.

In the context of fulfillment of the above Bank's obligations, the estimated payable amount of dormant deposits accounts for the financial year 2014 amounts to € 1.1 million and corresponds to 4,232 deposit accounts (31.12.2013: € 27.3 million, number of deposit accounts 31,407).

45. Corporate events

a. On 24.2.2014, the Bank exercised the option of withdrawal of the transaction of securitized mortgage loans through the special purpose entity Lithos Mortgage Financing Plc.

b. On 26.3.2014, the Bank participated in the share capital increase of its subsidiary, Ionian Equity Participations Ltd, by contributing € 1.9 million.

c. On 13.6.2014 the Bank signed an agreement with Citibank International Plc and Citibank Overseas Investment Corporation ("Citi") to acquire the retail banking operation of Citi, including Diners Club in Greece.

d. On 26.9.2014, the Bank participated in the share capital increase of its subsidiary, Alpha Group Investments Ltd, by contributing € 40 million.

e. On 30.9.2014, the Bank completed the acquisition of the retail banking operations of Citibank International Plc and the total number of shares of Diners Club Greece A.E.P.P.

f. On 7.11.2014 the Board of Directors of Alpha Bank decided the approving of Bank's accession in a special framework for the conversion of deferred tax assets (claims from temporary differences) into final and settled claims against the Hellenic Republic (note 11).

g. On 11.12.2014 the Bank signed an agreement for the sale of its entire share capital of its subsidiary Alpha Insurance Ltd.

46. Events after the balance sheet

a. On 16.1.2015 completed the sale of its total shares in its insurance subsidiary in Cyprus, Alpha Insurance Limited.

b. On 23.1.2015 the Bank proceeded to the sale of the entire share capital of Cardlink.

c. On 16.2.2015 the Bank's Board of Directors approved the initiation of the procedures to merge and absorb Diners Club SA with the Bank, in accordance with the provision of articles 68 paragraph 2 and 78 of Codified Law 2190/1920, in combination with article 16, paragraph 18(a) and (d) (1) of Law 2515/1997 and also in accordance with article 54 of Law 4172/2013.

Athens, 19 March 2015

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE CHIEF EXECUTIVE OFFICER	THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER	THE ACCOUNTING AND TAX MANAGER
VASILEIOS T. RAPANOS **ID. No. AI 666242**	**DEMETRIOS P. MANTZOUNIS** **ID. No. I 166670**	**VASSILIOS E. PSALTIS** **ID. No. AI 666591**	**MARIANNA D. ANTONIOU** **ID. No. X 694507**

FINANCIAL INFORMATION OF ALPHA BANK A.E. AND THE GROUP

For the year from January 1, 2014 to December 31, 2014

(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
G.C.R. Number:	223701000
Supervising authority:	Bank of Greece, Ministry of Economy, Infrastructure, Shipping and Tourism
Date of approval of the Financial Statements by the Board of Directors (from which the financial information were derived):	March 19, 2015
Certified Auditors:	Marios T. Kyriacou (A.M. SOEL 11121) Charalambos 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
(Non - Executive Member)
Vassilios T. Rapanos

VICE CHAIRMAN
(Non-Executive Independent Member)
Minas G. Tanes

MANAGING DIRECTOR
(Executive Member)
Demetrios P. Mantzounis

EXECUTIVE DIRECTORS AND GENERAL MANAGERS
(Executive Members)
Spyros N. Filaretos (COO)
Artemis Ch. Theodoridis
Georgios C. Aronis

NON-EXECUTIVE MEMBERS
Efthimios O. Vidalis
Ioanna E. Papadopoulou

NON-EXECUTIVE INDEPENDENT MEMBERS
Pavlos A. Apostolides
Evangelos J. Kaloussis
Ioannis K. Lyras
Ibrahim S. Dabdoub
Shahzad A. Shahbaz

NON-EXECUTIVE MEMBER
(in accordance with Law 3723/2008)
Marica S. Ioannou-Frangakis
(replacing Sarantis-Evangelos G. Lolos from 17.3.2015)

NON-EXECUTIVE MEMBER
(in accordance with Law 3864/2010)
Panagiota S. Iplixian

BALANCE SHEET

	Consolidated		Alpha Bank	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
ASSETS				
Cash and balances with Central Banks	2,019,017	1,688,182	1,265,442	1,006,294
Due from banks	2,771,739	2,566,230	4,714,551	5,036,860
Securities held for trading	4,189	8,836	1,729	7,001
Derivative financial assets	1,148,476	797,393	1,153,944	807,911
Loans and advances to customers	49,556,985	51,678,313	43,475,910	44,236,465
Investment securities				
- Available for sale	5,688,286	4,966,934	4,638,825	4,449,576
- Held to maturity	310,818	1,369,786	93,817	1,017,694
- Loans and receivables	4,299,101	4,308,556	4,299,101	4,308,556
Investments in subsidiaries, associates and joint ventures			2,072,689	2,070,735
Investments in associates and joint ventures	46,383	50,044		
Investment property	567,212	560,453	31,939	28,205
Property, plant and equipment	1,083,348	1,122,470	729,585	754,299
Goodwill and other intangible assets	331,424	242,914	261,351	196,067
Deferred tax assets	3,689,446	2,788,688	3,604,079	2,740,649
Other assets	1,365,066	1,542,830	1,289,764	1,442,735
	72,881,490	73,691,629	67,632,726	68,103,047
Non-current assets held for sale	53,971	5,638	1,831	
Total Assets	**72,935,461**	**73,697,267**	**67,634,557**	**68,103,047**
LIABILITIES				
Due to banks	17,300,114	19,082,724	17,558,462	19,355,329
Derivative financial liabilities	1,948,541	1,373,500	1,946,401	1,374,261
Due to customers (including debt securities in issue)	42,900,633	42,484,860	37,817,447	37,504,689
Debt securities in issue held by institutional investors and other borrowed funds	1,523,521	782,936	2,021,165	1,295,445
Liabilities for current income tax and other taxes	61,794	56,768	47,819	32,781
Deferred tax liabilities	25,502	35,160		
Employee defined benefit obligations	105,353	78,700	94,683	74,574
Other liabilities	1,091,747	1,156,000	993,887	1,059,717
Provisions	212,712	278,884	333,520	258,945
Liabilities related to non-current assets held for sale	58,994			
Total Liabilities (a)	**65,228,911**	**65,329,532**	**60,813,384**	**60,955,741**
EQUITY				
Share Capital	3,830,718	4,216,872	3,830,718	4,216,872
Share premium	4,858,216	4,212,062	4,858,216	4,212,062
Reserves	105,712	631,033	53,351	517,559
Amount recognized directly in Equity, related to Assets held for Sale	(25)			
Retained earnings	(1,142,801)	(747,572)	(1,921,112)	(1,799,187)
Equity attributable to Equity owners of the Bank	7,651,820	8,312,395	6,821,173	7,147,306
Non-controlling interests	23,266	23,640		
Hybrid securities	31,464	31,700		
Total Equity (b)	**7,706,550**	**8,367,735**	**6,821,173**	**7,147,306**
Total Liabilities and Equity (a)+(b)	**72,935,461**	**73,697,267**	**67,634,557**	**68,103,047**

STATEMENT OF CASH FLOWS

	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Net cash flows from continuing operating activities	(1,321,848)	(4,429,886)	(1,689,756)	(4,096,915)
Net cash flows from discontinued operating activities		(2,479)		
Net cash flows from operating activities (a)	**(1,321,848)**	**(4,432,365)**	**(1,689,756)**	**(4,096,915)**
Net cash flows from continuing investing activities	515,894	2,852,821	1,118,895	2,561,165
Net cash flows from discontinued investing activities		(415)		
Net cash flows from investing activities (b)	**515,894**	**2,852,406**	**1,118,895**	**2,561,165**
Net cash flows from continuing financing activities	1,021,950	446,300	1,043,043	270,386
Net cash flows from financing activities (c)	**1,021,950**	**446,300**	**1,043,043**	**270,386**
Net increase/(decrease) in cash and cash equivalents of the year (a)+(b)+(c)	**215,996**	**(1,133,659)**	**472,182**	**(1,265,364)**
Effect of exchange rate fluctuations on cash and cash equivalents	5,081	(3,267)	1,848	1,215
Total cash flows for the year	**221,077**	**(1,136,926)**	**474,030**	**(1,264,149)**
Cash and cash equivalents at the beginning of the year	**973,167**	**2,110,093**	**748,999**	**2,013,148**
Cash and cash equivalents at the end of the year	**1,194,244**	**973,167**	**1,223,029**	**748,999**

STATEMENT OF CHANGES IN EQUITY

	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Equity at the beginning of the year (1.1.2014 and 1.1.2013 respectively)	**8,367,735**	**747,500**	**7,147,306**	**(430,366)**
Total comprehensive income for the year, after income tax	(884,895)	3,252,199	(550,369)	3,155,918
Share capital increase through issuance of common shares to private placement	1,200,000		1,200,000	
Share capital increase through issuance of common shares in favor of Hellenic Financial Stability Fund		4,021,000		4,021,000
Share capital increase through payment in cash		550,000		550,000
Redemption of preference shares	(940,000)		(940,000)	
Share capital increase related expenses, after income tax	(35,764)	(163,828)	(35,764)	(163,828)
Change of ownership interests in subsidiaries	(333)	11,298		
(Purchases), (Redemptions)/Sales of hybrid securities	(236)	(64,928)		
Other	43	14,494		14,582
Equity at the end of the year (31.12.2014 and 31.12.2013 respectively)	**7,706,550**	**8,367,735**	**6,821,173**	**7,147,306**

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Consolidated		Alpha Bank	
	From 1 January to		From 1 January to	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Interest and similar income	3,282,288	3,512,375	2,788,599	2,676,549
Interest expense and similar charges	(1,343,757)	(1,854,554)	(1,245,900)	(1,516,787)
Net interest income	1,938,531	1,657,821	1,542,699	1,159,762
Fee and commission income	455,220	429,378	380,900	321,848
Commission expense	(58,081)	(59,071)	(46,903)	(47,656)
Net fee and commission income	397,139	370,307	333,997	274,192
Dividend income	1,573	1,048	52,027	664
Gains less losses on financial transactions	41,289	256,551	16,145	(18,704)
Other income	64,995	74,626	18,171	23,433
	107,857	332,225	86,343	5,393
Total income	**2,443,527**	**2,360,353**	**1,963,039**	**1,439,347**
Staff costs	(662,601)	(661,569)	(528,342)	(417,991)
Cost of Voluntary Separation Scheme	(200,800)		(200,800)	
General administrative expenses	(614,506)	(584,554)	(496,326)	(436,484)
Depreciation and amortization expenses	(97,953)	(92,161)	(62,719)	(48,357)
Other expenses	(69,251)	(87,568)	(16,952)	(46,941)
Total expenses	**(1,645,111)**	**(1,425,852)**	**(1,305,139)**	**(949,773)**
Impairment losses and provisions to cover credit risk	(1,853,205)	(1,923,213)	(1,393,551)	(1,609,775)
Negative goodwill from acquisitions	40,287	3,283,052		3,295,718
Share of profit/(loss) of associates and joint ventures	(10,759)	(16,194)		
	(1,823,677)	1,343,645	(1,393,551)	1,685,943
Profit/(Loss) before income tax	**(1,025,261)**	**2,278,146**	**(735,651)**	**2,175,517**
Income tax	695,553	701,195	677,122	681,504
Profit/(Loss) after income tax from continuing operations	**(329,708)**	**2,979,341**	**(58,529)**	**2,857,021**
Profit/(Loss) after income tax from discontinued operations		(57,117)		
Profit/(Loss) after income tax (a)	**(329,708)**	**2,922,224**	**(58,529)**	**2,857,021**
Profit/(Loss) attributable to:				
Equity owners of the Bank				
- from continuing operations	(329,809)	2,979,286	(58,529)	2,857,021
- from discontinued operations		(57,117)		
	(329,809)	**2,922,169**	**(58,529)**	**2,857,021**
Non-controlling interests				
- from continuing operations	101	55		
Other comprehensive income recognized directly in Equity:				
Items that may be reclassified subsequently to profit or loss				
Change in available for sale securities' reserve	(481,006)	226,865	(400,381)	246,689
Change in cash flow hedge reserve	(224,342)	153,151	(227,861)	145,078
Exchange differences on translation and hedging of net investments in foreign operations	(2,909)	(2,449)		
Change in share of other comprehensive income from associates	(1,318)	1,131		
Income tax	182,822	(94,196)	164,034	(87,305)
Items that may be reclassified subsequently to profit or loss from continuing operations, after income tax	**(526,753)**	**284,502**	**(464,208)**	**304,462**
Items that may be reclassified subsequently to profit or loss from discontinued operations	-	47,037		
	(526,753)	**331,539**	**(464,208)**	**304,462**
Items not reclassified to profit or loss from continuing operations				
Change in actuarial gains/(losses) of defined benefit obligations	(38,364)	(5,074)	(37,341)	(10,089)
Income tax	9,930	3,510	9,709	4,524
	(28,434)	**(1,564)**	**(27,632)**	**(5,565)**
Total of other comprehensive income recognized directly in Equity, after income tax (b)	**(555,187)**	**329,975**	**(491,840)**	**298,897**
Total comprehensive income for the year, after income tax (a)+(b)	**(884,895)**	**3,252,199**	**(550,369)**	**3,155,918**
Total comprehensive income for the year attributable to:				
Equity owners of the Bank				
- from continuing operations	(884,928)	3,262,233	(550,369)	3,155,918
- from discontinued operations	-	(10,080)		
	(884,928)	**3,252,153**	**(550,369)**	**3,155,918**
Non-controlling interests				
- from continuing operations	33	46		
Earnings/(Losses) per share:				
Basic and diluted (€ per share)	(0.0267)	0.4401	(0.0047)	0.4303
Basic and diluted from continuing operations (€ per share)	(0.0267)	0.4487		
Basic and diluted from discontinued operations (€ per share)		(0.0086)		

ADDITIONAL DATA AND INFORMATION

1. Companies included in the Consolidated Financial Statements, the Group's participation in them as at 31.12.2014, as well as the applied consolidation method, are presented in note 39 of the Consolidated Financial Statements as at 31.12.2014. Companies, not included in the Consolidated Financial Statements, are also listed in this note.
2. During the period from 1.1.2014 until 31.12.2014 the following changes took place in the companies which are fully consolidated and are included in the Consolidated Financial Statements:
   - New Companies: On 21.1.2014, the Bank's subsidiary Alpha Group Investments Ltd acquired the total number of shares of the company AGI–SRE Ariadni Ltd registered in Cyprus. On 13.2.2014, the Group's subsidiary, AGI-RRE Venus Ltd acquired the total number of shares of the company AGI–RRE Venus Srl registered in Romania. On 20.2.2014, the Group's subsidiaries, AGI-RRE Cleopatra Ltd and AGI-RRE Hermes Ltd acquired the total number of shares of the companies AGI–RRE Cleopatra Srl and AGI–RRE Hermes Srl accordingly, registered in Romania. On 27.2.2014, the Group's subsidiary AGI-RRE Artemis Ltd acquired the total number of shares of the company SC Carmel Residential Srl registered in Romania. On 2.7.2014, the Bank's subsidiary Alpha Group Investments Ltd founded the companies Alpha Investment Property Neas Kifissias A.E. and Alpha Investment Property Kallirois A.E., both registered in Greece. On 27.8.2014, the Bank's subsidiary, Alpha Group Investments Ltd acquired the total number of shares of the companies AGI-Cypre Alaminos Ltd, AGI-Cypre Tochini Ltd and AGI-Cypre Evagoras Ltd, all registered in Cyprus. On 8.9.2014, the Bank's subsidiary Alpha Group Investments Ltd acquired the total number of shares of the companies AGI-Cypre Tersefanou Ltd and AGI-Cypre Mazotos Ltd, both registered in Cyprus. On 18.11.2014 the Bank's subsidiary, Alpha Group Investments Ltd founded the companies Alpha Investment Property Livadia S.A. and AGI-Cypre Ermis Ltd.
   - Liquidations/Sales: On 11.12.2014, the Bank signed a contract for the sale of all the shares of the subsidiary Alpha Insurance Ltd. On 30.12.2014 the subsidiary of the Bank, Alpha Group Investments Ltd proceeded with the sale of the total shares of its subsidiary Alpha Investment Property Eleona S.A.
   - Changes/Renames: On 27.11.2014 the subsidiary of the Group, AGI-RRE Apollo Ltd was renamed to Alpha Real Estate Services Ltd. On 2.12.2014 the Group's subsidiary, Alpha Astika Akinita Romania Srl was renamed to Alpha Real Estate Services Srl. On 16.12.2014 the Bank's subsidiary Ionian Participation S.A. acquired 4.38% of Space Hellas S.A., from the Bank. On 29.12.2014 the Bank's subsidiary Emporiki Venture Capital Developed Markets Ltd acquired 0.73% of minority shareholder of Emporiki Bank Cyprus Ltd and therefore the Group holds 100%.
3. The unaudited tax years of the Bank and the Group companies are listed in notes 38b and 36b of the Financial Statements as at 31.12.2014 of the Group and the Bank respectively.
4. There are neither pending legal cases nor issues in progress, nor decisions of legal or arbitrary authorities, which may have a material impact on the financial position or operation of the Group and the Bank. The Group and the Bank have raised a provision for them which amounts to Euro 32.3 mil. and Euro 29.6 mil. respectively, as well as other provisions amounting to Euro 180.4 mil. and Euro 303.9 mil. respectively.
5. The Bank and the Group companies did not hold any treasury shares as at 31.12.2014.
6. The total number of employees of the Group as at 31.12.2014 was 15,193 (31.12.2013: 16,934) and of the Bank was 9,648 (31.12.2013: 11,268).
7. The results arising from the related party transactions during the period 1.1.2014 until 31.12.2014 are as follows:
   - With members of the Board of Directors and other key management personnel: **a)** of the Group: income Euro 1,077 thousand, expenses Euro 4,787 thousand **b)** of the Bank: income Euro 1,051 thousand, expenses Euro 4,773 thousand.
   - With other related parties: **a)** of the Group: income Euro 7,322 thousand, expenses Euro 7,741 thousand **b)** of the Bank: income Euro 140,045 thousand, expenses Euro 106,153 thousand.
   - The balances as at 31.12.2014 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 32,529 thousand, liabilities Euro 49,669 thousand, letters of guarantee Euro 11,917 thousand **b)** of the Bank: receivables Euro 32,529 thousand, liabilities Euro 42,969 thousand, letters of guarantee Euro 11,917 thousand.
   - With other related parties: **a)** of the Group: receivables Euro 172,122 thousand, liabilities Euro 56,172 thousand **b)** of the Bank: receivables Euro 5,998,484 thousand, liabilities Euro 3,097,662 thousand, letters of guarantee and other guarantees Euro 1,157,316 thousand.
8. The income and expense items recognized directly in Equity are analyzed in the "Statement of total comprehensive income", as presented above.
9. Due to the fact that no distributable profits exist for the Bank as at 31.12.2014 and, therefore the article 44a of Codified Law 2190/1920 applies, the Bank's Board of Directors will propose to the Ordinary General Meeting of Shareholders:
   - the non payment to the Greek State of the respective return for the year 2014 on the preference shares it owned until 17.4.2014, under article 1 paragraph 3 of Law 3723/2008 and
   - not to distribute dividend to the common shareholders of the Bank for the year 2014.
10. On 28.3.2014, the share capital increase was completed through payment in cash, cancellation of pre-emption rights of the existing, ordinary and preference shares and distribution of all new shares through a private placement to qualified investors, as specified in Law 3401/2005, article 2, paragraph 1. An amount of Euro 1.2 billion was raised through the share capital increase.
11. On 17.4.2014, the Bank fully redeemed to the Hellenic Republic the total amount of preference shares (200,000,000) amount of Euro 940 million, issued to the latter by the Bank and on 21.5.2014 the security issued by the Hellenic Republic was repaid and transferred to the Bank against the issuance of preference shares, according to the Law 3723/2008.
12. On 13.6.2014 the Bank signed an agreement with Citibank International Plc and Citibank Overseas Investment Corporation ("Citi") on the acquisition of Citi's Retail Banking Operations, including Diners Club, in Greece. On 30.9.2014, the Bank completed the acquisition of the retail banking operations of Citibank International Plc and the total number of shares of Diners Club Greece A.E.P.P. Details are included in notes 47 and 43 of the Financial Statements as of 31.12.2014 of the Group and the Bank respectively.
13. On 3.10.2014 the Voluntary Separation Scheme addressed to the Bank's employees in Greece was completed. In the Income Statement, the amount of Euro 200,8 million was recognized as the cost of the program. Relevant reference is included in Note 7 of the Financial Statements of the Group and the Bank.
14. On 7.11.2014 and 19.11.2014 the Extraordinary General meeting of the shareholders of the Bank and the subsidiary Alpha Leasing S.A., approved the accession of the Bank and Alpha Leasing S.A. respectively, under special provisions for the conversion of the deferred tax assets on temporary differences into final and settled claims against the Hellenic Republic. Relevant reference is included in Note 11 of the Financial Statements of the Group and the Bank.
15. Profits and losses from discontinued operations of the Group are stated in detail in note 49 of the Financial Statements of the Group as at 31.12.2014.
16. The emphasis of matter concerns an uncertainty that could adversely affect the going concern assumption, as referred to the disclosures made in notes 1.31.1 and 1.29.1 of the Financial Statements as at 31.12.2014 of the Group and the Bank respectively.
17. The accounting policies applied by the Group and the Bank for the preparation of the Financial Statements as at 31.12.2014, 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, March 19, 2015

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER	THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER	THE ACCOUNTING AND TAX MANAGER
VASILEIOS T. RAPANOS	DEMETRIOS P. MANTZOUNIS	VASSILIOS E. PSALTIS	MARIANNA D. ANTONIOU
ID. No. AI 666242	ID. No. I 166670	ID. No. AI 666591	ID. No. X 694507

Information Pursuant to article 10 of Law 3401/2005

Corporate announcements of the year 2014 are available on the website of the Bank http://www.alpha.gr/page/default.asp?la=2&id=12364

Notification of important changes concerning voting rights under L. 3864/2010	31.12.2014
Announcement	30.12.2014
Alpha Bank Launches an innovative joint venture to service non-performing assets with Spain's Aktua Soluciones Financieras	24.12.2014
Final results of the exercise of the Titles Representing Share Ownership Rights (Warrants)	15.12.2014
Announcement	12.12.2014
Alpha Bank Raises over USD 500 million in an Inaugural Shipping Securitisation	04.12.2014
Exercise process of the titles representing share ownership rights (warrants) and settlement process of participation orders	28.11.2014
Extraordinary General Meeting of the Shareholders of Alpha Bank, on November 2014	07.11.2014
Resolutions of the Extraordinary General Meeting of Shareholders of Alpha Bank on 7.11.2014 (article 32 para. 1 of codified law 2190/1920, para. 4.1.3.3. of the Athens Exchange Regulations)	07.11.2014
Nine Month 2014 Results: Profit After Tax at Euro 110.5 million	03.11.2014
Alpha Bank successfully completes ECB's Comprehensive Assessment in the Static Adverse Scenario with CET1 8.07% and Capital Surplus of Euro 1.3 billion Based on the dynamic adverse assumptions, CET1 stands at 8.45% with Capital Surplus of Euro 1.8 billion	26.10.2014
Nine Month 2014 results announcement scheduled for November 4, 2014	24.10.2014
Invitation to the Extraordinary General Meeting	17.10.2014
Notification of important changes concerning voting rights under L.3864/2010	14.10.2014
Successful completion of Employee voluntary separation scheme	06.10.2014
Completion of Citibank's Greek Retail Banking Operations Acquisition	30.09.2014
Announcement	19.09.2014
First Half 2014 Results: Profit after Tax at Euro 267.4 million	28.08.2014
Announcement	20.08.2014
Approval of Alpha Bank's restructuring plan	17.07.2014
First Half 2014 results announcement scheduled for August 28, 2014	17.07.2014
Announcement	09.07.2014
Notification of important changes concerning voting rights under L.3864/2010	03.07.2014
Notification of important changes concerning voting rights under L.3864/2010	03.07.2014
Notification of important changes concerning voting rights under L.3864/2010	30.06.2014
Constitution of the Board of Directors into a Body at the meeting of 27 June, 2014	27.06.2014
Resolutions of the ordinary General Meeting of Shareholders of Alpha Bank on 27.6.2014 (article 32 para. 1 of codified law 2190/1920, para. 4.1.3.3. of the Athens Exchange Regulations)	27.06.2014
Ordinary General Meeting of the Shareholders of Alpha Bank, on June 16 2014	27.06.2014
Notification of important changes concerning voting rights under L. 3556/2007	18.06.2014
Final results of the exercise of the Titles Representing Share Ownership Rights (Warrants)	16.06.2014
Alpha Bank acquires Citibank's Greek Retail Operations	13.06.2014
Euro 500 million senior unsecured bond issue with a 3-year maturity and 3.5% yield to maturity	12.06.2014
Invitation to the Ordinary General Meeting	06.06.2014

Exercise process of the titles representing share ownership rights (warrants) and settlement process of participation orders	30.05.2014
Announcement	29.05.2014
First Quarter 2014 results after tax at Euro -94 million	29.05.2014
Updated Identification: Notification of important changes concerning voting rights under L. 3864/2010	16.05.2014
Updated Identification: Notification of important changes concerning voting rights under L. 3864/2010	16.05.2014
First Quarter 2014 results announcement scheduled for May 29, 2014	08.05.2014
Notification of important changes concerning voting rights under L.3864/2010	06.05.2014
Notification of important changes concerning voting rights under L.3864/2010	06.05.2014
Notification of important changes concerning voting rights under L. 3864/2010	30.04.2014
Announcement	25.04.2014
Announcement	24.04.2014
Alpha Bank announces the redemption of the Hellenic Republic's Preference Shares	17.04.2014
Notification	10.04.2014
Notification	10.04.2014
Notification of important changes concerning voting rights under L. 3556/2007	08.04.2014
Notification of important changes concerning voting rights under L. 3556/2007	08.04.2014
Commencement of Trading of New Shares Pursuant to the Share Capital Increase Through the Pay-ment in Cash	02.04.2014
Publication of Prospectus	01.04.2014
Notification of Important Changes Concerning Voting Rights Under L. 3556/2007	01.04.2014
Alpha Bank Announces the Completion of Euro 1.2 Billion Capital Increase	31.03.2014
Resolutions of the Extraordinary General Meeting of Shareholders of Alpha Bank on 28.3.2014 (article 32 para. 1 of codified law 2190/1920, para. 4.1.3.3. of the Athens Exchange Regulations)	28.03.2014
Extraordinary General Meeting of the Shareholders of Alpha Bank, on March 28 2014	28.03.2014
Alpha Bank Prices Euro 1.2 billion Offering of New Ordinary Shares	25.03.2014
Alpha Bank Launches Euro 1.2 billion Offering of New Ordinary Shares Through Private Placement	24.03.2014
Notification of Important Changes Concerning Voting Rights Under L.3556/2007	19.03.2014
Full Year 2013 Results after Tax at Euro 2,922 million	10.03.2014
Capital Increase 2014	07.03.2014
Invitation to the Extraordinary General Meeting	07.03.2014
Full Year 2013 Results Announcement scheduled for March 10, 2014	07.03.2014
Management of "HERMES" Mutual Funds by Alpha Asset Management A.E.D.A.K.	03.02.2014
Announcement	31.01.2014
New interest rates by Alpha Bank	24.01.2014

Availability of Annual Financial Report

The Annual Financial Report as at 31.12.2014, which includes:

- The Statement by the Members of the Board of Directors
- The Board of Directors' report
- The Explanatory Report of the Board of Directors
- The Corporate Governance Report
- The Independent Auditors' Report
- The Annual Financial Statements of the Bank and the Group
- The Financial Information of the Bank and the Group

are available on the website address

http://www.alpha.gr/page/default.asp?la=2&id=12994

The Annual Financial Statements, the Independent Auditors' report and the Board of Directors' Report of consolidated companies are available on the website

http://www.alpha.gr/page/default.asp?la=2&id=14305