ALPHA BANK

ANNUAL REPORT

For the period from 1 January to 31 December 2012

(in accordance with Law 3556/2007)

Athens,
March 27, 2013

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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 the financial position of Bank, and the 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, March 27 2013

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

Board of Directors' Annual Management Report as at 31.12.2012

GLOBAL ECONOMY

Growth in the global economy slowed in 2012, especially during the last quarter of last year, under the weight of unusually high uncertainty fueled from the continuance of the debt crisis in the Eurozone in Q2 2012. Global economy growth prospects were also deteriorated by the impact on domestic and international demand of fiscal adjustment programs implemented in developed countries, and the prevalence of new historically high international prices in commodities, especially for fuel and food.

The already extremely low interest rates issued by the developed countries' Central Banks and the efforts by the, yet fragile, banking sector to deleverage and increase the capital adequacy ratio, prevented the monetary policy from contributing more to curb the negative impact on Gross Domestic Product (GDP) and employment caused by the implementation of fiscal adjustment programs.

The volume of world trade growth dropped to 3.2% in 2012 from 5.8% in 2011, contributing to the reduction in global GDP. The large decrease in imports of developed countries was also a key factor in emerging economies' reducing of growth.

International crude oil prices remained very high in 2012, driven mainly by the uncertainty caused by the EU-27 embargo to Iran, which was announced in January 2012 and put into effect from July onwards. Despite the fall in global demand in the first half of the year and the increase in global supply coming from the rest of oil-producing countries, oil prices fell only temporarily in the second quarter and, on average, they eventually reached their record high. The average international crude oil price for immediate delivery (spot) has increased sharply since 2010 (+27.9%) and 2011 (+31.6%), and increased again by 2.1% in 2012 to $106.2 per barrel. A significant factor despite the increase in the oil price was the rise in natural gas price both in 2011 (+36.2%) and 2012 (+10.7%).

In this environment, global GDP growth reached 3.1% in 2012 from 4.2% in 2011. For the 35 developed economies as a whole, it is estimated that GDP growth will be 1.3% from 1.6% in 2011 and their contribution to global GDP in purchasing power parities will decline a bit further. However, developments in individual countries and regions have been very different. The U.S. growth accelerated, Japan went out of the recession in 2011, the United Kingdom had zero growth, while the Eurozone entered a mild recession. In emerging and developing economies a gradual decrease of GDP growth is observed, mainly due to the slowdown of external demand from advanced economies and international trade. However, GDP growth rate in these economies as a whole, is estimated at 5.1% in 2012 from 6.3% in 2011. In the 27 emerging economies of Asia, GDP growth slowed to 6.6% from 8.0% in 2011. Countries of Central and Eastern Europe were negatively affected in 2012 by the slowdown of the EU-27 economies, with a slowing of GDP growth at 1.8% in 2012 from 5.3% in 2011.

Employment declined in Eurozone by -0.9%, in Japan it increased slightly by 0.4%, while in the U.S., the U.K. and the OECD as a whole, employment has increased significantly by +1.9% , +0.8% and +1.0% respectively. The unemployment rate is estimated to have declined to 8.1% in 2012 in the U.S., 4.3% in Japan, as a result of the adopted fiscal and monetary measures which continued to drive growth in the U.S. and from the decline in labor supply in Japan. On the other hand, uncertainty caused recession in the Eurozone and a further increase in unemployment, the rate of which amounted to 11.4% in 2012, 4.1 percentage points above the record low of 2007.

Inflation (measured by CPI) declined in 2012 due to the slowdown of the economic activity, but also due to international fuel prices staying at high levels. In developed economies, inflation fell to 1.9% from 2.7%, while in developing economies it declined to 6.1% from 7.2% in 2011. The decline in inflation was more evident in the U.S. than in the EU-27, while in Japan the overall price level continued to decline in 2012 by -0.1%.

To limit the risks arising from the extremely high and still rising public debt, fiscal policy continued to be restrictive in developed economies, where the structural deficits declined in 2012 for the second consecutive year, with the exception of Japan. Fiscal multipliers have been higher than in the past and the pursue of contractionary fiscal policies was generally more than expected buffering for growth, especially for the peripherial countries of the Eurozone which apply fiscal consolidation programmes. Diffuse uncertainty but also the difficulties of the banking sector to smoothly finance the real economy, prevented the substitution of declining public expenditure by private consumption and investment. More specifically, the U.S. fiscal deficit was limited to 8.5% of GDP in 2012 from 10.1% in 2011, while the Japanese one was 9.1% from 8.9% of GDP in 2011. In the Eurozone the government deficit declined to 3.5% of GDP from 4.2% in 2011, with a surplus in Germany (0.1% of GDP) and very small deficits in Italy, Austria and Finland (-2.9%, -3.0% and -1.7% respectively). Gross public debt will rise further in 2012 to 107.2% in the U.S., 236.6% in Japan and 93.1% in the Eurozone.

Monetary policy remained extremely loose in developed economies, enhancing fiscal consolidation at the lowest possible cost in terms of growth. In 2012, the Central Banks of Japan and the U.K. expanded their bond purchase programs by 36 trillion yen and 100bn pounds, respectively. In the Eurozone, the European Central Bank (ECB), after four consecutive reductions of its main interest rate in 2011, decided on July 11, 2012 a further reduction by 25 basis points to 0.75%. ECB, also held two auctions of refinancing operations (LTRO), one in December 2011 and another in February 2012, which significantly strengthened liquidity and had a positive effect on financial markets. The ECB also improved conditions for long-term refinancing and expanded the eligibility criteria for securities accepted to obtain liquidity from the Eurosystem. Furthermore, in early September, the ECB announced the terms and conditions of the new sovereign bond purchase program for bonds with maturity up to three years (OMT - Outright Monetary Transactions), mainly to support the bond markets of Spain, Italy and Ireland, and other countries if necessary.

In the U.S., GDP growth increased by 2.2% in 2012 from 1.8% in 2011 as a result of acceleration of domestic demand, while this year there was no contribution from net exports to GDP growth. Public consumption declined by -1.4% in 2012, while investment in fixed capital grew significantly and the housing market is stabilized. Unemployment receded to 8.1% from 8.9% in 2011 and, combined with the decline in inflation, it increased the disposable income of households. The current account deficit declined to 3.1% of GDP from 3.3% of GDP in 2011, despite the continued appreciation of the dollar's nominal and real exchange rate from the second half of 2011 onwards. Monetary policy remained extremely relaxed, maintaining almost interest rates at zero level, while in September 2012 the third quantitative easing program was announced to partially offset the impact of the sharp fiscal retrenchment ("fiscal cliff") that is put forward by the 2012-2013 budget in 2013. The agreement achieved on 2 January, 2013, deferred for the time being the tax revenues' increase and the expenditure decrease. However, uncertainty remains on this issues as it has been prolonged for March 2013.

In Japan, restoration of infrastructure and facilities after the earthquake and floods of March 2011, contributed to an increase of GDP by 1.9% compared to -0.6% in 2011. Domestic demand accelerated significantly by 2.8% in 2012, from 0.3% in 2011 while net exports had a negative contribution to GDP growth (-0.8%) and the current account surplus fell to 1.3% of GDP in 2012 from 2.0% in 2011. Unemployment remains at a low level, at 4.3%, while inflation measured by CPI was -0.1% in 2012, from -0.3% in 2011. The fiscal deficit reached 9.1% of GDP, resulting in a rise of gross public debt to 237.5% of GDP from 232% in 2011. However, net debt (calculated by deducting the value of financial assets held by the Japanese government from the gross debt) is estimated to be 135% of GDP.

In China, GDP growth slowed to 7.8% in 2012 from 9.3% in 2011, with the decline in net exports but also the relatively restrictive monetary policy that conduced to the weakening of domestic demand in 2012. However, since Q4 2012 we observe an acceleration of economic activity that comes mainly from the strengthening of net exports, from boosting domestic consumption and from the stabilization of investment expenditure. The decline in inflation to 3.0% in 2012 from 5.4% in 2011, mainly due to the decline in international commodity prices, and the deceleration of inflationary pressures in 2013 will allow a loose monetary policy for boosting the economy. The current account surplus was 3.5% of GDP in 2012, from 2.8% in 2011.

The EU-27 GDP declined by 0.3% in 2012, compared to an increase of 1.5% in 2011. The decline of all domestic demand components was partially substituted by an increase in net exports which had a positive contribution to GDP equal to 1.1 percentage points. The current account balance has improved and its surplus widened to 0.7% of GDP, from 0.1% in 2011, a development that is certainly associated with the depreciation of the euro since 2010 up to the end of 2012. Ten of the 27 economies were in recession in 2012, while all others faced a slowdown, as the contagion was inevitable because of the high degree of integration. Inflation, which had increased in 2011 due to the steep rise in the commodities' prices, fell in 2012 to 2.6%. The unemployment rate, however, continued to increase to 10.5% in 2012, compared to 9.6% in 2011 and just 7.1% in 2008. Moreover, a further increase in unemployment is expected in 2013, to 11.1%. Private consumption declined in the EU-27 by 0.7% in 2012, compared to an increase of 0.1% in 2011. In the Eurozone, where households' uncertainty and the unemployment problem were more pronounced, the decline in GDP has been larger, equal to -0.6%, due to the significant decline in private consumption by -1.2% but also in fixed capital investment by -4.1%.

In 2013 the increase of global GDP is expected to be 3.2% (from 3.1% in 2012) since recession in Eurozone is expected to continue while in the U.S. and Japan it is expected that growth will slow down. Growth will continue to be affected by the impact of the fiscal consolidation measures which continue to be implemented in many European countries. Those are countries that follow financial assistance programs, but also countries such as Spain, Italy and even France. However, the impact of these measures on the real economy is expected to gradually decline as confidence will gradually be restored and uncertainty will be declining through the reduction of budget deficits and the attainment (or the prospective attainment) of exceptional monetary and institutional measures taken by the European institutions and the ECB. Moreover, in the U.S., immediate decisions are expected to address the negative impact of the fiscal cliff, i.e. re-arranging across time the fiscal adjustment measures included in the 2012-2013 budget which have already taken effect from the beginning of 2013. Thus, under the assumptions of substantial progress being made to resolve the debt problem in Europe and the prevention of fiscal cliff in the U.S., GDP is projected to decrease in Eurozone by -0.3% in 2013 and will slightly increase in EU-27 by 0.1%. In the U.S. GDP growth will slightly fall to 1.9% from 2.2.% in 2012, while in Japan it will slow down to 1.0% from 1.9% in 2012. On the other hand, for emerging and developing economies, a slight growth acceleration is expected in 2013 to 5.5% compared to 5.1% in 2012. Taking all this into account, a slight acceleration of growth in the world trade volume is projected to 4.5% in 2013, from 3.2% in 2012.

THE GREEK ECONOMY

Despite the large decrease in GDP by -6.4% in 2012 (-6.0% in Q4 2012), the foundations for a more competitive and dynamic economy have started to be established, and development is expected to be achieved from Q4 2013. During the last three years, Greece has made significant progress in fiscal consolidation and in restructuring the economy. Despite the recession, which makes it an extremely difficult effort, the general government deficit has been reduced by 9 percentage points of GDP and a relevant progress is being made to reduce the primary deficit. Specifically, the general government deficit declined significantly to 6.6% of GDP in 2012 from 9.4% of GDP in 2011, when in 2009 it stood at 15.6% of GDP. Also, the primary deficit of the general government in 2012 shrank less than -1.5% of GDP, from -2.3% of GDP in 2011 and -10.5% of GDP in 2009, while in 2013 Greece is expected to achieve primary general government surplus (+0.5% of GDP).

Progress is being made on the issue of competitiveness. The 24% cumulative loss of cost competitiveness from 2001 to 2009 has been recovered in 2012. Improved competitiveness has contributed to reducing the deficit of the current account deficit (excluding capital transfers) to 2.9% of GDP in 2012, compared to 9.9,% of GDP in 2011 and 14.8% in 2008. Net exports contributed positively to GDP growth by 4.0 percentage points in 2012. The improvement of foreign trade comes from a further fall in imports and a significant increase in exports. Furthermore, the improvement of the Greek economy competitiveness and the effectiveness of the structural changes that have taken place are confirmed by the significant improvement of the classification of Greece in 2012 in the World Bank Report of "Doing Business".

However, GDP fell in 2012 for the fifth consecutive year, resulting in the cumulative reduction in the five-year period 2008-2012 amounting to 20.1%, while recession is expected to continue in 2013 though at a slower pace. Recession caused a noticeable drop in employment and pushed the unemployment rate to a historically high level of 24.5% on average in 2012, while further increase is forecast for 2013. However, the efficient operation of the coalition government that emerged from the elections of June 2012 and the catalyst decisions of the Eurogroup of 26 November 2012, have already contributed significantly to improving the economic climate in the country and have reinforced the expectations for timely recovery of the economy and exit from the extremely painful crisis of 2011-2012. Political and economic stability have been significantly restored and a commitment to fully implement the terms of the Memorandum with the implementation of the four-adaptation of the Greek economy in the period 2013-2016 has been taken. Today there are additional clear signs of exit from the current crisis and signs of improving the medium-term prospects of the Greek economy.

In particular, we should note:

a) The drastic reduction of achieving debt expenses originally set out by the Agreement on the implementation of the PSI Plus in March 2012, then by the Eurogroup decision of 26 November 2012 and the recent debt buyback in December 2012. The extremely favorable development in November 2012 and the significant improvement in the prospects of the Greek exit from the crisis were based on a better than expected performance of the 2012 budget and the determined implementation of structural reforms by the Greek government. It is indicating that there is now even a commitment of the Eurozone countries to address the issue of further write off of the Greek debt held by official creditors in the near future, if that is necessary. The upgrade in creditworthiness of Greece on 18 December 2012 by the ratings agency Standard & Poor's to B with stable outlook, is the first act confirming the significantly improved economic prospects of Greece after November 2012.

The disbursement of the tranche of the financial aid from the Eurozone and the IMF, amounting to €46.5bn by the end of February 2013 and the planned disbursement of additional €5.6bn in March 2013 and of €4.6bn in Q2 2013, already contribute to the intensification of the fiscal adjustment and of the structural reforms, allow the State to pay amounts due to the private sector, facilitate the recapitalization of banks, and further reinforce the Greek economy liquidity with additional contribution to a gradual decrease in the cost of money for banks, businesses and households. At the same time, strengthening liquidity enables the initiation of development projects and the effective implementation of the privatization program.

b) The significant decrease in the yield spread between the Greek and German bond of about 3,000 basis points in May 2010 to less than 1,000 basis points in February 2013. The decline in the Greek 10-year bond spreads reflects the shift and the significant improvement of confidence in the Greek economy. This spread fell at the end of 2012 to 983 bps versus 3,365 bps at the end of 2011 and marks a record low after the implementation of PSI (March 2012).

c) The normalization of liquidity conditions in the Greek economy from July 2012. Namely, what is evident is a distinct increase in private savings while in December, for the first time after a long time, there was an increase in net financing to business.

d) The success of Greece in the European Council (8 February 2013), in which our country has secured a bigger than other member States' allocation of funds for 2014-2020 which amounts to €18.3bn. These funds can have a key contribution in speeding recovery and implement a long term strategy for the productive transformation of the economy.

These facts attest to the declared intention of the European partners for Greece remaining in the Eurozone and the improvement of its credibility, which is the catalyst to every investment and growth initiative. Furthermore, these facts contribute to the policy to convert the obsolete production model into an extroverted economy, free of the counterproductive interference by the State and friendly to growth and employment creation. They represent also the beginning of the reversal of negative economic developments and mark the entrance of the economy in a cycle that can lead to the end of the crisis in the last quarter of 2013 and certainly in 2014.

Regarding the Greek banking system, the debt crisis put huge pressure on banks as they faced a significant outflow of deposits, were cut off from the international markets and recorded large capital losses because of the PSI. Thus banks were forced to reduce lending, a fact that led to a chain of negative interactions between the financial sector and the real economy. In this negative background, the banking system stability was threatened, with possible side-effects even outside Greece. As a result, it became evident the need for restructuring and strengthening the banking system - something very difficult to achieve amid the crisis. More specifically, as part of the financial aid to Greece, €50bn are destined for the recapitalization and restructuring of the banking sector. This amount also covers the capital needs of the Greek banks' subsidiaries abroad.

A comprehensive framework for the consolidation and resolution of weak banks was also created, while a wave of mergers and acquisitions in the banking sector is underway. Moreover, six banks have been rescued, including the Agricultural Bank of Greece (ATEbank), which represents the largest similar case up to now in Europe. All depositors were fully protected in order to ensure financial stability.

At the end of the restructuring and consolidation of the banking sector, it is expected that three large and powerful groups are going to be formed next to some smaller banks. This picture will differ significantly from seven medium and large size banks and more than ten small banks that existed until recently. The resulting market shares will ensure competition and will allow banks to benefit from economies of scale and the resulting synergies.

The next step is to fully recapitalize the systemic banks. From now until next April, investors will be invited to participate in the share capital increase which is underwritten by the EFSF. The completion of the procedure will result in larger and well-capitalized banks, increased confidence from depositors' side and the ability for the banks to return to capital markets. The banks will then be able to contribute anew to the financing of the Greek economy and to maintain their presence in Southeastern Europe, where they control almost one third of the banking market. The financial system is the back bone of any economy. As Greek banks turn the page leaving behind a difficult chapter in their history, they will give a significant boost to the real economy.

The coming next two years, and especially 2013, is the most critical turning point for the Greek economy. In 2014 it is feasible to stabilize the economic environment and reverse the negative momentum of the recession and also improve credibility. However, the decoupling from the debt crisis and the return of the country to a growth path require a continuous effort mainly focused on: a) the immediate financial stabilization, which should be accompanied by a profound transformation of the public sector in order to be sustainable in the long term, b) the continuation and completion of the program of wide structural reforms and the transformation of the productive structures, which will improve competitiveness and render the economy more innovative, productive and outward-looking, and finally, c) a multi-faceted growth policy which will limit the social costs of adjustment and improve prospects.

More generally, for restructuring the economy and setting up of the new growth model, there are required major changes in long-standing and entrenched economic and social conditions. This means that the realization of the objectives of the adjustment program of 2013-2016 requires the broadest possible social acceptance of the forthcoming changes. The latter will be the result of the implemented policy, the success of which will depend on the performance of the growth effort.

Analysis of Financial Information

During the fiscal year the restructuring of the Greek public debt (PSI) was successfully implemented. The Group participated in the restructuring program by exchanging all of the selected bonds issued by the Greek State and loans guaranteed by the Hellenic Republic with new bonds.

An additional loss to the one already recognized on 31.12.2011 amounting to €288.3 million before income tax arose from the exchange of bonds, mainly due to the revaluation of market conditions in 2012 where the market for the new bonds was considered active and that the valuation of the new bonds will need to be based on market prices at the transaction date.

Furthermore, on 31.12.2012 the Hellenic Republic, for the implementation of the decisions of the Eurozone's Finance Ministers Council on 27.11.2012 for the further reduction of Greek public debt, issued an invitation to the holders of new Greek Bonds to submit their exchange offers by specifying the titles subject to the invitation.

The Group participated in the aforementioned program with bonds of a nominal value of €1.5 billion and a carrying amount of €0.5 billion which had been classified in the available for sale portfolio. From this transaction that occurred on 18.12.2012 a gain of €117.7 million before tax was recorded in gains less losses on financial transactions thus limiting current year losses from the bond exchange program of the Greek State.

During 2012 the repurchase of Tier I Securities, Upper Tier II Securities, and lower Tier II Securities issued by subsidiary companies was successfully completed. The result from the repurchase program was the increase of the basic elements of the Core Tier I capital by approximately €333 million.

The Group's results as at 31.12.2012 amounted to losses of €1,085.9 million adversely affected from the increased provisions for doubtful receivables which amounted to €1,668.8 million increased by 48% compared to last year's respective period which was a result of the extended recession of the Greek Economy. As a result of the significant deterioration of portfolio's quality the provisions were considerably strengthened amounting to €4.6 billion in the end of 2012, corresponding to a delays' coverage ratio of 45%. The net interest income amounted to €1,397.3 million presenting a decrease of 22% compared to last year mainly due to the increased cost of funding. Net fee and commission income amounted to €272.7 presenting a decrease of 7% compared to prior year due to the decrease in the demand of banking products and services. Gains less losses on financial transactions amounted to losses of €232.3 million mainly resulting from the restructuring program of the Greek debt, while other income amounted to €67.3 million, increased by 13% compared to prior year.

Operating expenses for 2012 amounted to €1,178.7 million which includes one off expenses mainly relating to staff costs and other expenses amounting to €125.7 million. When excluding these costs, the Group's operational expenses amount to €1,053.6 million presenting a decrease of 4% compared to the prior period where they amounted to €1,096.3 million.

Staff costs, without including the provision of €46.6 million which relates to provision for staff leaving indemnity due to retirement in accordance with Law 2112/1920 as amended by Law 4093/2012 indicate a decrease of 7% compared to 2011, mainly due to the employment agreement signed in May 2012 and the retirement of employees in Greece.

Total expenses and other expenses have been burdened by €40.5 million, due to the impairment of goodwill arising from the initial acquisition of Alpha Bank Srbija AD and by €11.4 million which relates to the impairment in two of the Bank's owned neoclassical buildings from damages caused during riots and the impairment in property acquired through auctions for which their fair value was less than their book value on 31.12.2012. At the end of 2012, provisions were recorded for the Bank's pending legal cases and other operational risk events amounting to €11.4 million.

In terms of balance sheet figures, customer deposits amounted to €28.5 billion, decreased by 3% on an annual basis, mainly due to the adaption of customers in an environment of reduced liquidity.

Loans before impairment decreased by 9.3% and amounted to €45.1 billion compared to €49.7 billion on 31.12.2011. This development mainly stemmed from the decrease in loans in Greece due to the Bank's participation in PSI+, as well as the planned decrease in the loan portfolio.

Total equity on 31.12.2012 amounted to €0.8 billion showing a decrease of €1.2 billion compared to 31.12.2011, which was mainly affected by the decrease of hybrid securities issued by the Group and the losses of 2012.

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 €0.5 billion.

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

Other information

The Bank's Ordinary General Meeting of the Shareholders on 29.6.2012 decided the following:

- Not to distribute dividend to the common shareholders of the Bank and
- The non payment to the Greek State of the return defined by Article 1 paragraph 3 of Law 3723/2008 of preference shares issued by the Bank and owned by the Greek State.

The Second Iterative Extraordinary Meeting of the Bank's Shareholder's which took place on 27.12.2012 approved the following:

- The issuance by the Bank and the private placement by Credit Agricole S.A. or an affiliate company, of a bond loan, in paper form, for a total principal amounting up to €150 million, convertible by the bondholder into common voting shares of the Bank and redeemable by the latter, upon cancellation of the pre-emption rights of the existing (common and preferred) shareholders of the Bank.
- Delegation of authority, in accordance with articles 13 paragraph 1 case b' and 3a, first section of paragraph 3, of Codified Law 2190/1920, as the case may be, by the General Meeting of shareholders 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 of which shall be paid in cash and/or by contribution in kind, and (ii) to issue one or more bonds convertible into shares of the Bank.

The Second Iterative Extraordinary General Meeting of Shareholders of Alpha Bank, which was held on 31.1.2013, approved the issuance by the Bank and private placement with the Hellenic Financial Stability Fund (the "Fund"), in application (inter alia) of Law 3864/2010 and Cabinet Act 38/2012, of unsecured, perpetual and subordinated bonds, contingently convertible into common shares of the Bank with voting rights, and redeemable by the Bank of a total principal amount up to Euro 2,000 million, payable by the Fund by contribution in kind of financial instruments held by the Fund.

On 1.2.2013, pursuant to the acquisition agreement with regards to the sale of Emporiki Bank S.A. from Crédit Agricole S.A. to Alpha Bank A.E., and the approvals by the Greek and Cypriot Central Banks and anti-trust authorities, the transfer of the entire share capital of Emporiki Bank to Alpha Bank by Crédit Agricole was completed.

Following the execution of the Share Purchase Agreement and a subsequent transaction related adjustment, Crédit Agricole completed the capital increase of Emporiki Bank by a total of €2.9 billion and subscribed to €150 million of convertible bonds redeemable in Alpha Bank shares. The latter comes as a direct investment in Alpha Bank, supporting its capital ratios on top of Emporiki's recapitalised equity base.

It should be noted that for the implementation of article 11 of Law 3864/2010 the HFSF due to its potential participation in the Bank's share capital increase has performed a due diligence for the evaluation of the Group's equity. This due diligence, which did not lead to any material findings, was performed in 2012 from an auditing firm appointed by the HFSF.

Risk management

The Alpha Bank Group, having established a strict risk management framework which is continually improved and evolving, continued in the second half of 2012 to undertake all the necessary measures to reinforce itself against all types of financial risks.

From 3.5.2012 a change in Organizational Structure of the Group took place with the implementation of Risk Management Division and the respective position of General Manager – Chief Risk Officer.

The following services from now on belong to Risk Management Division, under the Chief Risk Officer:

- Market Risks and Operational Risks
- Corporate Credit Risks
- Retail Credit Risks
- Business Credit (Greek Companies)
- Business Credit (Foreign Companies)
- Retail Banking

Credit Risk

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

These objectives materialize through a continuously evolving framework of methodologies and systems for measuring and monitoring credit risk, customized to the challenges of the prevailing financial circumstances.

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

- Ongoing upgrade of Wholesale and Retail Banking Credit Policies in Greece and abroad to adapt to the given macroeconomic conditions and the Group's risk appetite.
- 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.
- 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.

Additionally, the actions below represent the development and enhancement activities that are taking place in relation to the aforementioned framework:

- Initiation of the transition process for the Bank and the Group Companies 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.
- Creation of databases 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 Banking credit in cooperation with SAS. 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.
- The adoption of a mechanism for completeness and quality inspections of crucial areas of Wholesale and Retail Credit for monitoring and measuring credit risk.

Liquidity Risk

The extended negotiation period relating to the voluntary agreement to exchange of Greek Government bonds and loans guaranteed by the Hellenic Republic which was implemented during the first half of 2012, the spread of the debt crisis in the countries of the European region, the political instability in Greece, the scenarios for its exit from the Eurozone and the delay in the finalization of the terms for the recapitalization of the Greek banks have contributed to the instability of the financial services sector and the further outflow of customer deposits from Greek banks.

Alpha Bank is using the Program for the enforcement of the Greek economy and the funding mechanisms provided by the European System of Central Banks. In the context of the recapitalization of systemically important banks in Greece, Alpha Bank received in May bonds issued by the EFSF amounting to €2.9 billion, which was the lowest amount compared to other large banks.

The Group's borrowings from the European System of Central Banks amounted to €23.7 billion on December 31, 2012 (December 31, 2011: €21.9 billion).

Market Risk

During the implementation of the voluntary exchange agreement of Greek Government bonds, the Group interest rate risk profile remained stable.

In March 2012 the financial management and trade limits of the Group's units were updated. The changes related to variations in the individual product positions without altering the Group's total market risk profile.

After the completion of the front office system upgrade, its centralization was completed during the first half as well as the incorporation of the positions of the Romanian units. Moreover, in December 2012 the control system of trading limits was updated.

Operational Risk

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

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

Moreover, the issuance of acts and circulars, in relation to the limits for operational risk management events and third party lawsuits, implemented at a Group level, have been completed.

In addition, various actions aiming to the enrichment of operational risk management are taking place. Indicative actions include the preparation for the transition in more advanced methods of monitoring and measuring operational risk, the creation of teams to monitor action plans for issues relating to high operational risk and the revision of circulars relating to specialized operational risk issues.

Loss making events, the self assessment results as well as, other current issues of operational risk are systematically monitored in all of the Group's Banks through appropriate Operational Risk Committees with increased responsibilities relating to the review of relevant information as well as the adoption of operational risk mitigation measures.

Future prospects

After a very difficult 2012, the economic environment in 2013 is expected to be significantly improved, despite the continuation of the recession of the Greek economy. From June 2012 onwards, a steady net inflow of deposits in banks is noted, while the conditions of access to funding from the Eurosystem are improving, too. The pending recapitalization of Greek banks is expected to further enhance liquidity in the market, as confidence in the economy will be restored. On the other hand, banks will continue to be disproportionately burdened by the increase of their non-performing claims. In this environment, banks moved to significant strategic mergers so as to create large and reliable banking groups, with the Bank acquiring Emporiki Bank. The recapitalization, combined with the successful implementation of the Greek economy adjustment program, create more favorable conditions for the Bank's operations from 2013 onwards and even more in 2014, when it is expected to re-enter in a reconstruction path and towards a full business recovery. The ongoing efforts to reduce operating costs, maintain and develop healthy activities, along with the dynamics of the network, create a solid foundation on which the Bank bases its efforts so as to exit the crisis and return to a growth path as soon as the economy allows it.

Related parties

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

a. The outstanding balances of the 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:

(thousands of Euro)

Loans and advances to customers	73,249
Due to customers	76,377
Debt securities in issue	4,630
Letters of guarantee	5,640
Interest and simiar income	1,764
Fee and commission income	33
Interest expense and similar charges	3,275
Fees for management and close relatives	4,603
Other expenses	9

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

A. SUBSIDIARIES

(thousands of Euro)

Name	Assets	Liabilities	Income	Expenses	Letters of guarantee and other guarantees
Banks					
1. Alpha Bank London Ltd	180,594	521	4,224	1,988	278,107
2. Alpha Bank Cyprus Ltd	1,442,120	702,118	15,170	13,962	328,882
3. Alpha Bank Romania S.A.	2,035,878	82,404	2,678	420	18,393
4. Alpha Bank AD Skopje	14,690	141	468	46	626
5. Alpha Bank Srbija A.D.	58,737	13,878	3,153	1,060	2,174
6. JSC Astra Bank	3,857	32	421	14	
7. Alpha Bank Albania SH.A.	16,074	10,378	(6,211)	5	
Financing companies					
1. Alpha Leasing A.E.	369,107	356	6,454	213	
2. ABC Factors A.E.	310,354	1,112	7,839	1,324	
Investment Banking					
1. Alpha Finance A.E.P.E.Y.	97	13,907	1,126	498	56
2. SSIF Alpha Finance Romania S.A.		48	1		
3. Alpha Ventures A.E.	5	2,592	15	96	
4. Alpha A.E. Ventures capital management – AKES	5	1,550	26	40	
Asset Management					
1. Alpha Asset Management A.E.D.A.K.	1,504	27,758	6,946	15	
Insurance					
1. Alpha Insurance Agents A.E.		3,997		132	
2. Alpha Insurance Ltd		104			
3. Alphalife A.A.E.Z.	252	14,578	34	1,709	

A. SUBSIDIARIES

(thousands of Euro)

Name	Assets	Liabilities	Income	Expenses	Letters of guarantee and other guarantees
Real estate and hotel					
1. Alpha Astika Akinita A.E.	358	39,653	1,268	7,240	
2. Ionian Hotel Enterprises A.E.	70,402	2,532	660	119	30
3. Oceanos A.T.O.E.E.	1,030	15	10	56	
4. Alpha Real Estate Bulgaria E.O.O.D.		154		22	
5. Chardash Trading E.O.O.D.		612		442	
6. Alpha Investment Property Chalandriou A.E.	20,459	53	477		
7. Alpha Investment Property Attikis A.E.	814	33	17		
8. Alpha Investment Property Attikis II A.E.	10,794	53	29		
9. Alpha Investment Property Amarousion I A.E.	5,571	10	92		
10. Alpha Investment Property Amarousion II A.E.	191	31	3		
11. Alpha Investment Property Elaiona A.E.		54	1		
12. Stockfort Ltd	23,057	2,138	1,269	291	
13. AGI – RRE Zeus S.R.L.	34,001		482		
14. AGI – BRE Participations 3 E.O.O.D	17,019	30	44		
Special purpose and holding entities					
1. Alpha Credit Group Plc	839,199	2,347,525	28,689	101,467	
2. Alpha Group Jersey Ltd	2,464	398	39		
3. Alpha Group Investments Ltd		3,835	2	97	
4. Ionian Holdings A.E.		165,845	2	37	
5. Ionian Equity Participations Ltd	6,020	668	2	2	
6. Alpha Group Ltd		392,544	138	1,248	
7. Katanalotika Plc	1,188				
8. Epihiro Plc		1,244			
9. Irida Plc	417,715	31,851	4,661		
10. Pisti 2010-1 Plc		143			
11. Umera Ltd	379,477	3,004	265		
Other companies					
1. Kafe Alpha A.E.		188	14	139	
2. Alpha Supporting Services A.E.	460	6,007	1,783	11,430	
3. Real Car Rental A.E.		78			
4. Zerelda Ltd		1			

B. JOINT VENTURES

Name	Assets	Liabilities	Income	Expenses	Letters of guarantee and other guarantees
1. Cardlink A.E.	2,540	451	73	5,624	
2. APE Fixed Assets A.E.		48	1	5	
3. APE Commercial Property A.E.		12,830	1	388	
4. APE Investment Property A.E.	144,571	4,887	4,750	184	
5. Alpha TANEO A.K.E.S.		497			

C. ASSOCIATES

Name	Assets	Liabilities	Income	Expenses	Letters of guarantee and other guarantees
1. Evisak A.E..		35		1	
2. AEDEP Thessalias & Stereas Ellados		138		1	
3. Biokid A.E.		14			
4. Piraiki Mikrobewery A.E.	44	88	37		
Total	**6,410,648**	**3,893,161**	**87,153**	**150,315**	**628,268**

Athens, March 27, 2013

THE CHAIRMAN OF
THE BOARD OF DIRECTORS

YANNIS S. COSTOPOULOS
I.D. No X 661480

Explantory Report of the Board of Directors for the year 2012

The present Explanatory Report of the Board of Directors of Alpha Bank (the "Bank") to the Ordinary General Meeting of Shareholders of the Bank for the year 2012 contains detailed information in accordance with article 11a of Law 3371/2005, the reference date being 31.12.2012.

In particular:

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

   All common shares are listed for trading in the Securities Market of the Athens Exchange. The common shares are registered, including voting rights and are indivisible, in a paperless form.

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

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

   (i) before the common shares,

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

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

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

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

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

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

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

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

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

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

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

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

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

The common shares represent 14.6% and the preferred shares represent 85.4% of the total paid-in share capital of the Bank.

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 in its share capital within the meaning of Law 3556/2007.

d. The Articles of Incorporation provide for no shares issued by the Bank possessing special rights of control, with the exception of 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.

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.

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 different to 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 22.5.2012, in a second iterative meeting, approved (inter alia) to stop all actions and the overall merger procedure of "Alpha Bank A.E." by way of absorption of "EFG Eurobank Ergasias S.A.", the revocation of all resolutions of the Second Iterative Extraordinary General Meeting of "Alpha Bank A.E.", dated November 15, 2011, in all respects and the disengagement of the latter from all its contractual and other commitments towards or in favour of "EFG Eurobank Ergasias S.A.".

The Second Iterative Extraordinary General Meeting of 27.12.2012 approved:

(A) the issuance by the Bank, and private placement with Crédit Agricole S.A. and/or a company affiliated thereto, of a bond loan, in paper form, of total principal amounting up to Euro 150 million, convertible into common voting shares of the Bank and redeemable by the latter, upon cancellation of the pre-emption rights of the existing (common and preferred) Shareholders of the Bank, and (B) the granting of authority to the Board of Directors of the Bank to issue and place, as well as to agree on the specific terms of, the bond loan and perform the requisite juridical or other acts, and

(B) the delegation of authority, in accordance with articles 13 para. 1 case (b) and 3a para. 1 case (b) of Codified Law 2190/1920, to the Board of Directors of the Bank, in the forthcoming two years and under the terms of its choice: (i) to perform one or more increases of the share capital of the Bank, of a maximum total amount equal to the paid-in share capital, on the date of granting the above authority, 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 one or more bonds 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).

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 the Board 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 2012

In accordance with Law 3873/2010 the Annual Management Report of the Board of Directors of Alpha Bank (the "Bank") includes the Corporate Governance Report, the reference date being 31.12.2012.

Specifically:

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

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

The corporate governance practices, which are implemented by the Bank, are in accordance with the provisions of Law 3873/2010 and are stated in the ALPHA BANK Corporate Governance Code. 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 promote the standards required by modern corporate governance and effective Internal Audit.

The number of Non-Executive Members of the Board of Directors of the Bank amounts to 10 (66.7%), thus exceeding by far the minimum requirement for such Members set (as a percentage) by Law 3016/2002, i.e. 5 (33.3%) Members.

In accordance with 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 mentioned above, the (minimum) requirement set by law and amounts to six (6).

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.

C. Internal Control System

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

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

a) on a continuous basis through audits undertaken by the Audit Division of the Bank.

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

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

b) every three years by External Auditors, other than the statutory auditors.

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

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

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

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

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

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

Audit and accounting reconciliation procedures have been established in order to ensure the accuracy 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 statutory 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 statutory auditor.

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

<u>Risk Management</u>

The Bank places great emphasis on the identification, measurement and management of the risks undertaken and, to this end, has assigned these tasks to the Risk Management Unit. The Risk Management Unit reports on matters of its responsibility 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 computational models, and on the adoption of policies and limits through which the Bank's exposure to various risks is monitored.

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

D. In accordance with article 11a of Law 3371/2005, detailed information is set forth, the reference date being 31.12.2012

In particular:

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

All common shares are listed for trading in the Securities Market of the Athens Exchange. The common shares are registered, voting and indivisible, in a paperless form.

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

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

(i) before the common shares,

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

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

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

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

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

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

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

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

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

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

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

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

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

The common shares represent 14.6% and the preferred shares represent 85.4% of the total paid-in share capital of the Bank.

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. The Articles of Incorporation provide for no shares issued by the Bank possessing special rights of control, with the exception of 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.

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

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 different 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 22.5.2012, in a second iterative meeting, approved (inter alia) to stop all operations and the overall merger procedure of "Alpha Bank A.E." by way of absorption of "EFG Eurobank Ergasias S.A.", the revocation of all resolutions of the Second Iterative Extraordinary General Meeting of "Alpha Bank A.E.", dated November 15, 2011, in all respects and the disengagement of the latter from all its contractual and other commitments towards or in favour of "EFG Eurobank Ergasias S.A.".

The Second Iterative Extraordinary General Meeting of 27.12.2012 approved:

(A) the issuance by the Bank, and private placement with Crédit Agricole S.A. and/or a company affiliated thereto, of a bond loan, in paper form, of total principal amounting up to Euro 150 million, convertible into common voting shares of the Bank and redeemable by the latter, upon cancellation of the pre-emption rights of the existing (common and preferred) Shareholders of the Bank, and (B) the granting of authority to the Board of Directors of the Bank to issue and place, as well as to agree on the specific terms of, the bond loan and perform the requisite juridical or other acts, and

(B) the delegation of authority, in accordance with articles 13 para. 1 case (b) and 3a para. 1 case (b) of Codified Law 2190/1920, to the Board of Directors of the Bank, in the forthcoming two years and under the terms of its choice: (i) to perform one or more increases of the share capital of the Bank, of a maximum total amount equal to the paid-in share capital, on the date of granting the above authority, 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 one or more bonds 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).

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 the Board 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 law.

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 decides, for a particular item of its agenda, to pass 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 Association, 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 statutory auditors and determine their fees;

(d) approve and amend 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;

change the nationality of the Bank;

(g) appoint liquidators; and

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

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

(a) Shareholders representing at least one twentieth (1/20) of the issued and paid-in share capital 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.

(b) Shareholders representing at least one twentieth (1/20) of the issued and 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.

(c) At the request of Shareholders representing at least one twentieth (1/20) of the issued and 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.

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

(e) 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.

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

F. Board of Directors

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

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

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

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

The Remuneration Committee proposes the policy for remuneration, bonuses and financial incentives as well as the overall remuneration of the Members of the Executive Committee and expresses its opinion on the level of emoluments paid to the Members of the Board of Directors and its Committees.

Remuneration Policy

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

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

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

The composition of the Board of Directors and the Board of Directors' Committees for the year 2012 was as follows:

	Audit Committee	Risk Management Committee	Remuneration Committee
Chairman (Executive Member) Yannis S. Costopoulos			
Vice Chairman (Non-Executive Independent Member) Minas G. Tanes Chairman, FOOD PLUS S.A.		●	
EXECUTIVE MEMBERS			
Managing Director – CEO Demetrios P. Mantzounis			
Executive Directors and General Managers			
Spyros N. Filaretos		○	
Artemis Ch. Theodoridis			
George C. Aronis			
NON-EXECUTIVE MEMBERS			
Paul G. Karakostas Chairman and Managing Director, GENKA COMMERCIAL S.A.	●		
Nicholaos I. Manessis until 25.5.2012 Industrialist			○
Ioanna E. Papadopoulou President and Managing Director, E.J. PAPADOPOULOS S.A. BISCUIT AND FOODWARE INDUSTRY			○
NON-EXECUTIVE INDEPENDENT MEMBERS			
George E. Agouridis Lawyer	○		●
Pavlos A. Apostolides as of 26.6.2012 Former Ambassador			
Evangelos J. Kaloussis Chairman, NESTLE HELLAS S.A.			
Ioannis K. Lyras President, PARALOS MARITIME CORPORATION S.A.	○	○	
Thanos M. Veremis Professor Emeritus, University of Athens			○
NON-EXECUTIVE MEMBER in accordance with Law 3723/2008			
THE GREEK STATE, via its appointed representative, Mr. Sarantis-Evangelos Lolos, Professor of Economics, Panteion University			
NON-EXECUTIVE MEMBER in accordance with Law 3864/2010			
Nikolaos G. Koutsos, as of 7.6.2012 As representative, and upon instruction of the Hellenic Financial Stability Fund.	○	○	○

● Committee Chairman ○ Committee Member

Management Committees

The Committees composed by Members of the Management of the Bank are the Executive Committee, the Operations Committee, the Assets – Liabilities Management Committee (ALCO) and the Operational Risk Committee.

The Executive Committee is the highest executive body of the Bank. It convenes at least once a week under the chairmanship of the Chairman of the Board of Directors or 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, approves the Rules and Regulations of the Bank along with the budget and balance sheet of each Business Unit. Finally, it sets the Human Resources policy and decides on the participation of the Bank or the Group Companies in other companies. For issues concerning the financial results, budgeting and management of the Assets – Liabilities and the total limits of the risks undertaken

(ALCO), the managers of Divisions of Financial Markets, Risk Management, Corporate Planning, Accounting & Tax and Economic Research participate when it is required.

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, the Chief Information Officer 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 approves the policy on Network and Group development and determines the credit policy. Finally, it decides on the management of liquidity, the level of interest rates and the Terms and Conditions for deposits, loans and transactions.

The Assets – Liabilities Management Committee convenes at least once a month under the chairmanship of the Managing Director and with the participation of the General Managers, the Executive General Managers, the Chief Financial Officer and the Managers of the Financial Markets Division, the Risk Division, the Corporate Planning and Accounting Division and the Economic Research Division. The Committee examines issues referring to results, budget and management of Assets – Liabilities, the total limits of the undertaken risks and is responsible for managing the interest rate risk of the investment portfolio and the trading book. Finally, it is responsible for the capital adequacy ratio and for the liquidity risk and the funding of assets on the balance sheet

The Operational Risk Committee ensures that the appropriate processes, methodologies and infrastructure to manage the operational risk of the Group exist and approves recommendations to limit operational risk. The Committee convenes under the chairmanship of the Managing Director and with the participation of the General Managers, the Executive General Managers, the Chief Financial Officer, the Chief Information Officer and the Manager of the Risk Division.

Athens, March 27, 2013

THE CHAIRMAN OF
THE BOARD OF DIRECTORS

YANNIS S. COSTOPOULOS
I.D. No X 661480

Independent Auditors' Report
(Translated from the original in Greek)

To the Shareholders of
ALPHA BANK A.E.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ALPHA BANK A.E. (the "Bank") which comprise the consolidated balance sheet as of 31 December 2012 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 2012 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 1.30.1 to the consolidated financial statements, which refer to the planned actions that are in progress to restore the capital adequacy of the Bank and the existing uncertainties that could affect the going concern assumption until the completion of the recapitalization process.

Report on Other Legal and Regulatory Requirements

(a) The Board of Directors' Report includes a corporate governance statement, which provides the information set by paragraphs 3d of article 43a and 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, 27 March 2013

KPMG Certified Auditors A.E.

AM SOEL 114

Harry Sirounis
Certified Auditor Accountant
AM SOEL 19071

Nikolaos Tsiboukas
Certified Auditor Accountant
AM SOEL 17151

Group Financial Statements as at 31.12.2012

Consolidated Income Statement

(Thousands of Euro)

	Note	From 1 January to 31.12.2012	31.12.2011
Interest and similar income	2	3,324,887	3,719,298
Interest expense and similar charges	2	(1,927,575)	(1,935,606)
Net interest income	2	1,397,312	1,783,692
Fee and commission income		324,281	345,408
Commission expense		(51,531)	(51,193)
Net fee and commission income	3	272,750	294,215
Dividend income	4	998	3,618
Gains less losses on financial transactions	5	(232,335)	142,251
Other income	6	67,325	59,721
		(164,012)	205,590
Total income		**1,506,050**	**2,283,497**
Staff costs	7	(546,770)	(535,806)
General administrative expenses	8	(463,073)	(462,146)
Depreciation and amortization expenses	20, 21, 22	(97,860)	(93,043)
Other expenses	9	(70,977)	(5,297)
Total expenses		**(1,178,680)**	**(1,096,292)**
Impairment losses and provisions to cover credit risk	10	(1,668,856)	(1,130,317)
Impairment losses of Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI	18		(4,788,866)
Share of profit/(loss) of associates	19	(3,377)	294
Profit/(loss) before income tax		**(1,344,863)**	**(4,731,684)**
Income tax	11	258,993	921,735
Profit/(loss) after income tax		**(1,085,870)**	**(3,809,949)**
Profit /(loss) attributable to:			
Equity owners of the Bank		**(1,086,284)**	**(3,810,169)**
Non-controlling interests		414	220
Earnings /(losses) per share:			
Basic and diluted (€ per share)	12	(2.03)	(7.27)

The attached notes (pages 37 to 140) form an integral part of the consolidated financial statements

Consolidated Balance Sheet

(Thousands of Euro)

	Note	31.12.2012	31.12.2011
ASSETS			
Cash and balances with Central Banks	13	1,437,260	2,103,588
Due from banks	14	3,382,784	1,807,079
Securities held for trading	15	20,132	13,960
Derivative financial assets	16	736,693	624,447
Loans and advances to customers	17	40,495,343	44,875,706
Investment securities			
- Available for sale	18a	6,038,676	3,078,918
- Held to maturity	18b	1,535,572	2,747,072
Investments in associates	19	39,405	44,855
Investment property	20	517,776	64,688
Property, plant and equipment	21	1,155,190	1,220,949
Goodwill and other intangible assets	22	142,617	181,512
Deferred tax assets	23	1,799,893	1,466,974
Other assets	24	1,049,180	817,751
		58,350,521	59,047,499
Non-current assets held for sale	25	6,804	100,546
Total Assets		**58,357,325**	**59,148,045**
LIABILITIES			
Due to banks	26	25,217,125	22,521,200
Derivative financial liabilities	16	1,518,881	1,578,143
Due to customers (including debt securities in issue)	27	28,451,478	29,399,461
Debt securities in issue held by institutional investors and other borrowed funds	28	778,909	2,188,545
Liabilities for current income tax and other taxes	29	42,617	51,560
Deferred tax liabilities	23	413,504	360,993
Employee defined benefit obligations	30	52,525	58,473
Other liabilities	31	970,888	927,107
Provisions	32	138,787	96,315
Total Liabilities		**57,584,714**	**57,181,797**
EQUITY			
Equity attributable to equity owners of the Bank			
Share capital	33	1,100,281	1,100,281
Share premium	34	2,757,653	2,757,653
Reserves	35	268,315	218,893
Retained earnings	36	(3,513,096)	(2,659,574)
		613,153	**1,417,253**
Non-controlling interests		**11,904**	**11,700**
Hybrid Securities	37	**147,554**	**537,295**
Total Equity		**772,611**	**1,966,248**
Total Liabilities and Equity		**58,357,325**	**59,148,045**

The attached notes (pages 37 to 140) form an integral part of the consolidated financial statements

Consolidated Statement of Comprehensive Income

(Thousands of Euro)

		From 1 January to	
	Note	31.12.2012	31.12.2011
Profit/(Loss), after income tax, recognized in the income statement		**(1,085,870)**	**(3,809,949)**
Other comprehensive income recognized directly in Equity:	11		
Change in available for sale securities' reserve		236,189	(12,994)
Change in available for sale securities reserve due to the impairment of Greek Government bonds			156,218
Change in cash flow hedge reserve		(152,674)	9,506
Exchange differences on translating and hedging the net investment in foreign operations		(23,237)	413
Share of other comprehensive income of associates		500	
Income tax		(12,029)	(40,761)
Total of other comprehensive income recognized directly in Equity, after income tax	11	**48,749**	**112,382**
Total comprehensive income for the year, after income tax		**(1,037,121)**	**(3,697,567)**
Total comprehensive income for the year attributable to:			
Equity owners of the Bank		**(1,038,045)**	**(3,697,252)**
Non-controlling interests		924	(315)

Consolidated Statement of Changes in Equity

(Thousands of Euro)

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

(Thousands of Euro)

	Note	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Hybrid securities	Total
Balance 1.1.2012		**1,100,281**	**2,757,653**	**218,893**	**(2,659,574)**	**1,417,253**	**11,700**	**537,295**	**1,966,248**
Changes for the period 1.1 - 31.12.2012									
Loss for the year, after income tax					(1,086,284)	(1,086,284)	414		(1,085,870)
Other comprehensive income, after income tax recognized directly in Equity	11			48,239		48,239	510		48,749
Total comprehensive income for the year, after income tax				**48,239**	**(1,086,284)**	**(1,038,045)**	**924**		**(1,037,121)**
Purchases/sales and change of ownership interests in subsidiaries					15	15	(720)		(705)
Purchases/sales/ redemptions of hybrid securities, after income tax					234,391	234,391		(389,741)	(155,350)
Appropriation to reserves	35			1,183	(1,183)	-			-
Other					(461)	(461)			(461)
Balance 31.12.2012		**1,100,281**	**2,757,653**	**268,315**	**(3,513,096)**	**613,153**	**11,904**	**147,554**	**772,611**

Consolidated Statement of Cash Flows

(Thousands of Euro)

	Note	From 1 January to 31.12.2012	31.12.2011
Cash flows from operating activities			
Profit/(loss) before income tax		(1,344,863)	(4,731,684)
Adjustments for:			
Depreciation/ impairment of fixed assets	20, 21	78,638	63,458
Amortization/ impairment of intangible assets	22	68,801	29,585
Impairment losses of Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI			4,788,866
Impairment losses from loans and provisions		1,762,411	1,179,093
(Gain)/losses from investing activities		206,858	(63,889)
(Gain)/losses from financing activities		31,202	(10,152)
Share of (profit)/loss from associates	19	3,377	(294)
Other adjustments		25,786	
		832,210	**1,254,983**
Net (increase)/decrease in assets relating to operating activities:			
Due from banks		(5,207)	656,894
Securities held for trading and derivative financial assets		(118,417)	(156,057)
Loans and advances to customers		1,814,398	1,286,339
Other assets		(260,849)	(50,383)
Net increase /(decrease) in liabilities relating to operating activities:			
Due to banks		2,695,925	6,059,819
Derivative financial liabilities		(214,013)	482,214
Due to customers		(2,064,267)	(9,962,761)
Other liabilities		(15,921)	(161,433)
Net cash flows from operating activities before taxes		**2,663,859**	**(590,385)**
Income taxes and other taxes paid		(55,084)	(131,962)
Net cash flows from operating activities		**2,608,775**	**(722,347)**
Cash flows from investing activities			
Investments in subsidiaries and associates and capital return from associates		2,489	3,790
Dividends received	4	998	3,618
Purchases for fixed and intangible assets	20, 21, 22	(68,248)	(61,975)
Disposals of fixed and intangible assets		20,219	4,740
Net (increase)/decrease in investment securities		(1,180,838)	(742,333)
Net cash flows from investing activities		**(1,225,380)**	**(792,160)**
Cash flows from financing activities			
Dividends paid		(2,840)	(96,377)
Repayment of debt securities		(316,988)	(302,170)
(Purchases)/sales of hybrid securities		(158,606)	(6,568)
Dividends paid to hybrid securities owners			(33,275)
Net cash flows from financing activities		**(478,434)**	**(438,390)**
Effect of exchange rate fluctuations on cash and cash equivalents		(939)	7,692
Net increase /(decrease) in cash and cash equivalents		**904,022**	**(1,945,205)**
Cash and cash equivalents at the beginning of the year		**1,206,083**	**3,151,288**
Cash and cash equivalents at the end of the year	13	**2,110,105**	**1,206,083**

The attached notes (pages 37 to 140) form an integral part of the consolidated financial statements

Notes to the Group Financial Statements

GENERAL INFORMATION

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

The parent company of the Group is ALPHA BANK A.E. which operates under the brand name of ALPHA BANK 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 which can be extended by the General Meeting of Shareholders.

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

The tenure of the Board of Directors which was elected by the Ordinary Geneal Meeting of Shareholders on 22.6.2010 expires in 2014.

The Board of Directors as at 31.12.2012, consists of:

CHAIRMAN (Executive Member)

Yannis S. Costopoulos

VICE CHAIRMAN (Non Executive Independent Member)

Minas G. Tanes ***

EXECUTIVE MEMBERS

MANAGING DIRECTOR

Demetrios P. Mantzounis (CEO)

EXECUTIVE DIRECTORS AND GENERAL MANAGERS

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

NON-EXECUTIVE MEMBERS

Paul G. Karakostas *
Ioanna E. Papadopoulou **

NON-EXECUTIVE INDEPENDENT MEMBERS

George E. Agouridis */**
Paul A. Apostolidis (from 26.6.2012)
Thanos M. Veremis
Evangelos J. Kaloussis */***
Ioannis K. Lyras **

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

NON-EXECUTIVE MEMBER
(in accordance with the requirements of Law 3723/2008)
Sarantis – Evangelos G. Lolos

NON-EXECUTIVE MEMBER
(in accordance with the requirements of Law 3864/2010)
Nikolaos G. Koutsos */**/*** (from 7.6.2012)

SECRETARY
Hector P. Verykios

The Ordinary General Meeting of Shareholders, held on 29.6.2012, has appointed as auditors for the semi annual and annual financial statements for the year 2012 the following:

Principal Auditors:	Charalambos G. Sirounis
	Nikolaos Ch. Tsiboukas
Substitute Auditors:	Michael A. Kokkinos
	John A. Achilas

of KPMG Certified Auditors A.E.

The Bank's shares have been listed in the Athens Stock Exchange since 1925 and is ranked constantly between the companies with the higher market capitalization. Additionally, the Bank's share is included in a series of international indices, such as S&P Europe 350 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 at December 31, 2012 the Bank has 534,269,648 ordinary and 200,000,000 preference shares in issue.

During the year of 2012 an average of 4,512,648 shares have been traded daily.

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

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

The financial statements have been approved by the Board of Directors on March 27, 2013.

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

ACCOUNTING POLICIES APPLIED

1.1 Basis of presentation

These consolidated financial statements relate to the fiscal year 1.1 – 31.12.2012 and they have been prepared:

a) in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, in accordance with Regulation 1606/2002 of the European Parliament and the Council of the European Union on 19 July 2002 and

b) on the historical cost basis except for the following assets and liabilities which were measured at fair value:

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

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

The accounting policies for the preparation of the financial statements have been consistently applied by the Group to the years 2011 and 2012, after taking into account the following amendments of the International Accounting Standards which were issued by the International Accounting Standards Board (IASB) and adopted by the European Union and which are effective for annual periods beginning on 1.1.2012:

- **Amendment of International Financial Reporting Standard 1** «Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters» (Regulation 1255/11.12.2012)

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

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

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

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

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

  On 7.10.2010, the International Accounting Standards Board issued an amendment of IFRS 7 regarding the disclosures that are required when financial assets are transferred. The disclosures relate to the financial assets that are transferred and that a) the entity does not derecognise, b) the entity has continuing involvement, c) the entity derecognises. With the above amendment the existing disclosures are revised in order to achieve greater transparency in the reporting of transfer transactions, particularly those that involve securitisation of financial assets.

  The adoption of the above amendment by the Group had as result the addition of the relevant disclosures which are presented in note 41.5.

- **Amendment of International Accounting Standard 12** «Deferred Tax: Recovery of Underlying Assets» (Regulation 1255/11.12.2012)

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

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

It is noted that according to the Regulation 1255/11.12.2012, which adopted the above amendments of IFRS 1 and IAS 12, their effective date is, by the latest, the annual period beginning on or after 1.1.2013. The Group proceeded with the adoption of both amendments during 2012, consistently with the effective date defined by the International Accounting Standards Board.

Apart from the above Standards, the European Union adopted the following new standards, interpretations and amendments of standards which are effective for annual periods beginning after 1.1.2012 and which have not been early adopted by the Group.

- **Amendment of International Financial Reporting Standard 1** «Government loans» (Regulation 183/4.3.2013)

  Effective for annual periods beginning on or after 1.1.2013

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

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

- **International Financial Reporting Standard 10** «Consolidated Financial Statements» (Regulation 1254/11.12.2012)

  Effective for annual periods beginning on or after 1.1.2013

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

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

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

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

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

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

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

- **International Financial Reporting Standard 11** «Joint Arrangements» (Regulation 1254/11.12.2012)

  Effective for annual periods beginning on or after 1.1.2013

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

The parties that have joint control of a joint operation recognise in their consolidated and separate financial statements the assets and the liabilities as well as income or expenses that they own or are entitled to from the joint operation. The same accounting principles apply for parties to joint operations that do not have joint control but have rights to the assets and obligations for the liabilities relating to the joint operation. The parties that have joint control of a joint venture recognise their interest as an investment using the equity method in accordance with IAS 28 "Investments in associates and joint ventures". The alternative of proportionally consolidating joint ventures is no longer provided. A party to a joint venture that does not have joint control of the joint venture accounts for its interest in accordance with IAS 39 (or IFRS 9 if applied), unless it has significant influence over the joint venture, in which case it shall account for it using the equity method.

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

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

- **International Financial Reporting Standard 12** «Disclosure of Interests in Other Entities» (Regulation 1254/11.12.2012)

  Effective for annual periods beginning on or after 1.1.2013

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

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

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

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

- **International Financial Reporting Standard 13** «Fair Value Measurement» (Regulation 1255/11.12.2012)

  Effective for annual periods beginning on or after 1.1.2013

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

  i. Defines fair value

  ii. Sets out in a single IFRS a framework for measuring fair value and

  iii. Requires disclosures about fair value measurements

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

- **Amendment of International Accounting Standard 1** «Presentation of Items of Other Comprehensive Income» (Regulation 475/5.6.2012)

  Effective for annual periods beginning on or after 1.7.2012

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

  The adoption of the above amendment by the Group will lead to changes in the presentation of the Statement of Comprehensive Income.

- **Amendment of International Accounting Standard 19** «Employee Benefits» (Regulation 475/5.6.2012)

  Effective for annual periods beginning on or after 1.1.2013

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

  - Immediate recognition of changes in net defined benefit liability. Therefore, the option to defer actuarial gains and losses (corridor approach) and past service cost when benefits are not vested is abolished.
  - The new standard clearly defines the recognition of each defined benefit cost component. In particular:

    i. Service cost is recognized in profit or loss

    ii. Net interest on the net defined benefit liability (asset) is recognized in profit or loss

iii. Remeasuremets of the net defined benefit liability (asset) are recognized in other comprehensive income. They are not reclassified in profit or loss in a subsequent period.

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

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

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

- **International Accounting Standard 27** «Separate Financial Statements» (Regulation 1254/11.12.2012)

  Effective for annual periods beginning on or after 1.1.2013

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

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

- **International Accounting Standard 28** «Investments in Associates and Joint Ventures» (Regulation 1254/11.12.2012)

  Effective for annual periods beginning on or after 1.1.2013

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

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

  The main impact on the Group financial statements from the adoption of the above amendment is that joint ventures will be accounted using the equity method instead of the proportionate consolidation method.

- **Amendment of International Accounting Standard 32** «Offsetting Financial Assets and Financial Liabilities» and of **International Financial Reporting Standard 7** «Disclosures – Offsetting Financial Assets and Financial Liabilities» (Regulation 1256/13.12.2012)

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

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

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

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

- **Interpretation 20** «Stripping costs in the production phase of a surface mine» (Regulation 1255/11.12.2012)

  Effective for annual periods beginning on or after 1.1.2013

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

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

It is noted that according to the Regulation 1254/11.12.2012, which adopted the above new standards IFRS 10, IFRS 11 and IFRS 12 as well as the above amendments of IAS 27 and IAS 28, their effective date is, by the latest, the annual period beginning on or after 1.1.2014. The Group is examining the possibility of adopting the aforementioned standards and amendments during 2013, consistently with the effective date defined by the International Accounting Standards Board.

In addition, the International Accounting Standards Board has issued the following standards and amendments of 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 1.1.2015

On 12.11.2009, IFRS 9: «Financial Instruments» was issued by the International Accounting Standards Board. The new standard was issued as part of the first phase of the project for the replacement of IAS 39; therefore, the scope of the first phase is the classification and measurement of financial assets. According to the new standard, financial instruments should be classified, at initial recognition, at either amortized cost or at fair value. The criteria that should be considered for the initial classification of the financial assets are the following:

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

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

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

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

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

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

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

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

Effective for annual periods beginning on or after 1.1.2015

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

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

- **Amendment of International Financial Reporting Standard 10** «Consolidated Financial Statements», of **International Financial Reporting Standard 11** «Joint Arrangements» and of **International Financial Reporting Standard 12** «Disclosure of Interests in Other Entities»: Transition Guidance

Effective for annual periods beginning on or after 1.1.2013

On 28.06.2012, the International Accounting Standards Board issued an amendment to the transition requirements of the above standards. The amendment clarifies that the "date of initial application" is the beginning of the annual reporting period in which IFRS 10 is applied for the first time. In the case that the consolidation conclusion reached at the date of initial application is different when compared with applying IAS 27 and SIC 12, only the immediately preceding comparative period needs to be adjusted retrospectively. The presentation of adjusted comparatives for earlier periods is permitted but not required. A similar exception regarding the presentation of adjusted comparatives is also provided in the transition requirements of IFRS 11 and 12. Also, the disclosures relating to non consolidated structured entities are not required for any period before the first annual period for which IFRS 12 is applied.

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

- **Amendment of International Financial Reporting Standard 10** «Consolidated Financial Statements», of **International Financial Reporting Standard 12** «Disclosure of Interests in Other Entities» and **of International Accounting Standard 27** «Separate Financial Statements»: Investment Entities

Effective for annual periods beginning on or after 1.1.2014

On 31.10.2012, the International Accounting Standards Board issued the above amendment which defines "investment entities" and introduces an exception to consolidating particular subsidiaries for investment entities. 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 Group is evaluating the impact from the adoption of the above amendment on its financial statements.

- **Improvements to International Accounting Standards**

  Effective for annual periods beginning on or after 1.1.2013

  As part of the annual improvements project, the International Accounting Standards Board issued on 17.5.2012 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 of 31.12.2012 and the accounting policies applied in their preparation, when necessary, were adjusted to ensure consistency with the Group accounting policies.

a. Subsidiaries

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

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

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

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

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

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

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

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

The consideration transferred is measured at fair value on acquisition date. 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 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.

b. Associates

Associates are entities over which the Group has significant influence but not control. Significant influence is generally presumed to exist when the Group holds, directly or indirectly, between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting. The investment is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the associate.

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

c. Joint ventures

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

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

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

A detailed list of all Group subsidiaries, associates and joint ventures, as well as the Group's ownership interest in them, is provided in note 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 recourses between the Group's operating segments and the assessment of their performance.

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

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

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

- Greece
- Other Countries

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

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

1.4 Transactions in foreign currency and translation of foreign operations

a. Transactions in foreign currency

The consolidated financial statements are presented in Euro, which is the functional currency and the currency of the country of incorporation of the parent company Alpha Bank.

Items included in the financial statements of the subsidiaries are measured in the functional currency of each subsidiary which is the currency of the company's country of incorporation or the currency used in the majority of the transactions held.

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

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

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

b. Translation of foreign operations

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

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

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

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

1.5 Cash and cash equivalents

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

a. Cash on hand

b. Non-restricted placements with Central Banks and

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

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

1.6 Classification and measurement of financial instruments

Initial recognition

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

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

Subsequent measurement of financial assets

The Group classifies its financial assets as:

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

For each of the above categories the following apply:

a) Loans and receivables

Non derivative financial assets with fixed or determinable payments that are not quoted in an active market can be classified as loans and receivables. The Group has classified the following as loans and receivables:

i. loans to customers

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

iii. all receivables from customers, banks etc.

This category is measured at amortized cost using the effective interest rate method and is periodically tested for impairment based on the procedures described in note 1.13.

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

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

assets and liabilities on a different basis (i.e. amortized cost) in relation to another financial asset or liability (i.e. derivatives which are measured at fair value through the profit or loss).

- When a financial instrument contains an embedded derivative that significantly modifies the cash flows, or the separation of these derivatives from the main financial instruments is not prohibited.

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

d) Available-for-sale

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

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

This category is measured at fair value. Changes in fair value are recognized directly in equity until the financial asset is sold, where upon, the cumulative gains and losses previously recognized in equity are recognized in profit or loss.

The financial assets included in this category are reviewed at each balance sheet date to determine whether there is any indication of impairment. 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 to 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 that financial asset until maturity.

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

Permitted reclassifications of the above category iv (further analyzed in note 18) have been made by the Group.

Derecognition of financial assets

The Group derecognizes financial assets when:

- the cash flows from the financial assets expire,
- the contractual right to receive the cash flows of the financial assets is transferred and at the same time both risks and rewards of ownership are transferred,
- loans or investments in securities are no longer recoverable and consequently 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 1.20 and 1.21

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

Subsequent measurement of financial liabilities

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

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

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

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

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

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

b) Financial liabilities carried at amortized cost

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

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

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

Derecognition of financial liabilities

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

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

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

Determination of fair value

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

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

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

Offsetting financial assets and financial liabilities

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

1.7 Derivative financial instruments and hedge accounting

Derivative financial instruments

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

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

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

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

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

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

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

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

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

We emphasize the following:

a. Synthetic Swaps

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

This involves the conversion of a Euro deposit to JPY 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 are re-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 form a variable rate to a fixed rate.

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

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

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

periods during which the asset or the liability affect profit or loss or adjusts the carrying amount of the asset or the liability.

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

During the reporting period of 2012, the Group applied cash flow hedge accounting for a specific group 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 Property, plant and equipment

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

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

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

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

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

The estimated useful lives are as follows:

- Buildings: up to 50 years.
- Additions to leased fixed assets and improvements: duration of the lease.
- Equipment and vehicles: 3 to 50 years.

Land is not depreciated but it tested for impairment.

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

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

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

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

1.9 Investment property

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

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

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

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

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

1.10 Goodwill and other intangible assets

Goodwill

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

Positive goodwill arising from acquisitions after 1/1/2004 is recorded to "Goodwill and other intangible assets" if it relates to the acquisition of a subsidiary. Goodwill on acquisitions of associates is included in "Investment in associates".

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

Negative goodwill is recognized in profit or loss.

Other intangible assets

The Group has included in this caption:

a) Intangible assets which are recognized from business combinations in accordance with IFRS 3.

The intangible assets are carried at cost less accumulated amortization and impairment losses.

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 3 to 15 years. Expenditure incurred to maintain software programs is recognized in the income statement as incurred. Software that is considered to be an integral part of hardware (hardware cannot operate without the use of the specific software) is classified in property, plant and equipment.

c) Brand names and other rights are measured at cost less accumulated amortization and impairment losses. The amortization is charged over the estimated useful life which the Group has estimated to 5 years.

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

No residual value is estimated for intangible assets.

1.11 Leases

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

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

All other lease agreements are classified as operating leases.

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

a) When the Group is the lessor

i. Finance leases:

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

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

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

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

ii. Operating leases:

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

b) When the Group is the lessee

i. Finance leases:

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

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

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

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

ii. Operating leases:

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

1.12 Insurance activities

a) Insurance reserves

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

i. Mathematical reserves

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

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

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

ii. Unearned premiums reserves

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

iii. Outstanding claims reserves

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

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

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

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

b) Revenue recognition

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

c) Reinsurance

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

d) Distinction of insurance products

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

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

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

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

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

e) Liability adequacy test

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

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

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

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

1.13 Impairment losses on loans and advances

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

Specifically, the steps performed are the following:

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

For business loans, the approved general limit, either on an individual or on a group level, is the basic factor in determining whether the assessment of impairment will be performed on an individual basis or on a collective basis.

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

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

For consumer and mortgage loans, impairment test is performed, as a rule, on a collective basis, regardless of their amount or limit.

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

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

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

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

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

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

c. Establishment of groups of assets with similar risk characteristics

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. Specifically, the collective groups are selected based on the following criteria:

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

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

d. 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.

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

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

e. Interest income recognition

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

f. Impairment recognition – Write - offs

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

In particular, the Group proceeds to the write off of loans when it is estimated that loans are uncollectable and all legal actions for their collection have been completed.

g. Recoveries

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

1.14 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.

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 obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties, less the costs of disposal.

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.

During the current year, the Group recognized an impairment loss on property plant and equipment and on investment property which were destroyed from fire (notes 20 and 21) as well as on the total of goodwill that had been recognized during the acquisition of Alpha Bank Srbija A.D. (note 22).

1.15 Accounting for income tax

Income tax consists of current and deferred tax.

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

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

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

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

Income tax, both current and deferred, is recognized in profit or loss 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 and the sale is expected to be completed within one year. Non current assets that are acquired exclusively with a view to their subsequent disposal are classified as held for sale at the acquisition date when the one-year requirement is met and it is highly probable that the remaining criteria will be met within a short period following the acquisition (usually within three months).

Non current assets held for sale mainly consist of assets acquired through the enforcement of security over customer loans and advances.

Before their classification as held for sale, the assets are remeasured in accordance with the respective accounting standard.

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

Assets in this category are not depreciated.

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

Non - current assets that are acquired through enforcement procedures but are not available for immediate sale or are not expected to be sold within a year are included in Other Assets and are measured at the lower of cost (or carrying amount) and fair value. During the current year, the Group recognized an impairment loss on non-current assets that had been acquired through enforcement procedures and that had been classified in Other Assets (note 24).

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.

1.17 Employee benefits

The Group has both defined benefit and defined contribution plans.

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

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

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

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

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

a) any cumulative unrecognized net actuarial losses and past service cost, and
b) the present value of any economic benefits available to the Group entity in the form of refunds from the plan or reductions in future contributions to the plan.

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

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

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

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

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

is directly recognised in profit or loss.

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

1.18 Share options granted to employees

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

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

1.19 Provisions

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

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

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

Provisions are not recognized for future operating losses.

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

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

1.20 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.

1.21 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.

1.22 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.

1.23 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 or loss are capitalized and amortised in the income statement using the effective interest method over the life of the financial instrument.

1.25 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.

1.26 Gains less losses on financial transactions

Gains less losses on financial transactions include the fair value changes of financial assets, 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.

1.27 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.

1.28 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 which is considered to have significant influence over the Bank due to the advance it has given to the Bank in the context of L. 3864/2010 as well as due to its participation to the Board of Directors and to significant Committees of the Bank. Details regarding the aforementioned advance are included in note 42.

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%.

1.29 Comparatives

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

1.30 Estimates, decision making criteria and significant sources of uncertainty

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

The main estimates used by the Group in the preparation of the annual financial statements for the year 2012, the confirmation of which is subject to the development of factors uncertain at the time of preparation of the financial statements, relate to the following issues:

1.30.1 Going concern principle

The Group, for the preparation of the annual financial statements for the year 2012, was based on the going concern principle. The main factors that create uncertainties regarding the application of the aforementioned accounting principle relate to the fact that the Group's operations were affected by the unfavorable macroeconomic environment developed by the international financial crisis and its consequences to the Greek economy. The sovereign debt crisis in Greece led to measures for the sustainability of the Greek debt and resulted in the application of a program for the exchange of Greek Government bonds and of loans guaranteed by the Hellenic Republic with terms unfavorable to their holders, a fact that significantly affected the Group's financial position. In addition, the prolonged recession of the Greek economy and the consequent rise in unemployment led to the increase in impairment losses of loans and advances to customers, which in turn affect the capital adequacy of the Bank and the Group. In parallel, the decrease in deposits, as a result of the uncertainty created and the recession, adversely affected the levels of liquidity of the Greek banks.

The above are addressed by the program for the financial support of Greece by the European Commission, the European Central Bank and the International Monetary Fund and the measures taken for the restructuring of the Greek economy. In the context of the above program, in the Eurogroup of 27.11.2012, it was decided to implement a Greek Government bond buy-back program, which was completed successfully. In parallel, a specific institutional framework was developed for the recapitalisation of Greek banks through the Hellenic Financial Stability Fund. In the Eurogroup of 13.12.2012, the disbursement of the second instalment of the second adjustment program of the Greek economy was approved, which includes the amount of € 23.2 billion for the recapitalization of the Greek banks, bringing the total amount available for this purpose to € 50 billion approximately. In this context, after the completion of the recapitalisation that the Bank plans to implement in the immediate period ahead, the capital adequacy of the Group will be fully restored, thereby waiving any uncertainty concerning the application of the going concern principle.

The Bank's Board of Directors, taking into account the measures taken to support the Greek economy, as well as the actions completed and the actions scheduled to restore the capital adequacy of the Group, and in particular:

- the continuing financial support of Greece by the European Commission, the European Central Bank and the International Monetary Fund,
- the recognition by the Bank of Greece of the significance of the Bank for the stability of the financial system in Greece,
- the actions scheduled in order to begin and to complete the Group's recapitalisation process, in the context of Law 3864/2010 and the Cabinet Act issued on 9.11.2012, so as to raise funds of €4.571 billion from private investors or also the Hellenic Financial Stability Fund, the amount being equal to the capital needs of the Group as determined by the Bank of Greece, after taking into account the effect of the Group's participation in the bond exchange program (PSI) and the results of the Blackrock diagnostic assessment of Greek banks,
- the commitment of the HFSF, in the context of Law 3864/2010, as in effect, to cover, to the extent necessary, the capital needs of the Group, in implementation of which the HFSF has already advanced bonds amounting to €2.942 billion and has issued a certificate with which it is committed to provide additional capital support up to the amount of € 1.629 billion,
- the implementation of an optional program for the buy-back of bonds and hybrid securities issued by the Group through which Core Tier I was strengthened by € 333 million,
- the acquisition of Emporiki Bank S.A., which, following a Euro € 2.9 billion capital increase by Credit Agricole pre closing of the transaction, contributes to the capital of the Bank an amount of € 2.3 billion as of 1.2.2013 without taking into account adjustments of accounting balances to fair value, synergies and other potential positive financial effects such as portfolio workout,
- the cover from Credit Agricole of a € 150 million convertible bond issued by the Bank, in the context of the aforementioned transaction, which also contributes to the regulatory capital of the Bank.
- the ability of the Bank to access, with acceptable collaterals for refinancing, the mechanisms of liquidity of the Eurosystem,
- the gradual return of deposits in the banking system which is expected to increase further with the completion of the recapitalization of Greek banks, a fact that will lead to the normalization of the liquidity conditions,

considers that the uncertainties that could affect the application of the going concern principle until the completion of the recapitalisation process are waived and, consequently, prepared the annual financial statements on a going concern basis.

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

The Group, after the completion of the bond exchange program (PSI), the completion the bond buy-back program which was approved at the Eurogroup of 13.12.2012, as well as after the additional actions decided at the Eurogroup of 27.11.2012 for the enhancement of the sustainability of the Greek debt, estimates that no impairment is required for the Greek Government securities held by the Group that were not eligible for the securities exchange program. The Group's exposure to loans guaranteed by the Hellenic Republic is presented in note 41.1. The aforementioned loans are tested for impairment according to the procedures described in note 1.13.

The main sources of uncertainty regarding the estimations for the recoverability of the total exposure of the Group to the Hellenic Republic relate to the development of the macroeconomic environment in Greece and internationally, the evolution of the crisis in the eurozone, the achievement of the goals set within the context of the program for the support of the Greek economy, which have been set as a prerequisite for the smooth disbursement of the related funds and the verification of the assumptions on which the program has been based. In this context, the above will be re-estimated at each balance sheet date, taking also into account market conditions.

1.30.3 Recoverability of deferred tax assets

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

Concerning the tax losses carried forward, it is noted that the related Group deferred tax asset concerns, almost in total, the Bank, which exhibited tax losses for the first time in the year 2012. The recognition of the deferred tax asset was based on the Bank's restructuring plan that was submitted to the Directorate General for Competition of the European Union in the end of November 2012, according to Law 3864/2010, having taken into account the acquisition of Emporiki Bank, which was completed on 1.2.2013. According to the above plan, it is estimated that sufficient taxable profit will be available within the next five years against which the aforementioned tax losses carried forward will be utilised.

It is noted that the amount of € 812 million, which on 31.12.2012 constitutes the major part of the Group's deferred tax assets, relates to losses that arose from the participation in the Greek government bond exchange program (PSI) and the December 2012 Greek government bond buy back program which were recognized for tax purposes 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 instalments, within 30 years, which, according to the Group's estimation, provides a sufficient time period for its gradual utilisation against taxable profits.

Likewise, the remaining deferred tax assets of the Group are expected to be recovered in the future, since in most cases there are no time constraints regarding their recoverability.

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 will reassess its estimation regarding the recoverability of the deferred tax assets in connection to the development of the above factors.

INCOME STATEMENT

2. Net interest income

	From 1 January to	
	31.12.2012	31.12.2011
Interest and similar income		
Due from banks	21,769	36,268
Loans and advances to customers	2,272,219	2,505,287
Securitized loans	308,992	372,416
Securities held for trading	4,680	8,450
Available for sale securities	315,205	176,170
Held to maturity securities	60,991	175,572
Derivative financial instruments	317,802	427,288
Other	23,229	17,847
Total	**3,324,887**	**3,719,298**
Interest expense and similar charges		
Due to banks	(562,485)	(316,145)
Due to customers	(739,012)	(823,465)
Debt securities in issue and other borrowed funds	(193,777)	(231,355)
Derivative financial instruments	(361,334)	(481,292)
Other	(70,967)	(83,349)
Total	**(1,927,575)**	**(1,935,606)**
Net interest income	**1,397,312**	**1,783,692**

3. Net fee and commission income

	From 1 January to	
	31.12.2012	31.12.2011
Loans	75,940	78,921
Letters of guarantee	49,316	45,848
Imports-Exports	8,363	10,659
Credit cards	42,185	44,262
Fund transfers	51,185	58,096
Mutual funds	14,891	20,714
Advisory fees and securities transaction fees	361	717
Brokerage services	6,522	8,653
Foreign exchange trades	10,290	8,902
Issuance of securities of Law 3723/2008	(3,437)	(11,378)
Other	17,134	28,821
Total	**272,750**	**294,215**

4. Dividend income

	From 1 January to	
	31.12.2012	31.12.2011
Available for sale securities	998	3,618
Total	**998**	**3,618**

5. Gains less losses on financial transactions

	From 1 January to	
	31.12.2012	31.12.2011
Foreign exchange differences	32,543	30,987
Securities held for trading		
- Bonds	61,164	(4,590)
- Shares	(5)	(852)
- Other securities	(464)	
Investment securities: (note 18)		
- Bonds	(321,219)	69,918
- Shares	(33,930)	(13,896)
- Other securities	(23,010)	593
Loan portfolio		3,750
Derivative financial instruments	283	70,681
Other financial instruments	52,303	(14,340)
Total	**(232,335)**	**142,251**

6. Other income

	From 1 January to	
	31.12.2012	31.12.2011
Insurance activities	5,566	5,940
Hotel activities	23,183	30,093
Operating lease income	10,102	6,750
Sale of fixed assets	1,094	866
Other	27,380	16,072
Total	**67,325**	**59,721**

Income from insurance activities is analyzed as follows:

	From 1 January to	
	31.12.2012	31.12.2011
Non-life Insurance		
Premiums and other related income	14,660	11,938
Less:		
- Reinsurance premiums ceded	(5,106)	(4,843)
- Commissions	(741)	(787)
- Claims from policyholders	(8,248)	(7,368)
Reinsurers' participation	1,396	761
Net income from non-life insurance	**1,961**	**(299)**
Life Insurance		
Premiums and other related income	36,564	26,629
Less:		
- Reinsurance premiums ceded	(3,463)	(2,309)
- Commissions	(2,828)	(2,220)
- Claims from policyholders	(28,270)	(17,210)
Reinsurers' participation	1,602	1,349
Net income from life insurance	**3,605**	**6,239**
Total	**5,566**	**5,940**

7. Staff costs

	From 1 January to	
	31.12.2012	31.12.2011
Wages and salaries	358,207	379,924
Social security contributions	91,530	93,155
Common Insurance Fund of Bank Employees	12,246	14,414
Bank's employee indemnity provision due to retirement in accordance with Law 2112/1920 (note 30)	46,622	
Employee defined benefit obligation of Group (note 30)	8,581	16,378
Other	29,584	31,935
Total	**546,770**	**535,806**

The total number of employees in the Group as at 31.12.2012 was 13,650 (31.12.2011: 14,337) out of which 7,397 (31.12.2011: 7,721) are employed in Greece and 6,253 (31.12.2011: 6,616) are employed abroad.

Defined contribution plans

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

a. The supplementary pension plan for employees of the former Ionian and Popular Bank of Greece is T.A.P.I.L.T.A.T., a multi-employer plan. The Bank has obtained legal opinions that indicate that it has no obligation if the fund does not have sufficient assets to pay employee benefits. Therefore the Bank considers that the fund is a defined contribution plan and has accounted for it as such. The Bank has applied for membership in the Common Insurance Fund of Bank Employees (E.T.A.T.) for its employees who are insured in the Pension Plan for employees of Ionian – Popular Bank and other Banks (T.A.P.I.L.T.A.T.).

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

c. All employees of the Bank receive medical benefits from the Bank Employee and Companies Common Benefit Plan (T.A.Y.T.E.K.O.). This plan has been accounted for as a defined contribution plan. This fund has joined the National Organization of Health Care (EOPYY) since 12.11.2012 in accordance with circular 47284/14.11.2012 of the National Organization of Health Care and pursuant to the implementation of Law 4093/2012 paragraph IB.1, paragraph 1b.

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

With Law 4052/2012 a new public sector legal entity was established under the name of Common Supplementary Insurance Fund (ETEA), that commenced its operations on 1.7.2012 aiming to incorporate six supplementary insurance funds among which is the ETAT. This law provides the funds the right to be excluded from their incorporation in ETEA with the agreement of the representative organizations of insured members and their automatic transformation to private sector legal entities in accordance with Law 3029/2002 if they were not included up to 31.12.2012. The representatives of the insured members or ETAT have requested to be excluded from their incorporation in ETEA.

The legislative act issued on 31.12.2012, renders the incorporation of the supplementary insurance funds mandatory from 1.1.2013, for which a request for exclusion has been submitted and as at 31.12.2012 a) no actuarial studies had been submitted to the Ministry of Labor, Social Security and Providence as defined in Law 3029/2002 for their transformation to private sector legal entities or b) an exclusion request had been submitted and was rejected. For all cases where actuarial studies were submitted up to 31.12.2012 and their review from the National Authority for Actuarial Studies and the competent Ministry Division was pending, the deadline for their mandatory incorporation into ETEA was extended up to 28.2.2013. ETAT falls under this case.

e. The Bank, in collaboration with AXA Insurance, has created a new group savings plan for its employees that were hired and insured for the first time 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's assets, which will be formed by the fixed monthly contributions of the Bank and its employees, will be invested in low risk mutual funds. For employees hired by the Bank and insured from 1.1.2005 this is a defined contribution plan since the benefit arises solely from the savings capital accumulated up to their departure date.

Defined benefit plans

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

8. General administrative expenses

	From 1 January to	
	31.12.2012	31.12.2011
Rent of buildings	44,306	49,976
Rent and maintenance of EDP equipment	19,363	21,073
EDP expenses	34,433	33,311
Marketing and advertisement expenses	23,615	25,201
Telecommunications and postage	24,109	29,001
Third party fees	70,454	65,272
Consultants fees	7,573	7,086
Contribution to Deposit Guarantee Fund	18,574	22,988
Insurance	12,191	8,373
Consumables	5,503	7,013
Electricity	12,084	11,150
Agency fees	573	395
Taxes (VAT, real estate etc)	73,818	70,176
Services from collection agencies	11,557	16,074
Buildings and equipment maintenance	9,066	8,362
Security	11,665	12,365
Cleaning fees	5,641	6,116
Other	78,548	68,214
Total	**463,073**	**462,146**

9. Other expenses

	From 1 January to	
	31.12.2012	31.12.2011
Impairment on goodwill of Alpha Bank Srbija A.D. (note 22)	40,520	
Losses from disposal/impairment on fixed assets	16,170	2,678
Other provisions (note 32)	14,287	2,619
Total	**70,977**	**5,297**

In the figure "Losses from disposal/impairment on fixed assets" are included the impairment of buildings due to damages suffered in two of the Bank's buildings during the riots on 12.2.2012 and also includes the decrease in the value of property obtained through auctions. In addition, in the figure "other provisions" were recognized provisions for pending legal cases against the Bank and for other operational risk events.

10. Impairment losses and provisions to cover credit risk

	From 1 January to	
	31.12.2012	31.12.2011
Impairment losses on loans and advances to customers (note 17)	1,668,591	1,127,182
Impairment losses on due from banks (note 14)		8,965
Provisions to cover credit risk relating to off balance sheet items (note 32)	11,524	8,699
Recoveries	(11,259)	(14,529)
Total	**1,668,856**	**1,130,317**

11. Income tax

According to article 14 of Law 3943/2011 "Combating tax evasion, staffing of the tax auditing department and other provisions under the responsibility of the Ministry of Finance" a 20% tax rate is effective for legal entities for the periods commencing from 1.1.2011 and thereon. For profit distribution, a withholding tax is imposed with a 25% tax rate.

In accordance with article 9 of Law 4110/23.1.2013 "Income tax regulations, regulations on issues under the responsibility of the Ministry of Finance and other provisions", the tax rate for legal entities increased from 20% to 26% for profits arising from 1.1.2013 and onwards. For profit distribution, a withholding tax is imposed with a 10% tax rate.

The nominal tax rates of years 2011 and 2012 of the subsidiaries and the Bank's branches operating abroad are as follows:

Cyprus	10	
Bulgaria	10	
Serbia	10	
Romania	16	
FYROM	10 [(1)]	
Albania	10	
Ukraine	21 [(2)]	(from 1.1.2012)
Jersey	10	
United Kingdom	24 [(3)]	(from 1.4.2012)

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

In accordance with article 82 paragraph 5 of Law 2238/94, for the fiscal year 2011 and thereafter, the statutory auditors and audit firms conducting statutory audits to a Societe Anonyme (AE), are obliged to issue an Annual Tax Certificate on the implementation of tax provisions on tax issues. The above mentioned tax certificate is submitted to the entity under audit within 10 days from the submission of the corporate income tax return, as well as, to the Ministry of Finance, electronically, no later than ten days following the date of the approval of the financial statements from the General Assembly of the Shareholders.

If after eighteen months from the issuance of the tax certificate that did not include any qualifications and on the precondition that no tax offences have been found from Ministry of Finance specific audits, the tax audit of the year is considered complete.

For the fiscal year 2011 the Bank and its domestic subsidiaries received the relevant tax certificate without any qualifications on the tax issues audited, whereas for the year 2012 the tax audit is in progress and no material findings are expected.

The income tax expense is analyzed as follows:

	From 1 January to	
	31.12.2012	**31.12.2011**
Current	28,831	63,653
Deferred	(287,824)	(27,886)
	(258,993)	35,767
Deferred tax due to impairment of Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI		(957,502)
Total	**(258,993)**	**(921,735)**

The current income tax for the year 2012 includes an amount attributed to prior year current tax differences.

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

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

(2) For the year 2010 up to 31.3.2011 the tax rate was 25%. From 1.4.2011 up to 31.12.2011 was 23%.

(3) For the year 2011 up to 31.3.2012 the tax rate was 26%.

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

	From 1 January to	
	31.12.2012	31.12.2011
Debit difference of Law 4046/2012	(811,773)	
Revaluation/impairment of assets	(2,620)	
Depreciation and fixed assets write-offs	2,575	5,160
Valuation/impairment of loans	55,406	(67,377)
Suspension of interest accruals	114,632	53,402
Employee defined benefit obligations	(301)	12,569
Valuation of derivatives	8,175	(30,807)
Effective interest rate	1,142	(5,523)
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(297)	1,002
Valuation/impairment of bonds and other securities	455,773	15,178
Tax losses carried forward	(106,028)	(6,544)
Other temporary differences	(4,508)	(4,946)
	(287,824)	**(27,886)**
Impairment on Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI		(957,502)
Total	**(287,824)**	**(985,388)**

For the result arising from the Bank's participation in the program for the exchange of Greek Government bonds pursuant to its 3.12.2012 invitation, a deferred tax has been calculated which is included in the debit difference of Law 4046/2012.

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

	From 1 January to			
	31.12.2012		31.12.2011	
	%		%	
Profit/(loss) before income tax		**(1,344,863)**		**(4,731,684)**
Income tax (weighted average nominal tax rate)	19.72	(265,143)	19.95	(944,172)
Increase/(decrease) due to:				
Additional tax on income from fixed assets	(0.23)	3,143	(0.03)	1,305
Non taxable income	2.06	(27,689)	0.08	(3,715)
Non deductible expenses	(1.16)	15,597	(0.14)	6,407
Effect of changes of tax rates used for deferred tax			(0.06)	2,938
Other temporary differences	(1.13)	15,099	(0.32)	15,502
Income tax (effective tax rate)	**19.26**	**(258,993)**	**19.48**	**(921,735)**

The tax rate of 19.72% for 2012 and 19.95% for 2011 is the weighted average nominal tax rate based on the nominal income tax rate and the profit/loss before tax of the Group's companies.

Income tax of other comprehensive income recognized directly in Equity

	From 1 January to					
	31.12.2012			31.12.2011		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Change in available for sale securities' reserve	236,189	(43,023)	193,166	(12,994)	(8,173)	(21,167)
Change in available for sale securities' reserve due to impairment of Greek Government bonds				156,218	(30,973)	125,245
Change in cash flow hedge reserve	(152,674)	30,536	(122,138)	9,506	(3,047)	6,459
Exchange differences on translating and hedging the net investment in foreign operations	(23,237)	458	(22,779)	413	1,432	1,845
Share of other comprehensive income of associates	500		500			
Total	**60,778**	**(12,029)**	**48,749**	**153,143**	**(40,761)**	**112,382**

In 2012, a deferred tax credit resulting from purchases/sales of hybrid securities and amounting to €3,723 is included in retained earnings. The respective amount for 2011 was a deferred tax debit of the amount of €2,747.

In addition, in 2011, income was recorded in retained earnings amounting to €18.8 million which relates to current income tax for dividends paid on preference shares.

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

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 ordinary shares outstanding, after deducting the weighted average number of treasury shares held by the Group companies, during the period.

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

i. The after-tax amount of any preference dividends on non-cumulative 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.

b. Diluted

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

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

	From 1 January to	
	31.12.2012	31.12.2011
Profit/(losses) attributable to ordinary equity owners of the Bank	**(1,086,284)**	**(3,810,169)**
Less: Preference share's dividends paid		(75,200)
Profit/(losses) attributable to ordinary equity owners of the Bank	**(1,086,284)**	**(3,885,369)**
Weighted average number of outstanding ordinary shares	534,269,648	534,269,648
Basic and diluted earnings/(loss) per share (in €)	(2.03)	(7.27)

The Ordinary General Meeting of the Shareholders of the Bank, on 29.6.2012 decided the non-distribution to the Hellenic Republic of the return of year 2011 of the preference shares issued by the Bank and owned by the Hellenic Republic, as per article 1 paragraph 3 of Law 3723/2008 (Note 36).

ASSETS

13. Cash and balances with Central Banks

	31.12.2012	31.12.2011
Cash	334,044	319,545
Cheques receivable	20,606	23,804
Balances with Central Banks	1,082,610	1,760,239
Total	**1,437,260**	**2,103,588**
Less: Deposits pledged to Central Banks	(865,977)	(1,159,092)
Balance	571,283	944,496

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 bear interest same as the refinancing rate as set by the European Central Bank which as at 31.12.2012 was 0.75% (31.12.2011: 1%).

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

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

	31.12.2012	31.12.2011
Cash and balances with Central Banks	571,283	944,496
Short-term placements with other banks	1,538,822	261,587
Cash and cash equivalents	**2,110,105**	**1,206,083**

14. Due from banks

	31.12.2012	31.12.2011
Placements with other banks	2,212,717	720,030
Guarantees for derivative securities coverage	1,149,646	1,089,586
Sale and repurchase agreements (Reverse Repos)	22,076	
Loans to credit institutions	16,006	15,272
Less:		
Allowance for impairment losses	(17,661)	(17,809)
Total	**3,382,784**	**1,807,079**

Allowance for impairment losses

Balances 1.1.2011	**8,626**
Changes for the period 1.1. - 31.12.2011	
Impairment losses from due from banks (note 10)	8,965
Foreign exchange differences	218
Balance 31.12.2011	**17,809**
Changes for the period 1.1. - 31.12.2012	
Foreign exchange differences	(148)
Balance 31.12.2012	**17,661**

15. Securities held for trading

	31.12.2012	31.12.2011
Bonds		
- Greek Government	13,605	3,496
- Other states	4,596	6,221
- Other issuers:		
Listed	514	3,619
Shares		
- Listed	1,417	624
Total	**20,132**	**13,960**

16. Derivative financial instruments (assets and liabilities)

	31.12.2012		
	Contract nominal amount	Fair Value	
		Assets	Liabilities
Derivatives held for trading			
a. Foreign exchange derivatives			
Currency forwards	739,211	9,508	25,885
Currency swaps	211,591	230	1,724
Cross currency swaps	8,334,432	211,593	278,219
Currency options	24,930	579	341
Currency options embedded in customer products	539	1	
Total non-listed	**9,310,703**	**221,911**	**306,169**
b. Interest rate derivatives			
Interest rate swaps	11,570,619	485,114	481,234
Interest rate options (caps and floors)	1,172,620	9,360	7,052
Total non-listed	**12,743,239**	**494,474**	**488,286**
Futures	5,425,116	398	756
Total listed	**5,425,116**	**398**	**756**
c. Commodity derivatives			
Commodity swaps	191,639	1,717	869
Total non-listed	**191,639**	**1,717**	**869**
d. Index derivatives			
OTC options	49,000	263	263
Total non-listed	**49,000**	**263**	**263**
Options	8	4	3
Futures	1,287	11	22
Total listed	**1,295**	**15**	**25**
e. Other derivatives			
GDP linked security	1,917,087	12,979	
Total listed	**1,917,087**	**12,979**	**-**
Derivatives for hedging			
a. Foreign exchange derivatives			
Cross currency swaps	2,060,234	1,421	60,059
Total listed	**2,060,234**	**1,421**	**60,059**
b. Interest rate derivatives			
Interest rate swaps	2,656,837	3,515	662,453
Interest rate options (caps and floors)	3,766		1
Total non-listed	**2,660,603**	**3,515**	**662,454**
Grand Total	**34,358,916**	**736,693**	**1,518,881**

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

17. Loans and advances to customers

	31.12.2012	31.12.2011
Individuals		
Mortgages	13,997,727	14,185,475
Consumer:		
- Non-securitized	3,404,639	2,906,913
- Securitized	1,056,336	1,599,358
Credit cards:		
- Non-securitized	366,004	306,566
- Securitized	545,204	684,851
Other	60,315	60,948
Total	**19,430,225**	**19,744,111**
Companies:		
Corporate loans:		
- Non-securitized	22,752,424	26,397,885
- Securitized	1,355,796	1,542,694
Leasing:		
- Non-securitized	388,322	691,813
- Securitized	434,833	401,447
Factoring	447,972	493,124
Total	**25,379,347**	**29,526,963**
Receivables from insurance and re-insurance activities	12,657	11,503
Other receivables	280,021	464,915
	45,102,250	**49,747,492**
Less:		
Allowance for impairment losses [1]	(4,606,907)	(2,863,307)
Allowance for impairment losses on loans guaranteed by the Hellenic Republic eligible to PSI [1]		(2,008,479)
Total	**40,495,343**	**44,875,706**

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

Based on the contractual terms and structure of the above transactions (e.g. allowance 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 31.12.2012, the balance of the covered bonds amounted to €3.7 billion and the value of mortgage loans provided as coverage for the above mentioned bonds amounted to €4.3 billion.

[1] *In addition to the allowance for impairment losses, a provision of €12,723 (31.12.2011: €9,130) has been recorded to cover credit risk relating to off balance sheet items. The total provision recorded to cover credit risk amounts to €4,619,630 (31.12.2011: €4,880,916).*

Allowance for impairment losses

Balance 1.1.2011	**2,219,992**
Changes for the period 1.1. - 31.12.2011	
Impairment losses for the year (note 10)	1,127,182
Impairment losses of loans guaranteed by the Hellenic Republic eligible to PSI	2,008,479
Change in present value of the allowance account	185,966
Foreign exchange differences	(1,075)
Loans written-off during the year	(668,758)
Balance 31.12.2011	**4,871,786**
Changes for the period 1.1. - 31.12.2012	
Impairment losses for the year (note 10)	1,668,591
Change in present value of the allowance account	247,846
Foreign exchange differences	(6,559)
Loans written-off during the year [1]	(2,174,757)
Balance 31.12.2012	**4,606,907**

The finance lease receivables by duration are as follows:

	31.12.2012	31.12.2011
Up to 1 year	386,966	410,423
From 1 year to 5 years	247,710	494,860
Over 5 years	356,412	463,926
	991,088	**1,369,209**
Non accrued finance lease income	(167,933)	(275,949)
Total	**823,155**	**1,093,260**

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

	31.12.2012	31.12.2011
Up to 1 year	361,190	371,068
From 1 year to 5 years	162,401	361,083
Over 5 years	299,564	361,109
Total	**823,155**	**1,093,260**

18. Investment securities

Restructuring of Greek Government Debt (PSI)

In order to reduce Greek Government debt to 120% of GDP by 2020, a program for the voluntary exchange of Greek Government bonds was implemented. The terms of the program were defined on 24 February 2012 with the corresponding invitation sent by the Hellenic Republic to the holders of the bonds that fell within the new program.

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

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

a. twenty new bonds issued by the Hellenic Republic, with a total nominal value equal to 31.50% of the nominal value of the bonds that are exchanged

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

[1] *Includes write-off of loans guaranteed by the Hellenic Republic eligible to PSI amounting to €2 billion. These bonds were exchanged with new Greek Government Bonds as at 11.4.2012 (note 18).*

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

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

In addition, the invitation clarified the following:

- Accrued interest on existing bonds and loans until 24.2.2012 are paid through six month zero coupon bonds issued by EFSF.

- The new bonds issued by the Hellenic Republic have a maturity from 11 to 30 years, while their annual coupon, with the interest rate period beginning on 24.2.2012, will be as follows: 2% up to 2015, 3% up to 2020, 3.65% in 2021 and 4.3% thereafter.

- The new bonds issued by the Hellenic Republic will be governed by English law.

Taking into account that the participation in this program with terms unfavourable to the holders of the eligible bonds and loans is an objective evidence of impairment of the value of the specific securities and considering that this event, although it took place during 2012, was an adjusting event for the 2011 results, the Group recognised, in the fourth quarter of 2011, a respective impairment loss, which was calculated based on the difference between the carrying amount of the eligible securities and the fair value of the new securities that were acquired after the exchange. The fair value of the new securities in 2011 was calculated by applying a valuation model which was based on the assumption that the market for the new Greek Government bonds was inactive.

On 8.3.2012 the Group committed to its participation in the above mentioned exchange. On this date the Group responded positively to the invitation of the Hellenic Republic. This offer, according to the terms of the invitation, could not be recalled.

The Hellenic Republic, with a press release issued on 9.3.2012, expressed its intention to complete the exchange of bonds since the terms and conditions had been achieved.

On 12.3.2012, the first phase of the restructuring of the Greek public debt was completed successfully with the exchange of bonds governed by Greek law, while the second phase was completed on 11.4.2012 with the exchange of bonds governed by foreign law as well as of loans guaranteed by the Hellenic Republic.

More specifically, the Group participated in the program by exchanging the total of the eligible Greek Government bonds and loans guaranteed by the Hellenic Republic of a nominal value €6 billion that it held, with new Greek Government bonds with a nominal value €1.9 billion, bonds issued by the EFSF of nominal value €1 billion and a security linked to GDP in accordance with the terms described above.

At the date of the exchange, the Group proceeded with the derecognition of the bonds that were exchanged and the recognition of the new bonds that were acquired at their fair value. This treatment was based on the fact that the terms of the new bonds were considered significantly different from the terms of the existing bonds.

During 2012 an additional loss was recognized in the income statement amounting to €23.8 million before tax, due to the difference between a) the fair value at the end of 2011 of the new bonds received and b) the book value of the old available for sale bonds, which had been valued based on current market prices on 31.12.2011.

The reassessment of market conditions in 2012 led to the change in the estimation relating to the market prices for Greek Governmet bonds which was finally considered active. Thus, based on the re-estimation of the market conditions, the valuation of the new bonds was based on current prices at the transaction date. This event had as a result the recognition of an additional loss resulting from the exchange amounting to €264.5 million before tax which was recognized in gains less losses on financial transactions. Additionally, the new bonds were classified in the available for sale portfolio and the subsequent valuation at fair value was recorded directly in Equity.

In the context of the decisions of the Eurozone's Finance Ministers council as at 27.11.2012 it was agreed, among others, that the Greek public debt should be reduced through the repurchase of bonds from the private sector.

For the implementation of the above agreement the Hellenic Republic issued an invitation on 3.12.2012 to the holders of new Greek Governmet Bonds (Predetermined Securities) to submit their exchange offers, through a separate modified Dutch type auction by specifying the titles subject to the invitation, the timeframe and the detailed terms of the exchange.

The aforementioned exchange relates to predetermined titles offered for exchange (including the accrued and unpaid interest up to but excluding settlement date which was on 18.12.2012). The above titles will be replaced with zero coupon short term securities of a six month duration which were issued by the European Financial Stability Facility (EFSF) under English law.

On 17.12.2012 the Hellenic Republic announced its acceptance on offers for the exchange of Predefined Titles of a total amount of €31.9 billion with an average price of approximately 33.8%.

In the context of the Hellenic Republic's invitation as at 3.12.2012 concerning the buy – back of Greek Government bonds, the Group participated in the aforementioned program, that had an offer submission deadline on 10.12.2012, with bonds of a nominal value of €1.5 billion and a carrying amount of €0.5 billion which had been classified at the available for sale portfolio.

From the above transaction a gain of €117.7 million before tax was recorded, which limits the losses of the current year amounting to €288.3 million from the Greek government bond exchange program to total losses from the restructuring programs of Greek Government debt amounting to €170.6 million.

a. Available for sale

	31.12.2012	31.12.2011
Greek Government:		
- Bonds	555,113	89,456
- Treasury bills	3,015,576	2,038,794
Other States:		
- Bonds	529,607	268,498
- Treasury bills	331,853	325,070
Other issuers:		
- Listed	1,481,657	254,497
- Non-listed	3,600	3,110
Shares		
- Listed	35,353	28,824
- Non-listed	49,429	43,093
Other variable yield securities	36,488	27,576
Total	**6,038,676**	**3,078,918**

During the year 2012 the Group has recognized impairment amounting to €72,492 which is analyzed to €56,269 which relates to shares and other variable return securities and an amount of €16,673 which relates to bonds of other issuers. The respective amount recognized in 2011 results amounted to €200,015 out of which an amount of €156,218 related to Greek Government bonds due to their participation in the exchange program, an amount of €29,901 relating to bonds of other issuers and an amount of €13,896 relating to shares and other variable return securities. The impairment amounts excluding the ones that relate to the exchange program are included in "Gains less losses on financial transactions".

b. Held to maturity

	31.12.2012	31.12.2011
Greek Government:		
- Bonds	891,676	4,590,260
- Treasury bills	21,418	19,283
Other States:		
- Bonds	30,484	15,073
- Treasury bills	68,570	
Other issuers:		
- Listed	678,665	808,450
- Non-listed	1,869	2,120
	1,692,682	**5,435,186**
Less:		
Allowance for impairment losses	(157,110)	(2,688,114)
Total	**1,535,572**	**2,747,072**

The held to maturity Greek Government bonds include solely the security transferred to the Bank's ownership for the issuance of the preference shares of the Greek State according to Law 3723/2008.

In the second quarter of 2012 Government securities issued by the Albanian state of book value €36.2 million were transferred from the available for sale to the held to maturity portfolio. During 2012 an amount of €19.9 million of these securities matured. This transfer had no impact in the Group's equity.

Allowance for impairment losses

Balance 1.1.2011	**33,657**
Changes for the period 1.1 - 31.12.2011	
Change in present value of the allowance account	111
Impairment losses on Greek Government bonds	2,624,169
Impairment losses on bonds of other issuers	33,355
Securities written-off during the year	(53,335)
Recycling of reserve due to reclassification of securities from the available for sale portfolio to held to maturity	(3,542)
Reclassification of impairment allowance from the available for sale portfolio to held to maturity	53,699
Balance 31.12.2011	**2,688,114**
Changes for the period 1.1 - 31.12.2012	
Impairment losses of Greek Government bonds	77,646
Impairment losses on bonds of other issuers	143,321
Amounts written-off during the year relating to Greek Government bonds	(2,751,971)
Balance 31.12.2012	**157,110**

The impairment losses for the year from bonds of other issuers included in "Gains less losses on financial transactions" relate to a subordinated bond of Agricultural Bank A.E..

On 27.7.2012 the operating license of Agricultural Bank was recalled and is under special liquidation in accordance with Law 3601/2007.

In the context of reforming credit institutions in accordance with Law 4021/2011 the bond in question remained in the credit institution under liquidation.

19. Investments in associates

	From 1 January to	
	31.12.2012	31.12.2011
Opening balance	**44,855**	**49,617**
Purchase/Recognition and increase in participation	423	981
Return of capital (note 47o)	(2,726)	(6,037)
Reduced ownership interest	(270)	
Share of profit/(loss) and other results	(2,877)	294
Closing balance	**39,405**	**44,855**

The increase in participations relates to Piraiki Microbrewery S.A. and Biokid A.E. which were performed in 2012 while the purchase of 2011 relates to Dipyrites Chandakos S.A. and Piraiki Mikrobrewery S.A.. The decrease in the participation relates to Dipyrites Chandakos S.A.

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

Name	Country of incorporation	Group's ownership interest % 31.12.2012	31.12.2011
a. Evisak A.E.	Greece	27.00	27.00
b. AEDEP Thessalias & Stereas Ellados [(1)]	Greece	50.00	50.00
c. A.L.C Novelle Investments Ltd	Cyprus	33.33	33.33
d. EL.P.ET. Balcan A.E.	Greece	26.71	26.71
e. Kritis Gi -Tsatsakis A.V.E.E	Greece	22.95	22.95
f. Biokid A.E.	Greece	40.29	34.53
g. Dipyrites Chandakos A.E.	Greece		22.55
h. Piraiki Microbrewery A.E.	Greece	36.72	28.07
i. Rosequeens Properties Ltd	Cyprus	33.33	

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

	Group's share on equity		Share of profit/(loss) From 1 January to		Share of other comprehensive income in equity From 1 January to
Name	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012
a. Evisak A.E.	932	932			
Less: Impairment of Evisak A.E.	(932)	(932)			
b. AEDEP Thessalias & Stereas Ellados	74	74			
c. A.L.C. Novelle Investments Ltd	1,176	1,275	(598)	(671)	500
d. EL.P.ET Balcan A.E.	36,753	42,258	(2,779)	1,469	
e. Kritis Gi-Tsatsakis A.V.E.E	504	504			
Less: Impairment of Kritis Gi-Tsatsakis A.V.E.E	(504)	(504)		(504)	
f. Biokid AE	688	484			
g. Dipyrites Chandakos A.E.		270			
h. Piraiki Microbrewery A.E.	714	494			
Total	**39,405**	**44,855**	**(3,377)**	**294**	**500**

(1) *It is a non profit company.*

20. Investment property

	Land - Buildings
Balance 1.1.2011	
Cost	79,426
Accumulated depreciation	(7,697)
1.1.2011 - 31.12.2011	
Net book value 1.1.2011	71,729
Foreign exchange differences	5
Additions	170
Disposals	(52)
Reclassification to "Property, plant and equipment"	(6,421)
Depreciation charge for the year	(743)
Net book value 31.12.2011	**64,688**
Balance 31.12.2011	
Cost	71,811
Accumulated depreciation	(7,123)
1.1.2012 - 31.12.2012	
Net book value 1.1.2012	64,688
Foreign exchange differences	(66)
Additions	2,226
Additions from companies consolidated for the first time in 2012	312,800
Disposals	(2,073)
Reclassification from "Non-current assets held for sale" (note 25)	142,144
Reclassification from "Property, plant and equipment"	7,109
Impairment	(2,187)
Depreciation charge for the year	(6,865)
Net book value 31.12.2012	**517,776**
Balance 31.12.2012	
Cost	532,878
Accumulated depreciation	(15,102)

The “Additions from companies consolidated for the first time in 2012” relate to investment property that have been provided as a guarantee for loans and were acquired by the group in the context of managing credit risk.

The impairment amount of €2.2 million relates to restoration costs for damages caused by fire that occurred in two preservable buildings of the Bank during the events that occurred on 12.2.2012.

The fair value of investment property as at 31.12.2012 does not substantially differ from their book value.

21. Property, plant and equipment

	Land and buildings	Leased equipment	Equipment	Total
Balance τnv 1.1.2011				
Cost	1,425,109	7,419	491,675	1,924,203
Accumulated depreciation	(304,813)	(2,973)	(375,759)	(683,545)
1.1.2011 - 31.12.2011				
Net book value 1.1.2011	1,120,296	4,446	115,916	1,240,658
Foreign exchange differences	208	(42)	(96)	70
Additions	13,149	211	17,431	30,791
Disposals/ write-offs	(6,273)	(761)	(622)	(7,656)
Reclassifications	6,221	(118)	13,698	19,801
Depreciation charge for the year	(29,952)	(960)	(31,803)	(62,715)
Net book value 31.12.2011	**1,103,649**	**2,776**	**114,524**	**1,220,949**
Balance 31.12.2011				
Cost	1,432,399	6,119	518,352	1,956,870
Accumulated depreciation	(328,750)	(3,343)	(403,828)	(735,921)
1.1.2012 - 31.12.2012				
Net book value 1.1.2012	1,103,649	2,776	114,524	1,220,949
Foreign exchange differences	(4,173)	(71)	(41)	(4,285)
Additions	14,445		17,547	31,992
Disposals/Write-offs	(15,530)	(688)	(2,028)	(18,246)
Impairments	(6,872)			(6,872)
Reclassifications to "Investment property"	(7,109)			(7,109)
Reclassifications from "Other assets"	1,475			1,475
Other reclassifications		209	(209)	-
Depreciation charge for the year	(28,357)	(658)	(33,699)	(62,714)
Net book value 31.12.2012	**1,057,528**	**1,568**	**96,094**	**1,155,190**
Balance 31.12.2012				
Cost	1,407,052	4,144	524,734	1,935,930
Accumulated depreciation	(349,524)	(2,576)	(428,640)	(780,740)

The book value of land and buildings included in the above balances amounts to € 984,040 as at 31.12.2012 (31.12.2011: € 1,006,435). On 12.2.2012 during the riots that took place in the center of Athens, two preservable buildings of Alpha Bank where Central Divisions were located and the Athinas Street Branch, suffered serious damages by a fire.

Their total restoration cost, that is estimated to amount to € 6.9 million is recognized as an impairment loss, in "Other expenses" and most of it is covered by the insurance compensation.

22. Goodwill and other intangible assets

	Goodwill	Software	Other intangible	Total
Balance 1.1.2011				
Cost	44,831	307,642	51,252	403,725
Accumulated amortization		(189,198)	(21,336)	(210,534)
1.1.2011 - 31.12.2011				
Net book value 1.1.2011	44,831	118,444	29,916	193,191
Foreign exchange differences	253	(26)	45	272
Additions		28,780	2,234	31,014
Reclassifications to "Property, plant and equipment"		(13,380)		(13,380)
Amortization charge for the year		(25,700)	(3,885)	(29,585)
Net book value 31.12.2011	**45,084**	**108,118**	**28,310**	**181,512**
Balance 31.12.2011				
Cost	45,084	318,800	53,566	417,450
Accumulated amortization		(210,682)	(25,256)	(235,938)
1.1.2012 - 31.12.2012				
Net book value 1.1.2012	45,084	108,118	28,310	181,512
Foreign exchange differences	(3,428)	(312)		(3,740)
Additions		33,724	306	34,030
Disposals		(384)		(384)
Impairment	(40,520)			(40,520)
Reclassifications		(3,018)	3,018	
Amortization charge for the year		(25,305)	(2,976)	(28,281)
Net book value 31.12.2012	**1,136**	**112,823**	**28,658**	**142,617**
Balance 31.12.2012				
Cost	1,136	348,239	55,791	405,166
Accumulated amortization		(235,416)	(27,133)	(262,549)

Based on the annual impairment test performed on the goodwill arising from the acquisition of Alpha Bank Srbija A.D., the Group recorded impairment of goodwill amounting to €40.5 million. In particular, the investment's recoverable amount which was calculated as the highest amount between (a) its value in use calculated based on a dividend discount model and (b) its fair value less cost to sell based on multiples method, was less than the value of Alpha Bank Srbjia A.D. as included in the consolidated financial statements of the Group.

The amount of €1,136 relates to the goodwill that arised from the initial acquisition of JSC Astra Bank.

23. Deferred tax assets and liabilities

	31.12.2012	31.12.2011
Assets	1,799,893	1,466,974
Liabilities	(413,504)	(360,993)
Total	**1,386,389**	**1,105,981**

The Deferred tax assets and liabilities are analysed as:

	1.1.2012 - 31.12.2012						
	Balance 1.1.2012			Recognized in			
	Before adjustments	Adjustments due to PSI	After adjustments	Income statement	Equity	Foreign exchange differences	Balance 31.12.2012
Debit difference of Law 4046/2012				811.773			811.773
Revaluation/ impairment of assets	8.236		8.236	2.620			10.856
Depreciation and fixed assets write-offs	(12.457)		(12.457)	(2.575)			(15.032)
Valuation/impairment of loans	155.404	401.696	557.100	(55.406)			501.694
Suspension of interest accruals	(228.959)		(228.959)	(114.632)			(343.591)
Employee defined benefit obligations	46.210		46.210	301			46.511
Valuation of derivatives	99.032		99.032	(8.175)	30.536		121.393
Effective interest rate	(608)		(608)	(1.142)			(1.750)
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(4.571)		(4.571)	297			(4.274)
Valuation/impairment of bonds and other securities	(14.216)	555.806	541.590	(455.773)	(39.300)		46.517
Tax losses carried forward	11.622		11.622	106.028			117.650
Other temporary differences	86.470		86.470	4.508		890	91.868
Foreign exchange differences	2.316		2.316		458		2.774
Total	**148.479**	**957.502**	**1.105.981**	**287.824**	**(8.306)**	**890**	**1.386.389**
Impairment of Greek Government Bonds and Loans guaranteed by the Hellenic Republic eligible to PSI	957.502	(957.502)					
Total	**1.105.981**	**-**	**1.105.981**	**287.824**	**(8.306)**	**890**	**1.386.389**

In some of the respective opening balances as at 1.1.2012 adjustments have been made which relate to the allocation of the deferred tax asset from the impairment of Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI.

	1.1.2011 - 31.12.2011				
		Recognized in			
	Balance 1.1.2011	Income statement	Equity	Foreign exchange differences	Balance 31.12.2011
Revaluation/impairment of assets	8,236				8,236
Depreciation and fixed assets write-offs	(7,297)	(5,160)			(12,457)
Valuation/impairment of loans	88,027	67,377			155,404
Suspension of interest accruals	(175,557)	(53,402)			(228,959)
Employee defined benefit obligations	58,779	(12,569)			46,210
Valuation of derivatives	71,272	30,807	(3,047)		99,032
Effective interest rate	(6,131)	5,523			(608)
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(3,569)	(1,002)			(4,571)
Valuation/impairment of bonds and other securities	42,855	(15,178)	(41,893)		(14,216)
Tax losses carried forward	5,078	6,544			11,622
Other temporary differences	81,467	4,946		57	86,470
Exchange differences on translating foreign operations	884		1,432		2,316
Total	**164,044**	**27,886**	**(43,508)**	**57**	**148,479**
Impairment of Greek Government Bonds and Loans guaranteed by the Hellenic Republic eligible to PSI		957,502			957,502
Total	**164,044**	**985,388**	**(43,508)**	**57**	**1,105,981**

24. Other assets

	31.12.2012	31.12.2011
Tax advances and withholding taxes	194,719	177,618
Deposit and Investment Guarantee Fund	305,458	257,702
Lump sum payment to Hellenic Financial Stability Fund (HFSF) (note 42)	153,003	
Assets from auctions	88,372	88,436
Investments on behalf of life insurance policyholders	20,697	21,658
Prepaid expenses	71,675	76,392
Accrued income	4,079	6,668
Receivables from employee defined benefit plan (note 30)	32,047	38,878
Other	179,130	150,399
Total	**1,049,180**	**817,751**

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

  The Law 3746/16.2.2009 concerning the "Hellenic Deposit and Investment Guarantee Fund (HDIGF)" provides that the contribution amount relating to investment coverage and the difference between the regular annual contribution of credit institutions resulting from the application of article 6 of Law 3714/2008, will be included in a special assets group whose elements are jointly included in the proportion of each participant in the credit institutions.
- The payment of €153 million to the Financial Stability Fund has been made for the implementation of article 16C of Law 3864/2010 as added by Law 4093/2012.
- On 31.12.2012 the Bank has tested for impairment its fixed assets obtained through auctions. In cases where the fair value was smaller than the carrying amount an impairment loss has been recognized which amounted to €9.8 million and is included in "Other expense" of the Income Statement.

25. Non current assets held for sale

During 2012, leased property not qualified as held for sale were transferred to "iInvestment property". Moreover, during 2011, foreclosed property was transferred to "other assets".

As at 31.12.2012 "Non-current assets held for sale" include land and buildings amounting to €6,804 (31.12.2011: €100,541 and office equipment amounting to €5).

LIABILITIES

26. Due to banks

	31.12.2012	31.12.2011
Deposits:		
- Current accounts	49,032	39,574
- Term deposits:		
Central Banks	23,822,285	20,209,013
Other credit institutions	866,977	56,684
Sale and repurchase agreements (Repos)		1,755,849
Borrowing funds	478,831	460,080
Total	**25,217,125**	**22,521,200**

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

	31.12.2012	31.12.2011
Deposits:		
- Current accounts	4,726,142	4,857,793
- Saving accounts	4,900,398	6,014,996
- Term deposits	17,943,820	17,420,192
Debt securities in issue	440,206	979,701
Sale and repurchase agreements (Repos)	348,455	3,433
	28,359,021	**29,276,115**
Cheques payables	92,457	123,346
Total	**28,451,478**	**29,399,461**

28. Debt securities in issue and other borrowed funds

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

According to Law 3723/2008 for the enhancement of the Greek economy's liquidity program, the Bank issued on 22.2.2012 a senior debt security guaranteed by the Greek State amounting to €2 billion, with a three month duration and bearing an interest rate of 13.5%.

The outstanding balance of the senior debt securities guaranteed by the Greek State as at 31.12.2012 amounts to €9.8 billion.

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

ii. Covered bonds

The balance of covered bonds issued by the Bank as at 31.12.2012 amounts to €3.7 billion.

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

[1] *Financial disclosure regarding covered bond issues, as determined by the 2620/28.08.09 act of the Bank of Greece, will be published at the Bank's website.*

iii. Senior debt securities

Balance 1.1.2012	**2,630,362**
Changes for the period 1.1 - 31.12.2012	
New issues	308,401
(Purchases)/Sales by Group companies	(591,503)
Maturities/Repayments	(1,398,001)
Fair value change due to hedging	593
Accrued interest	24,905
Foreign exchange differences	(172)
Balance 31.12.2012	**974,585**

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

- value of €0.7 million maturing on 1.2.2017, bearing a floating interest rate of three month Euribor plus a spread of 2%.
- value of €49.6 million maturing on 27.4.2024 and bearing a fixed annual interest rate of 2%
- value of €257.1 million maturing on 20.5.2017 and bearing a fixed annual interest rate of 6%
- value of €1 million maturing on 20.6.2022 and bearing a fixed annual interest rate of 2.5%

iv. Subordinated debt

Balance 1.1.2012	**537,884**
Changes for the period 1.1 - 31.12.2012	
(Purchases)/Sales by Group companies	(20,574)
Maturities/Repayments	(272,817)
Accrued interest	37
Balance 31.12.2012	**244,530**

On 20.4.2012 Alpha Group Ltd a wholly owned subsidiary of Alpha Bank announced a tender offer of buying back Upper Tier II Securities and Lower Tier II Securities at purchase price of 60% for cash.

The participation in the above offer was 60%.

The repayments of subordinated debt securities include an amount of €130.1 million and €125.3 million Lower Tier II securities with ten years duration issued on 1.2.2007 and 8.3.2007 respectively and additionally, an amount of €17.4 million Upper Tier II perpectual securities issued on 27.7.2007.

The result of the buy-back of subordinated debt amounted to a profit of €109 million which was included in gains less losses on financial transactions and enhanced the Group's Core Tier I Capital.

Total of Debt securities in issue and other borrowed funds	**1,219,115**

Of the above debt securities in issue amounted to €1,219,115 an amount of €440,206 (31.12.2011: €979,701) held by Bank customers has been reclassified to "Due to customers". Therefore, the balance of "Debt securities in issue held by institutional investors and other borrowed funds" as at 31.12.2012, amounts to €778,909 (31.12.2011: €2,188,545).

In addition, bonds of €4.3 billion from the securitization of consumer and corporate loans, credit cards and finance lease loans are not presented in "Debt securities in issue and other borrowed funds" since these securities, issued by Group subsidiaries, are held by the Group.

29. Liabilities for current income tax and other taxes

	31.12.2012	31.12.2011
Current income tax	12,513	25,161
Other taxes	30,104	26,399
Total	**42,617**	**51,560**

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 Assets/Liabilities	
	31.12.2012	31.12.2011
TAP – Lump sum benefit (note 24)	32,047	38,878
Total Assets	**32,047**	**38,878**
Bank employee's indemnity provision due to retirement in accordance with Law 2112/1920	48,243	
Savings program guarantee	429	380
Alpha Bank Cyprus Ltd		53,298
Other Companies	3,853	4,795
Total liabilities	**52,525**	**58,473**

	Income statement Expenses/(Income) From 1 January to	
	31.12.2012	31.12.2011
TAP – Lump sum benefit	8,992	8,275
Bank employee's indemnity provision due to retirement in accordance with Law 2112/1920 (note 7)	46,622	
Savings program guarantee	49	380
Alpha Bank Cyprus Ltd		7,368
Other Companies	(460)	355
Total	**55,203**	**16,378**

Balance Sheet and Income Statement amounts are analyzed per fund and type of benefits as follows:

i. Bank

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

The obligation of the Supplementary Pension Fund (TAP) of former Alpha Credit Bank employees, after it was absorbed by the Common Insurance Fund of Bank Employees for the supplementary pension (Article 10, Law 3620/2007), is restricted to paying a lump-sum benefit to retiring employees, which is guaranteed by the Bank.

Amounts included in income statement are as follows:

	From 1 January to	
	31.12.2012	31.12.2011
Current service cost	3,669	3,764
Interest cost	5,001	5,158
Expected return on plan assets	(2,534)	(4,119)
Actuarial losses recognized during the year	2,385	1,374
Total expense	**8,521**	**6,177**
Benefit termination cost	471	2,098
Total (included in staff costs)	**8,992**	**8,275**

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

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

	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Present value of defined benefit obligations	102,967	115,823	122,438	129,848	128,895
Fair value of plan assets	(103,378)	(114,694)	(135,448)	(151,969)	(156,268)
Deficit/(Surplus)	**(411)**	**1,129**	**(13,010)**	**(22,121)**	**(27,373)**
Unrecognized actuarial losses	(31,636)	(40,007)	(31,871)	(23,784)	(19,938)
Asset in balance sheet	**(32,047)**	**(38,878)**	**(44,881)**	**(45,905)**	**(47,311)**

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

	2012	2011
Opening balance	**115,823**	**122,438**
Current service cost	3,669	3,764
Interest cost	5,001	5,158
Employee contributions	474	664
Benefits paid from the fund	(14,238)	(20,339)
Contributions paid directly by the Bank	(2,161)	(2,272)
Expenses	(1)	(10)
Additional costs	133	742
Actuarial (gains)/ losses of the year	(5,733)	5,678
Closing balance	**102,967**	**115,823**

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

	2012	2011
Opening balance	**114,694**	**135,448**
Expected return	2,534	4,119
Employee contributions	474	664
Benefits paid	(14,238)	(20,339)
Expenses	(1)	(10)
Actuarial losses	(85)	(5,188)
Closing balance	**103,378**	**114,694**

The plan assets include bonds issued by Alpha Credit Group Plc of €83.8 million, receivables from Alpha Bank of €16 million, deposits with Alpha Bank of €0.2 million, Alpha Bank's shares of €1.1 million and other receivables of €2.3 million.

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

Balance 1.1.2011	**(44,881)**
Accrued expense	8,275
Benefits paid directly by the Bank	(2,272)
Balance 31.12.2011	**(38,878)**
Changes for the period 1.1 - 31.12.2012	
Accrued expense	8,992
Benefits paid directly by the Bank	(2,161)
Balance 31.12.2012	**(32,047)**

The principal actuarial assumptions used are as follows:

	31.12.2012	31.12.2011
Discount rate	3.8%	5.0%
Expected return on Plan assets	2.5%	2.5%
Future salary increases	1.0%	2.0%

The discount rate was based on the average price of iBoxx Euro corporate AA 10+ index for 2012.

b. Employee idemnity due to retirement in accordance with Law 2112/1920

Since 14 February 2012, on publication of Law 4046/2012 and in accordance with cabinet act 6/28.2.2012 employment contracts that mature with the reach of the age limit or when the retirement conditions have been met are considered contracts of indefinite time of employment and if they are cancelled the provisions of Law 2112/1920 and Law 3198/1955 apply which provide for a lump sum payment. Additionally, Law 4093/2012 which became effective on 12.11.2012 amended these provisions by reducing the level of payment.

Up to the publication of the above Law the Bank's employment contracts were of definite term.

In the balance sheet as at 31.12.2012a liability was recognized, amounting to €48,243 while staff costs for the fiscal year increased by €46,622 due to the existence of relevent provision that amounted to €1,621.

The principal actuarial assumptions used are as follows:

	31.12.2012
Discount rate	3.8%
Future salary increases	1.0%

c. Guarantee for the minimum benefit for newly insured employees (after 1993) that were hired until 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 cabinet act 2/39350/0022/2.3.99.

The amounts in the balance sheet are analyzed as follows:

	31.12.2012	31.12.2011
Present value of accrued liabilities	476	427
Unrecognized actuarial losses	(47)	(47)
Liability in balance sheet	**429**	**380**

The amounts recognized in the income statement and relate to the above guarantee:

	From 1 January to	
	31.12.2012	31.12.2011
Current service cost	28	22
Interest cost	21	15
Past service cost		343
Total (included in staff costs)	**49**	**380**

The movement in the present value of defined benefit obligations is as follows:

	2012	2011
Opening balance	**427**	
Current service cost	28	22
Interest cost	21	15
Past service cost		343
Unrecognized actuarial losses		47
Closing balance	**476**	**427**

The liability movement is as follows:

Balance 1.1.2011	
Accrued expense	380
Balance 31.12.2011	**380**
Changes for the period 1.1 - 31.12.2012	
Accrued expense	49
Balance 31.12.2012	**429**

The principal actuarial assumptions used are as follows:

	31.12.2012	31.12.2011
Discount rate	3.8%	5.0%
Expected return on plan assets	4.0%	4.0%
Future salary increases	1.0%	2.0%

ii. Group companies

a. Alpha Bank Cyprus Ltd

Personnel received a lump sum benefit on retirement which was calculated based on the years of service and salary. The Bank guaranteed for the coverage of this benefit up to 31.12.2011 where the accounting treatment of defined benefit schemes was applied. On January 12, 2012 the new Collective Agreement between the Bankers Employers Association and the Cyprus Bank Employees Union was signed according to which the defined benefit scheme for the retirement of employees ceased to exist and was replaced by a defined contribution scheme as of 1.1.2012. The employer contributions have been set at 14% of the salary of the employee whereas the employees contributions vary between 3%-10%.

The Bank's liability has been settled through cash payment with no effect in the income statement.

Amounts included in income statement are as follows:

	From 1 January to	
	31.12.2012	31.12.2011
Current service cost		4,252
Interest cost		2,992
Net actuarial losses recognized in the year		124
Total (included in staff costs)	**-**	**7,368**

The amounts in the balance sheet during the last year and the previous four years are as follows:

	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Present value of defined benefit obligations		55,908	56,257	52,961	44,860
Unrecognized actuarial losses		(2,610)	(8,255)	(9,824)	(7,187)
Liability in balance sheet	**-**	**53,298**	**48,002**	**43,137**	**37,673**

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

	2011
Opening balance	**56,257**
Current service cost	4,252
Interest cost	2,992
Benefits paid	(2,072)
Actuarial losses/(gains)	(5,521)
Closing balance	**55,908**

The movement in the liability arises as follows:

Balance 1.1.2011	**48,002**
Accrued expense	7,368
Benefits paid directly by the Bank	(2,072)
Balance 31.12.2011	**53,298**
Changes for the period 1.1 - 31.12.2012	
Settlement amount	(53,298)
Settlement result	
Balance 31.12.2012	**-**

The principal actuarial assumptions used are as follows:

	31.12.2011
Discount rate	5.12%
Future salary increases	5.25%

b. Other companies

The employees of the subsidiaries in Greece with indefinite employment contracts receive a lump sum payment on retirement, which is defined by Law 2112/1920, as amended by Law 4093/2012. In the subsidiary Alpha Bank Srbija A.D., the employees receive a lump sum payment on retirement, which equals to three salaries of Serbian State employees. The liability arises as follows:

	31.12.2012	31.12.2011
Liability in balance sheet	**3,853**	**4,795**

	From 1 January to	
	31.12.2012	31.12.2011
Expense/(income) (included in staff costs)	**(460)**	**355**

The amended IAS 19 which is effective from 1.1.2013 provides for the recognition of total actuarial gains and losses. The total unrecognized actuarial losses from defined benefit programs of the Group amount to €31.4 million. This amount will burden the Group's equity from 1.1.2013.

31. Other liabilities

	31.12.2012	31.12.2011
Dividends payable	2,887	5,726
Liabilities to third parties	126,052	133,076
Liabilities to Common Insurance Fund of Bank Employees [1]	310,928	365,963
Brokerage services	11,599	6,884
Deferred income	44,790	47,191
Accrued expenses	67,515	68,074
Liabilities from credit cards	165,297	137,437
Other	241,820	162,756
Total	**970,888**	**927,107**

32. Provisions

	31.12.2012	31.12.2011
Insurance provisions	99,956	78,357
Provisions to cover credit risk and other provisions	38,354	16,587
Restructuring program provisions	477	1,371
Total	**138,787**	**96,315**

a. Insurance provisions

	31.12.2012	31.12.2011
Non-life insurance		
Unearned premiums	5,761	5,729
Outstanding claim reserves	7,789	6,556
Total	**13,550**	**12,285**
Life insurance		
Mathematical reserves	62,605	41,948
Outstanding claim reserves	3,104	2,466
Total	**65,709**	**44,414**
Reserves for investments held on behalf and at risk of life insurance policy holders	**20,697**	**21,658**
Total	**99,956**	**78,357**

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

b. Provisions to cover credit risk and other provisions

Balance 1.1.2011	**7,918**
Changes for the period 1.1. - 31.12.2011	
Provisions to cover credit risk relating to off-balance sheet items (note 10)	8,699
Other provisions (note 9)	2,619
Reversal of other provisions	(2,335)
Provisions used during the period	(283)
Foreign exchange differences	(31)
Balance 31.12.2011	**16,587**
Changes for the period 1.1. - 31.12.2012	
Provisions to cover credit risk relating to off-balance sheet items (note 10)	11,524
Provisions used to cover credit risk relating to off-balance sheet	(805)
Other provisions (note 9)	14,287
Other provisions from companies consolidated for the first time	108
Other provisions used during the period	(3,126)
Foreign exchange differences	(221)
Balance 31.12.2012	**38,354**

c. Restructuring program provisions

Balance 1.1.2011	**7,381**
Changes for the period 1.1. - 31.12.2011	
Provisions used during the period	(6,010)
Balance 31.12.2011	**1,371**
Changes for the period 1.1. - 31.12.2012	
Provisions used during the period	(894)
Balance 31.12.2012	**477**

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

In 2012 an amount of €7.1 million has been transferred from "Provisions to cover credit risk relating to off-balance sheet items" to "other provisions".

On 31.12.2012 the balance of provisions to cover credit risk relating to off-balance sheet items amounts to €12.7 million and of other provisions to €25.6 million out of which, €13.6 million relates to pending legal cases and €5.2 million to other operational risk events.

EQUITY

33. Share capital

The Bank's share capital as at 31.12.2011 and 31.12.2012 is analysed as follows:

	Number of Common Shares	Number of Preference Shares	Paid-in capital
Opening balance 1.1.2011	**534,269,648**	**200,000,000**	**3,451,067**
Reduction of nominal value of ordinary shares from €4.70 to €0.30			(2,350,786)
Balance 31.12.2011/31.12.2012	**534,269,648**	**200,000,000**	**1,100,281**

In accordance with the decision of the Bank's Second Iterative General Meeting of Shareholders held on 15.7.2011, the nominal value of ordinary shares with voting rights was reduced from €4.70 to €0.30. Thus, the Bank's share capital is divided into 534,269,648 ordinary, registered, with voting rights, non paper shares of nominal value of €0.30 each and 200,000,000 preference, registered, non voting paper and redeemable shares of nominal value €4.70.

The preference shares have been issued in the context of Law 3723/2008 "Program for the enhancement of liquidity of the Greek Economy" since 21.5.2009. These shares are of indefinite duration, are subject to partial or full redemption by the Bank after the approval of the Bank of Greece and have an annual non cumulative return of 10% on the condition that there are profits to be distributed as specified in article 44a of Codified Law 2190/1920 and their distribution has been approved by the Bank's General Meeting of Ordinary Shareholders. Based on the above characteristics the preference shares have been recognized in equity.

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

Law 4093/2012, amended paragraph 3 of article 1 of Law 3723/2008 and from now on it is being determined that the fixed return of 10% on the preference shares owned by the Greek State and issued by the credit institutions that are subject to the provisions of this law and are not subject to the provisions of Codified Law 2190/1920 (except article 44a of C.L. 2190/1920), is always payable, except in cases where the above payment would result in a reduction of the Bank's Core Tier I ratio below the minimum threshold required.

Based on the legal opinion, obtained by the Bank, in relation to the implications of the above mentioned amendment, financial institutions are not obliged to pay the return (in accordance with article 1, paragraph 3 of Law 3723/2008) mentioned above, since, in accordance to the revision of the provisions regarding preference shares imposed by Law 3604/2007, the source of the benefit, in particular the return, is no more the provisions of Codified Law 2190/1920 (article 3), but the free will of the counterparties which in the case of the Bank (as well as the remaining Banks subject to the provisions of article 1, paragraph 3 of Law 3723/2008) has been stated clearly and mainly contractually, between the Greek State and each one of them, while at the same time it has been incorporated in the Bank's Articles of Association. Consequently, since all in relation to the payment (or not) of the return are subject to the contractually determined privilege, the above mentioned amendment does not modify the terms of payment (or not) of the return, that continue (as before) to be subject to the provisions of article 5.2 of the Bank's Articles of Association, according to which the payment of the return depends on the existence of distributable profits as defined in article 44a of C.L. 2190/1920 and the approval of the General Meeting of Shareholders.

In conclusion, the preference shares issued by the Bank and owned by the Greek State in accordance to article 1 paragraph 3 of Law 3723/2008 (as effective) still satisfy the criteria for their classification in equity.

On 22.5.2012 the Second Iterative Extraordinary General Meeting of Shareholders, among other issues, approved the revocation of all resolutions of the Second Iterative Extraordinary General Meeting dated 15 November 2011, ratifying the decisions of the Second Iterative General Meeting of Shareholders held on 15.7.2011 in respect of the following:

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

On 27.12.2012 the Bank's Second Iterative General Meeting of Shareholders has approved the delegation of authority in accordance with articles 13 and 3a of Codified Law 2190/1920, as the case maybe, by the General Meeting to the Board of Directors of the Bank to increase its share capital through the issuance and distribution of new shares, the amount whereof shall be paid in cash and/or by contribution in kind and the issuance of one or more bonds convertible into Bank shares.

34. Share premium

Opening balance 1.1.2011	**406,867**
Reduction of nominal value of ordinary shares from €4.70 to €0.30	2,350,786
Balance 31.12.2011 and 31.12.2012	**2,757,653**

35. Reserves

Reserves are analysed as follows:

a. Statutory reserve

	31.12.2012	31.12.2011
Statutory reserve	500,710	499,527

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

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

b. Available for sale securities reserve

	2012		2011	
Opening balance 1.1		**(126,380)**		**(231,008)**
Changes for the period 1.1 - 31.12				
Net change in fair value of available for sale securities, after income tax	245,909		(155,301)	
Fair value of available for sale securities transferred to profit and loss	(53,297)		259,929	
Total		**192,612**		**104,628**
Balance 31.12		**66,232**		**(126,380)**

c. Other reserves

	2012	2011
Opening balance 1.1	**(22,960)**	**(29,419)**
Change in cash flow hedge reserve after income tax	(122,138)	6,459
Balance 31.12	**(145,098)**	**(22,960)**

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

	2012	2011
Opening balance 1.1	**(131,294)**	**(133,125)**
Exchange differences on translating and hedging the net investment in foreign operations	(22,735)	1,831
Balance 31.12	**(154,029)**	**(131,294)**

e. Share of other comprehensive income of associates

	2012	2011
Balance 31.12	**500**	**-**

Total reserves (a+b+c+d+e)	**268,315**	**218,893**

36. Retained earnings

Due to the fact that the Bank recorded losses for the year 2011 and therefore article 44a of Codified Law 2190/1920 applies, the Bank's Ordinary General Meeting of Shareholders held on 29.6.2012 decided the following:

- The non payment to the Greek State of the respective return for the year 2011, on its preference shares under article 1 paragraph 3 of Law 3723/2008.
- Not to distribute dividends to Bank's common shareholders for the year 2011.

Due to the fact that the Bank recorded losses for the year 2012 and therefore article 44a of Codified Law 2190/1920 applies, the Bank's Board of Directors will propose to the Bank's Ordinary General Meeting of Shareholders the following:

- The non payment to the Greek State of the respective return for the year 2012, on its preference shares under article 1 paragraph 3 of Law 3723/2008.
- Not to distribute dividends to Bank's common shareholders for the year 2012.

37. Hybrid securities

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

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

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

  They carry non cumulative interest at 3-month Euribor plus a margin of 2.65%. If redemption option is not exercised by the issuer, the margin is increased by 1.325% .

  The redemption option was not exercised after the completion of the ten year's period and the margin reached the percentage of 3.975% from 5.12.2012.

  The preferred securities are listed in the Luxembourg Stock Exchange.
- On 5.12.2003 an amount of €100 million preferred securities were issued with the same characteristics as those issued on 5.12.2002.
- On 18.2.2005 an amount of €600 million non-innovative securities without an interest step up clause, which also represent Lower Tier I capital for the Group since they fulfill the requirements of non-innovative securities as described above.

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

	31.12.2012	31.12.2011
Hybrid securities		
Perpetual with 1st call option in 2012	98,728	272,000
Perpetual with 1st call option in 2015	59,619	306,740
Total	**158,347**	**578,740**
Securities held by Group companies	(10,793)	(41,445)
Total	**147,554**	**537,295**

On 20.4.2012 Alpha Group Limited a wholly owned subsidiary of Alpha Bank announced a tender offer of buying back through a cash payment, to the holders of Tier I Securities at purchase price of 40%.

The tender offer acceptance was 70% and the buy-back program was successfully completed.

The result of the buy-back program which amounted to €224 million was included in equity and enforced the Bank's Core Tier I Capital.

During 2012 no dividends were distributed to the hybrid security holders due to the non existence of distributable funds for the Bank up to the end of 2011. Since the requirement for non existence of distributable funds for 2012 is fulfilled, on 18.1.2013 the non payment of dividend for the CMS hybrid security (ISIN: DE000A0DX3M2) which does not have an interest step up clause was announced for 18.2.2013. For the same reason the non payment of dividend was also announced for the innovative hybrid security with an interest step up feature (ISIN: XS0159153823) for 5.3.2013, 5.6.2013, 5.9.2013 and 5.12.2013.

ADDITIONAL INFORMATION

38. Contingent liabilities and commitments

a) Legal issues

The Bank, in the ordinary course of business, is a defendant in claims from customers and other legal proceedings. According to the estimations of the legal department, the ultimate disposition of these matters is not expected to have a material effect on the financial position or operations of the Group.

The Group on 31.12.2012 has recorded provision for pending legal cases amounting to €13.6 million which is included in "Provisions" in Balance Sheet.

b) Tax issues

Alpha Bank has been audited by the tax authorities for the year up to and including 2009, while it has received a tax certificate for the year 2011. The Bank's branches in London and Bulgaria have been audited by the tax authorities for the years 2008 and 2007 respectively.

The Group's subsidiaries have been audited by the tax authorities up to and including the year indicated in the table below:

Name	Year
Banks	
1. Alpha Bank London Ltd (voluntary settlement of tax obligation)	2010
2. Alpha Bank Cyprus Ltd	2007
3. Alpha Bank Romania S.A.	2006
4. Alpha Bank AD Skopje (the years 1998 – 2006 have not been audited by the tax authorities)	2009
5. Alpha Bank Srbija A.D.	2004
6. JSC Astra Bank	2011
7. Alpha Bank Albania SH.A.	2009
Leasing companies	
1. Alpha Leasing A.E. **	2007
2. Alpha Leasing Romania IFN S.A.	2007
3. ABC Factors A.E. **	2008
4. Alpha Asset Finance C.I. Ltd (voluntary settlement of tax obligation)	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. Ventures **/***	2009
4. Alpha A.E. Ventures Capital Management - AKES **/***	2009
Asset Management	
1. Alpha Asset Management A.E.D.A.K. **/***	2009
2. ABL Independent Financial Advisers Ltd (voluntary settlement of tax obligation)	2010
Insurance	
1. Alpha Insurance Agents A.E. **/***	2009
2. Alpha Insurance Ltd	2010
3. Alpha Insurance Brokers S.R.L.	2005
4. Alphalife A.A.E.Z. **/***	2009

** *These companies received tax certificate for the year 2011 (note 11).*

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

Name	Year
Real Estate and Hotel	
1. Alpha Astika Akinita A.E.**	2009
2. Ionian Hotel Enterprises A.E. (tax audit is in progress for years 2006-2009)**	2005
3. Oceanos A.T.O.E.E. **/***	2009
4. Alpha Real Estate D.O.O. Beograd	2008
5. Alpha Astika Akinita D.O.O.E.L. Skopje	2007
6. Alpha Real Estate Bulgaria E.O.O.D. (commencement of operation 2007)	*
7. Chardash Trading E.O.O.D. (commencement of operation 2006)	*
8. Alpha Astika Akinita Romania S.R.L.	1998
9. Alpha Investment Property Chalandriou A.E. (commencement of operation 2012)	*
10. Alpha Investment Property Attikis A.E. (commencement of operation 2012)	*
11. Alpha Investment Property Attikis II A.E. (commencement of operation 2012)	*
12. Alpha Investment Property Amarousion I A.E. (commencement of operation 2012)	*
13. Alpha Investment Property Amarousion II A.E. (commencement of operation 2012)	*
14. Alpha Investment Property Elaiona 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)	*
17. Stockfort Ltd (commencement of operation 2010)	*
18. Romfelt Real Estate S.A. (commencement of operation 1991)	*
19. AGI-RRE Zeus S.R.L. (commencement of operation 2012)	*
20. AGI-BRE Participations 3 E.O.O.D. (commencement of operation 2012)	*
Special purpose and holding entities	
1. Alpha Credit Group Plc (voluntary settlement of tax obligation)	2009
2. Alpha Group Jersey Ltd (voluntary settlement of tax obligation)	2010
3. Alpha Group Investments Ltd (commencement of operation 2007)	*
4. Ionian Holdings A.E. **/***	2009
5. Ionian Equity Participations Ltd (commencement of operation 2006)	*
6. ABL Holdings Jersey Ltd (voluntary settlement of tax obligation)	2010
7. Katanalotika Plc (voluntary settlement of tax obligation)	2010
8. Epihiro Plc (voluntary settlement of tax obligation)	2010
9. Irida Plc (voluntary settlement of tax obligation)	2010
10. Pisti 2010 - 1 Plc (voluntary settlement of tax obligation)	2010
11. AGI – BRE Participations 1 Ltd (commencement of operation 2010)	*
12. AGI – RRE Participations 1 Ltd (commencement of operation 2010)	*
13. Alpha Group Ltd (commencement of operation 2012)	*
14. AGI-RRE Athena Ltd (commencement of operation 2012)	*
15. AGI-RRE Poseidon Ltd (commencement of operation 2012)	*
16. AGI-RRE Hera Ltd (commencement of operation 2012)	*
17. Umera Ltd (commencement of operation 2012)	*
18. AGI-BRE Participations 2 Ltd (commencement of operation 2012)	*
19. AGI-BRE Participations 3 Ltd (commencement of operation 2012)	*
20. AGI-BRE Participations 4 Ltd (commencement of operation 2012)	*
21. AGI-RRE Apollo Ltd (commencement of operation 2012)	*
22. AGI-RRE Ares Ltd (commencement of operation 2012)	*
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. Zerelda Ltd (commencement of operation 2012)	*

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

** *These companies received tax certificate for the year 2011 (note 11).*

*** *These companies have been audited by the tax authorities up to 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.*

Additional taxes and penalties may be imposed for the unaudited years due to the fact that some expenses may not be recognised by the tax authorities.

c) Operating leases

The Group's minimum future lease payments are:

	31.12.2012	31.12.2011
- Less than one year	41,975	46,572
- Between one year and five years	117,356	147,936
- More than five years	147,682	174,525
Total	**307,013**	**369,033**

The minimum future lease revenues are:

	31.12.2012	31.12.2011
- Less than one year	8,470	4,390
- Between one year and five years	24,112	8,090
- More than five years	20,960	2,413
Total	**53,542**	**14,893**

d) Off balance sheet liabilities

The Group, pursuant to its normal operations, is binded by contractual commitments, that in the future may result to changes in its asset structure. These commitments are monitored in off balance sheet accounts and relate to letters of credit, letters of guarantee, undrawn credit facilities and credit limits.

Letters of credit are used to facilitate trading activities and relate to the financing of contractual agreements for the transfer of goods domestically or abroad, by undertaking the direct payment of the third party 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:

	31.12.2012	31.12.2011
Letters of credit	30,060	40,071
Letters of guarantee and other guarantees	3,847,822	4,537,427

Additionally, contingent liabilities for the Group arise from the undrawn loan agreements and credit limits that may not be fulfilled immediately or may be partly fulfilled as long as the agreed upon requirements are fulfilled by counterparties.

The liability from limits that can not be recalled (committed) in the case where counterparties fail to meet their contractual obligations as at 31.12.2012 amounts to €238.5 million (31.12.2011: €247.1 million) and are included in the calculation of risk weighted assets.

Moreover, the Bank has guaranteed the fulfilement of the liabilities of its subsidiary Alpha Leasing Romania IFN S.A., arising from open finance lease contracts amounting to €27 thousand.

e) Assets pledged

The assets pledged, amounting to €27 billion as at 31.12.2012, include:

- Deposits pledged amounting to €0.2 billion, concerning guarantees provided on behalf of the Greek State.
- Loans and advances to customers amounting to €15.5 billion from which:
  i. an amount of €14.9 billion has been pledged as collateral to Central Banks for liquidity purposes,
  ii. an amount of €0.6 billion has been granted as collateral to the Greek State in order for the Bank to receive securities issued by the Greek State that amount to €0.5 billion, in accordance with Law 3723/2008,
- Securities held for trading and investment securities portfolio amounting to €10.9 billion out of which:
  i. an amount of €3.7 billion relates to the issuance of covered bonds secured by mortgage loans of €4.3 billion,

ii. an amount of €2.8 billion relates to Greek Government bonds and other bonds,

iii. an amount of €4.3 billion relates to bonds issued as a result of the securitization of corporate, consumer loans, credit cards of Bank and finance lease receivables of the Group,

iv. an amount of €0.1 billion relates to corporate bonds owned by Alpha Bank Cyprus Ltd.

The aforementioned securities, and additionally:

i. an amount of €9.8 billion relates to securities issued with the guarantee of the Greek State in accordance with Law 3723/2008 and are held by the Group,

ii. an amount of €2.9 billion relates to bonds issued by the European Financial Stability Facility (EFSF) that the Bank received from the Hellenic Financial Stability Fund (HFSF) in the context of its participation to the Bank's future share capital increase according to the agreement among EFSF, HFSF and the Banks and is monitored in off-balance sheet accounts,

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

- Treasury greek government bills of nominal value €0.4 billion that have been granted as collateral in the context of sale and repurchase agreements (Repos).

f) Other pledges:

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

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

39. Group Consolidated Companies

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

A. SUBSIDIARIES

Name	Country of incorporation	Group's ownership interest % 31.12.2012	31.12.2011
Banks			
1. Alpha Bank London Ltd	United Kingdom	100.00	100.00
2. Alpha Bank Cyprus Ltd	Cyprus	100.00	100.00
3. Alpha Bank Romania S.A.	Romania	99.92	99.92
4. Alpha Bank AD Skopje (47a.d)	FYROM	100.00	100.00
5. Alpha Bank Srbija A.D. (47z)	Serbia	100.00	100.00
6. JSC Astra Bank	Ukraine	100.00	100.00
7. Alpha Bank Albania SH.A. (47l, 47r)	Albania	100.00	
Leasing companies			
1. Alpha Leasing A.E.	Greece	100.00	100.00
2. Alpha Leasing Romania IFN S.A.	Romania	100.00	100.00
3. ABC Factors A.E.	Greece	100.00	100.00
4. Alpha Asset Finance C.I. Ltd	Jersey	100.00	100.00
Investment Banking			
1. Alpha Finance A.E.P.E.Y.	Greece	100.00	100.00
2. SSIF Alpha Finance Romania S.A.	Romania	100.00	100.00
3. Alpha A.E. Ventures	Greece	100.00	100.00
4. Alpha A.E. Ventures Capital Management	Greece	100.00	100.00
Asset Management			
1. Alpha Asset Management A.E.D.A.K.	Greece	100.00	100.00
2. ABL Independent Financial Advisers Ltd	United Kingdom	100.00	100.00

Name	Country of incorporation	Group's ownership interest % 31.12.2012	31.12.2011
Insurance companies			
1. Alpha Inurance Agents A.E.	Greece	100.00	100.00
2. Alpha Insurance Ltd (47a.e)	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. (47a.c)	Greece	92.75	92.41
2. Ionian Hotel Enterprises A.E. (47a.c)	Greece	97.27	97.24
3. Oceanos A.T.O.E.E.	Greece	100.00	100.00
4. Alpha Real Estate D.O.O. Beograd	Serbia	92.75	92.41
5. Alpha Astika Akinita D.O.O.E.L. Skopje	FYROM	92.75	92.41
6. Alpha Real Estate Bulgaria E.O.O.D.	Bulgaria	92.75	92.41
7. Chardash Trading E.O.O.D.	Bulgaria	92.75	92.41
8. Alpha Astika Akinita Romania S.R.L.	Romania	92.75	92.41
9. Alpha Investment Property Chalandriou A.E. (47b)	Greece	100.00	
10. Alpha Investment Property Attikis A.E. (47b)	Greece	100.00	
11. Alpha Investment Property Attikis II A.E. (47m)	Greece	100.00	
12. Alpha Investment Property Amarousion I A.E. (47b)	Greece	100.00	
13. Alpha Investment Property Amarousion II A.E. (47b)	Greece	100.00	
14. Alpha Investment Property Elaiona A.E. (47m)	Greece	100.00	
15. AGI-RRE Participations 1 S.R.L.	Romania	100.00	100.00
16. AGI-BRE Participations 1 E.O.O.D.	Bulgaria	100.00	100.00
17. Stockfort Ltd (47c, 47f, 47h, 47i)	Cyprus	100.00	100.00
18. Romfelt Real Estate S.A. (47t)	Romania	95.89	
19. AGI-RRE Zeus S.R.L. (47k)	Romania	100.00	
20. AGI – RRE Athena S.R.L. (47q)	Romania	100.00	
21. AGI – RRE Poseidon S.R.L. (47q)	Romania	100.00	
22. AGI – RRE Hera S.R.L. (47q)	Romania	100.00	
23. AGI-BRE Participations 2 E.O.O.D. (47a.a)	Bulgaria	100.00	
24. AGI-BRE Participations 2BG E.O.O.D. (47a.a)	Bulgaria	100.00	
25. AGI-BRE Participations 3 E.O.O.D. (47a.b)	Bulgaria	100.00	
26. AGI-BRE Participations 4 E.O.O.D. (47a.b)	Bulgaria	100.00	
Special purpose and holding entities			
1. Alpha Credit Group Plc	United Kingdom	100.00	100.00
2. Alpha Group Jersey Ltd	Jersey	100.00	100.00
3. Alpha Group Investments Ltd	Cyprus	100.00	100.00
4. Ionian Holdings A.E.	Greece	100.00	100.00
5. Ionian Equity Participations Ltd (47d)	Cyprus	100.00	100.00
6. ABL Holdings Jersey Ltd	Jersey	100.00	100.00
7. Alpha Covered Bonds Plc (47o)	United Kingdom		100.00
8. AGI – BRE Participations 1 Ltd	Cyprus	100.00	100.00
9. AGI – RRE Participations 1 Ltd	Cyprus	100.00	100.00
10. Alpha Group Ltd (47g)	Cyprus	100.00	
11. Katanalotika Plc	United Kingdom		
12. Epihiro Plc	United Kingdom		
13. Irida Plc	United Kingdom		
14. Pisti 2010-1 Plc	United Kingdom		
15. AGI – RRE Athena Ltd (47j)	Cyprus	100.00	
16. AGI – RRE Poseidon Ltd (47j)	Cyprus	100.00	
17. AGI – RRE Hera Ltd (47j)	Cyprus	100.00	
18. Umera Ltd (47p)	Cyprus	100.00	
19. AGI-BRE Participations 2 Ltd (47y)	Cyprus	100.00	
20. AGI-BRE Participations 3 Ltd (47y)	Cyprus	100.00	
21. AGI-BRE Participations 4 Ltd (47y)	Cyprus	100.00	
22. AGI-RRE Apollo Ltd (47y)	Cyprus	100.00	
23. AGI-RRE Ares Ltd (47y)	Cyprus	100.00	

Name	Country of incorporation	Group's ownership interest % 31.12.2012	31.12.2011
Other companies			
1. Alpha Bank London Nominees Ltd	United Kingdom	100.00	100.00
2. Alpha Trustees Ltd	Cyprus	100.00	100.00
3. Flagbright Ltd	United Kingdom	100.00	100.00
4. Kafe Alpha A.E.	Greece	100.00	100.00
5. Alpha Supporting Services A.E. (47v)	Greece	100.00	100.00
6. Real Car Rental A.E.	Greece	100.00	100.00
7. Zerelda Ltd (47e)	Cyprus	100.00	

B. JOINT VENTURES

1. Cardlink A.E.	Greece	50.00	50.00
2. APE Fixed Assets A.E.	Greece	60.10	60.10
3. APE Commercial Property A.E. (47o)	Greece	72.20	72.20
4. APE Investment Property A.E.	Greece	67.42	67.42
5. Alpha TANEO A.K.E.Σ.	Greece	51.00	51.00

C. ASSOCIATES

1. Evisak A.E.	Greece	27.00	27.00
2. AEDEP Thessalias & Stereas Ellados	Greece	50.00	50.00
3. A.L.C. Novelle Investments Ltd	Cyprus	33.33	33.33
4. EL.P.ET. Valkaniki A.E. (47o)	Greece	26.71	26.71
5. Kritis Gi - Tsatsakis A.V.E.E.	Greece	22.95	22.95
6. Biokid A.E.	Greece	40.29	34.53
7. Piraiki Mikrobrewery S.A.	Greece	36.72	28.07
8. Dipyrites Chandakos S.A.	Greece		22.55
9. Rosequeens Properties Ltd (47s)	Cyprus	33.33	

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

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

The Group hedges the foreign exchange risk arising from the net investment in subsidiaries through the use of the FX swaps in the functional currency of the subsidiaries.

40. Operating segments

a Analysis by operating segment

(Amounts in millions of Euro)

	1.1 - 31.12.2012						
	Retail	Corporate Banking	Asset Management/ Insurance	Investmen Banking/ Treasury	South-Eastern Europe	Other	Group
Net interest income	829.2	521.1	11.7	(343.4)	377.1	1.6	1,397.3
Net fee and commission income	106.3	97.0	22.1	(1.3)	49.0	(0.3)	272.8
Other income	11.3	13.4	4.1	98.4	36.5	(331.1)	(167.4)
Total income	**946.8**	**631.5**	**37.9**	**(246.3)**	**462.6**	**(329.8)**	**1,502.7**
Total expenses	**(524.1)**	**(129.2)**	**(27.2)**	**(20.8)**	**(296.6)**	**(180.8)**	**(1,178.7)**
Impairment losses	(773.1)	(581.5)			(314.3)		(1,668.9)
Profit/(losses) before income tax	**(350.4)**	**(79.2)**	**10.7**	**(267.1)**	**(148.3)**	**(510.6)**	**(1,344.9)**
Income tax							259.0
Profit/(losses) after income tax							**(1,085.9)**
Assets	18,918.3	13,958.2	681.5	12,993.7	9,368.2	2,437.4	58,357.3
Liabilities	20,628.4	1,848.4	1,681.9	26,672.0	5,713.5	1,040.5	57,584.7
Capital expenditure	33.4	11.2	1.0	1.1	14.7	7.0	68.4
Depreciation and Amortization	(37.9)	(15.4)	(1.9)	(1.3)	(29.6)	(11.8)	(97.9)

(Amounts in millions of Euro)

	1.1 - 31.12.2011						
	Retail	Corporate Banking	Asset Management/ Insurance	Investmen Banking/ Treasury	South-Eastern Europe	Other	Group
Net interest income	881.1	475.4	15.5	1.3	408.4	2.0	1.783.7
Net fee and commission income	117.7	84.1	28.8	1.9	62.0	(0.3)	294.2
Other income	7.5	6.6	3.2	126.7	33.3	28.6	205.9
Total income	**1.006.3**	**566.1**	**47.5**	**129.9**	**503.7**	**30.3**	**2.283.8**
Total expenses	**(544.1)**	**(130.8)**	**(30.6)**	**(26.9)**	**(307.0)**	**(56.9)**	**(1,096.3)**
Impairment losses	(466.3)	(410.0)			(254.1)	(4,788.8)	(5,919.2)
Profit/(losses) before income tax	**(4.1)**	**25.3**	**16.9**	**103.0**	**(57.4)**	**(4,815.4)**	**(4,731.7)**
Income tax							921.7
Profit/(losses) after income tax							**(3,810.0)**
Assets	20,076.1	16,440.7	924.2	10,153.0	9,651.1	1,902.9	59,148.0
Liabilities	22,525.6	1,835.1	1,531.2	24,803.0	5,612.0	874.9	57,181.8
Capital expenditure	26.8	7.6	1.0	1.2	15.9	9.5	62.0
Depreciation and Amortization	37.4	10.7	2.1	1.4	32.5	8.9	93.0

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

i. Retail Banking

Includes all individuals (retail banking customers), professionals, small and very small companies operating in Greece and abroad except from South-Eastern Europe countries.

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

ii. Corporate Banking

Includes all medium-sized and large companies, corporations with international activities, corporations managed by the Corporate Banking Division (Corporate) and shipping corporations operating in Greece and abroad except from South Eastern Europe countries. The Group offers working capital facilities, corporate loans, and letters of guarantee of the aforementioned companies. This sector also includes the leasing products which are offered through the subsidiary Alpha Leasing A.E. and factoring services offered through the subsidiary company ABC Factors A.E.

iii. Asset Management/Insurance

Consists of a wide range of asset management services offered through Group's private banking units and the subsidiary Alpha Asset Management A.E.D.A.K. In addition it includes commissions received from the sale of a wide range of insurance products to individuals and companies through either AXA insurance, which is the corporate successor of the subsidiary Alpha Insurance A.E. or the subsidiary Alphalife A.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 Group companies (Alpha Finance A.E.P.E.Y., Alpha Ventures A.E.). It also includes the activities of the Dealing Room in the interbank market (FX Swaps, Bonds, Futures, IRS, Interbank placements – Loans etc.).

v. South-Eastern Europe

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

vi. Other

This segment consists of the non-financial subsidiaries of the Group and Bank's income and expenses that are not related to its operating activities or that are non repetitive and are due to factors beyond our control.

b. Analysis by geographical segment

(Amounts in millions of Euro)

	1.1 - 31.12.2012		
	Greece	Other countries	Group
Net interest income	1,000.5	396.8	1,397.3
Net fee and commission income	222.0	50.8	272.8
Other income	(202.5)	35.1	(167.4)
Total income	**1,020.0**	**482.7**	**1,502.7**
Total expenses	**(872.5)**	**(306.2)**	**(1,178.7)**
Impairment losses	(1,354.6)	(314.3)	(1.668.9)
Profit/(losses) before income tax	**(1,207.1)**	**(137.8)**	**(1,344.9)**
Income tax			259.0
Profit/(losses) after income tax			**(1,085.9)**
Assets	48,464.1	9,893.2	58,357.3

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

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

41. Financial risk management

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

The Board of Directors of the Bank has overall responsibility for the improvement and oversight of the Risk Management framework. Risk Management Committee meets on a monthly basis and reports to the Board of Directors. The Risk Management Committee is responsible for the implementation and monitoring compliance with the risk management policies. The Bank re-assesses the effectiveness of the risk management framework on a regular basis in order to ensure compliance with International best practices.

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

41.1 Credit risk

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

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

The main tool for the measurement of credit risk is the credit risk rating and grading system. Current systems use both quantitative and qualitative criteria of measurement and also criteria of transactional behavior in order to report customer probability of default and loss given default. Respective models are continuously improved in order to include the total loan portfolio in the new system of internal grading imposed by capital adequacy. The credit rating system which is used for corporate loans consists of fourteen basic grades. Additionally, the Group uses ratings provided by External Credit Assessment Institutions (ECAI). Moreover, models evaluating loss given default and the exposure at default have become effective. More specifically for the retail loan portfolio which has been separated and segregated into pools of similar risk, application and behavioral scorecards have been developed as well as estimation models for supervisory parameters in accordance with IRB (PD, LGD, CCF/EAD). These models have incorporated in the approval process and the remaining credit risk management processes.

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

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

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

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

Specifically the above mentioned procedures include the following steps:

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

b. Establishment of the criteria for assessment on an individual or collective basis

c. Establishment of groups of assets with similar risk characteristics

d. Methodologies for determing the recoverable amounts of impaired loans

e. Interest income recognition

f. Impairment recognition/write-offs

g. Recoveries/receivables from loans impaired

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

Collaterals

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

The Group calculates the value of collaterals based on the potential cash flow that could arise from their liquidation. This value relates to the forced sale value of the collaterals provided to cover loan exposures.

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

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

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

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

FINANCIAL INSTRUMENTS CREDIT RISK

	31.12.2012			31.12.2011		
	Exposure before impairment	Impairment	Net exposure to credit risk	Exposure before impairment	Impairment	Net exposure to credit risk
A. Credit risk exposure relating to balance sheet items						
Balances with Central Banks	**1,082,610**		**1,082,610**	**1,760,239**		**1,760,239**
Due from banks	**3,400,445**	**17,661**	**3,382,784**	**1,824,888**	**17,809**	**1,807,079**
Loans and advances to customers:						
Individuals:						
- Mortgages	13,997,727	727,624	13,270,103	14,185,475	474,480	13,710,995
- Consumer	4,460,975	731,599	3,729,376	4,506,271	255,992	4,250,279
- Credit cards	911,208	120,281	790,927	991,417	50,429	940,988
- Other loans	60,315		60,315	60,948		60,948
Total	**19,430,225**	**1,579,504**	**17,850,721**	**19,744,111**	**780,901**	**18,963,210**
Coroporate loans:						
- Companies	24,108,220	2,928,946	21,179,274	27,940,579	4,015,575	23,925,004
- Leasing	823,155	53,864	769,291	1,093,260	32,859	1,060,401
- Factoring	447,972	2,039	445,933	493,124	2,508	490,616
- Other receivables	292,678	42,554	250,124	476,418	39,943	436,475
Total	**25,672,025**	**3,027,403**	**22,644,622**	**30,003,381**	**4,090,885**	**25,912,496**
Derivative financial assets	**736,693**		**736,693**	**624,447**		**624,447**
Securities held for trading:						
- Government bonds	18,201		18,201	9,717		9,717
- Other debt securities	514		514	3,619		3,619
Total	**18,715**		**18,715**	**13,336**		**13,336**
Available for sale securities:						
- Available for sale (Government bonds)	4,432,149		4,432,149	2,824,337	102,519	2,721,818
- Available for sale (other)	1,506,472	21,215	1,485,257	262,152	4,545	257,607
Total	**5,938,621**	**21,215**	**5,917,406**	**3,086,489**	**107,064**	**2,979,425**
Held to maturity securities:						
- Held to maturity (Government bonds)	1,012,148		1,012,148	4,624,616	2,674,325	1,950,291
- Held to maturity (other)	680,534	157,110	523,424	810,570	13,789	796,781
Total	**1,692,682**	**157,110**	**1,535,572**	**5,435,186**	**2,688,114**	**2,747,072**
Total amount of balance sheet items exposed to credit risk (a)	**57,972,016**	**4,802,893**	**53,169,123**	**62,492,077**	**7,684,773**	**54,807,304**
Other balance sheet items not exposed to credit risk	5,297,277	109,075	5,188,202	4,376,146	35,405	4,340,741
Total Assets	**63,269,293**	**4,911,968**	**58,357,325**	**66,868,223**	**7,720,178**	**59,148,045**
B. Credit risk exposure relating to off balance sheet items:						
Letters of guarantee, letters of credit and other guarantees	3,877,882	12,723	3,865,159	4,577,498	9,130	4,568,368
Undrawn loan agreements and credit limits that can not be recalled (committed) (1)	238,514		238,514	247,114		247,114
Total amount of off-balance sheet items exposed to credit risk (b)	**4,116,396**	**12,723**	**4,103,673**	**4,824,612**	**9,130**	**4,815,482**
Total credit risk exposure (a+b)	**62,088,412**	**4,815,616**	**57,272,796**	**67,316,689**	**7,693,903**	**59,622,786**

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

LOANS AND ADVANCES TO CUSTOMERS – Analysis of neither past due nor impaired and past due

	31.12.2012			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Loans and advances to individuals				
- Mortgage				
Performing loans	9,165,316			9,165,316
Past due 1 - 90 days		2,144,050		2,144,050
Past due > 90 days			2,688,361	2,688,361
	9,165,316	**2,144,050**	**2,688,361**	**13,997,727**
- Credit cards, consumer and other loans				
Performing loans	3,524,416			3,524,416
Past due 1 - 90 days		673,683		673,683
Past due > 90 days			1,234,399	1,234,399
	3,524,416	**673,683**	**1,234,399**	**5,432,498**
Corporate loans				
Performing loans	15,800,584		1,188,008	16,988,592
Past due 1 - 90 days		1,817,687	486,852	2,304,539
Past due > 90 days		298,044	6,080,850	6,378,894
	15,800,584	**2,115,731**	**7,755,710**	**25,672,025**
Total portfolio				
Performing loans	28,490,316		1,188,008	29,678,324
Past due 1 - 90 days		4,635,420	486,852	5,122,272
Past due > 90 days		298,044	10,003,610	10,301,654
Total	**28,490,316**	**4,933,464**	**11,678,470**	**45,102,250**

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

LOANS AND ADVANCES TO CUSTOMERS – Neither past due nor impaired

	31.12.2012			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Low risk	9,165,316	3,524,416	13,159,218	25,848,950
Under surveillance			2,641,366	2,641,366
Total	**9,165,316**	**3,524,416**	**15,800,584**	**28,490,316**

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

LOANS AND ADVANCES TO CUSTOMERS – Impaired

	31.12.2012			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Carrying amount before impairment	2,688,361	1,234,399	7,755,710	11,678,470
Allowance of impairment	(727,624)	(851,880)	(3,027,403)	(4,606,907)
Carrying amount	**1,960,737**	**382,519**	**4,728,307**	**7,071,563**
Collateral value	**2,524,009**	**133,293**	**6,574,880**	**9,232,182**

	31.12.2011			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Carrying amount before impairment	1,729,943	551,018	8,245,237	10,526,198
Allowance of impairment	(474,480)	(306,421)	(4,090,885)	(4,871,786)
Carrying amount	**1,255,463**	**244,597**	**4,154,352**	**5,654,412**
Collateral value	**1,534,145**	**69,545**	**6,902,941**	**8,506,631**

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

	31.12.2012						
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Securities held for trading	Available for sale securities	Held to maturity securities	Total
AAA	433,320			514	1,235,832	24,629	1,694,296
AA+ to AA-		103,204	29,613		104,098	26,526	263,441
A+ to A-		2,905,152	145,808		81,333	91,546	3,223,839
BBB+ to BBB-	395,374	115,450	16,274		401,787	157,883	1,086,768
Lower than BBB-	253,916	212,771	520,835	18,201	4,093,699	1,233,119	6,332,540
Unrated		63,868	24,163		21,872	158,979	268,882
Exposure before impairment	**1,082,610**	**3,400,445**	**736,693**	**18,715**	**5,938,621**	**1,692,682**	**12,869,766**

	31.12.2011						
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Securities held for trading	Available for sale securities	Held to maturity securities	Total
AAA	834,684				217,858	50,522	1,103,064
AA+ to AA-		1,261,720	161,264			20,211	1,443,195
A+ to A-		306,058	106,000		12,395	213,170	637,623
BBB+ to BBB-	699,528	94,707	2		432,470	95,402	1,322,109
Lower than BBB-	226,027	126,124	347,033	13,336	2,418,863	5,044,034	8,175,417
Unrated		36,279	10,148		4,903	11,847	63,177
Exposure before impairment	**1,760,239**	**1,824,888**	**624,447**	**13,336**	**3,086,489**	**5,435,186**	**12,744,585**

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

	31.12.2012						
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Securities held for trading	Available for sale securities	Held to maturity securities	Total
Neither past due nor impaired	1,082,610	3,382,784	736,693	18,715	5,917,348	1,535,572	12,673,722
Past due but not impaired					42		42
Impaired		17,661			21,231	157,110	196,002
Exposure before impairment	**1,082,610**	**3,400,445**	**736,693**	**18,715**	**5,938,621**	**1,692,682**	**12,869,766**
Less: Allowance for impairment losses		(17,661)			(21,215)	(157,110)	(195,986)
Net exposure	**1,082,610**	**3,382,784**	**736,693**	**18,715**	**5,917,406**	**1,535,572**	**12,673,780**

	31.12.2011						
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Securities held for trading	Available for sale securities	Held to maturity securities	Total
Neither past due nor impaired	1,760,239	1,807,079	624,447	13,336	2,891,443	1,580,329	8,676,873
Past due but not impaired					26		26
Impaired		17,809			195,020	3,854,857	4,067,686
Exposure before impairment	**1,760,239**	**1,824,888**	**624,447**	**13,336**	**3,086,489**	**5,435,186**	**12,744,585**
Less: Allowance for impairment losses		(17,809)			(107,064)	(2,688,114)	(2,812,987)
Net exposure	**1,760,239**	**1,807,079**	**624,447**	**13,336**	**2,979,425**	**2,747,072**	**9,931,598**

The following tables present the financial instruments exposed to credit risk by industry sectors of the counterparties.

FINANCIAL INSTRUMENTS CREDIT RISK – Analysis by industry sector

	31.12.2012										
	Financial Institutions and other financial services	Manufacturing	Construction and real estate	Wholesale and retail trade	Public sector/ Derivatives	Transportation	Shipping	Hotels -Tourism	Services and other sectors	Individuals	Total
Credit risk exposure relating to balance sheet items:											
Balances with Central Banks	1,082,610										1,082,610
Due from banks	3,400,445										3,400,445
Loans and advances to customers:											
Individuals:											
- Mortgages										13,997,727	13,997,727
- Credit cards and consumer loans										5,372,183	5,372,183
- Other loans										60,315	60,315
Total										**19,430,225**	**19,430,225**
Corporate loans:											
- Companies	152,159	5,591,654	5,701,237	5,774,959		711,455	1,306,419	1,707,641	3,455,374		24,400,898
- Leasing	18,794	113,605	89,504	260,512		14,791	4	33,703	292,242		823,155
- Factoring		308,746		67,113		2,823		1,296	67,994		447,972
Total	**170,953**	**6,014,005**	**5,790,741**	**6,102,584**		**729,069**	**1,306,423**	**1,742,640**	**3,815,610**		**25,672,025**
Derivative financial assets	249,790	10,193	84,796	7,499	335,552	12,721	9,340	12,148	14,654		736,693
Securities held for trading	514				18,201						18,715
Available for sale securities	1,292,040	9,762	298	202,097	4,432,149				2,275		5,938,621
Held to maturity securities	599,787		14,762	64,032	1,012,148				1,953		1,692,682
Total amount of balance sheet items exposed to credit risk (a)	**6,796,139**	**6,033,960**	**5,890,597**	**6,376,212**	**5,798,050**	**741,790**	**1,315,763**	**1,754,788**	**3,834,492**	**19,430,225**	**57,972,016**
Other balance sheet items not exposed to credit risk	96,364	14,630	66,266	34,347					5,085,670		5,297,277
Total assets	**6,892,503**	**6,048,590**	**5,956,863**	**6,410,559**	**5,798,050**	**741,790**	**1,315,763**	**1,754,788**	**8,920,162**	**19,430,225**	**63,269,293**
Credit risk exposure relating to off-balance sheet items:											
Letters of guarantee, letters of credit and other guarantees	173,840	565,539	1,720,859	594,223		116,023	81	146,518	560,799		3,877,882
Undrawn loan agreements and credit limits that can not be recalled (committed)	1,837	125,877	31,118	17,957		472	10,085	11,414	39,754		238,514
Total amount of off balance sheet items exposed to credit risk (b)	**175,677**	**691,416**	**1,751,977**	**612,180**		**116,495**	**10,166**	**157,932**	**600,553**		**4,116,396**
Total credit risk exposure (a+b)	**6,971,816**	**6,725,376**	**7,642,574**	**6,988,392**	**5,798,050**	**858,285**	**1,325,929**	**1,912,720**	**4,435,045**	**19,430,225**	**62,088,412**

FINANCIAL INSTRUMENTS CREDIT RISK – Analysis by industry sector

	31.12.2011										
	Financial Institutions and other financial services	Manufacturing	Construction and real estate	Wholesale and retail trade	Public sector/ Derivatives	Transportation	Shipping	Hotels -Tourism	Services and other sectors	Individuals	Total
Credit risk exposure relating to balance sheet items:											
Balances with Central Banks	1,760,239										1,760,239
Due from banks	1,824,888										1,824,888
Loans and advances to customers:											
Individuals:											
- Mortgages										14,185,475	14,185,475
- Credit cards and consumer loans										5,497,688	5,497,688
- Other loans										60,948	60,948
Total										**19,744,111**	**19,744,111**
Corporate loans:											
- Companies	351,994	5,879,470	6,185,870	5,954,901		2,875,619	1,528,028	1,677,313	3,963,802		28,416,997
- Leasing	25,230	129,062	322,671	311,268		18,666	18	33,883	252,462		1,093,260
- Factoring		261,676	7,665	108,740		6,878	3,799	1,955	102,411		493,124
Total	**377,224**	**6,270,208**	**6,516,206**	**6,374,909**		**2,901,163**	**1,531,845**	**1,713,151**	**4,318,675**		**30,003,381**
Derivative financial assets	266,837	9,179	71,323	9,229	208,605	332	21,764	15,540	21,638		624,447
Securities held for trading	3,619				9,717						13,336
Available for sale securities	258,649			3,503	2,824,185				152		3,086,489
Held to maturity securities	726,201	20,461	21,026	41,896	4,624,616				986		5,435,186
Total amount of balance sheet items exposed to credit risk (a)	**5,217,657**	**6,299,848**	**6,608,555**	**6,429,537**	**7,667,123**	**2,901,495**	**1,553,609**	**1,728,691**	**4,341,451**	**19,744,111**	**62,492,077**
Other balance sheet items not exposed to credit risk	46,452	7,327	52,312	28,491					4,241,564		4,376,146
Total assets	**5,264,109**	**6,307,175**	**6,660,867**	**6,458,028**	**7,667,123**	**2,901,495**	**1,553,609**	**1,728,691**	**8,583,015**	**19,744,111**	**66,868,223**
Credit risk exposure relating to off-balance sheet items:											
Letters of guarantee and letters of credit	76,305	1,012,016	1,787,430	958,777		156,409	22,316	147,996	416,249		4,577,498
Undrawn loan agreements and credit limits that can not be recalled (committed)	1,360	75,467	29,181	1,237		628	67,010	3,502	68,729		247,114
Total amount of off balance sheet items exposed to credit risk (b)	**77,665**	**1,087,483**	**1,816,611**	**960,014**		**157,037**	**89,326**	**151,498**	**484,978**		**4,824,612**
Total credit risk exposure (a+b)	**5,295,322**	**7,387,331**	**8,425,166**	**7,389,551**	**7,667,123**	**3,058,532**	**1,642,935**	**1,880,189**	**4,826,929**	**19,744,111**	**67,316,689**

LOAN RESTRUCTURINGS – RESCHEDULINGS

The Group, having recognized the need to develop a framework in order to facilitate loan repayments from customers that have or may have an inability to fulfil their contractual obligations because of financial difficulties, has developed a "rescheduling/restructuring" policy.

In particular, "reschedulings" relate to amendments in the terms of a credit facility when one or more of the following changes exist in the contract terms, under the condition that there is no indication of deterioration in the borrower's financial condition:

i. Extension in the contractual term greater than 20% compared to the original term, even if it is accompanied by an increase in the interest rate, if the new interest rate remains lower than the interest rate for similar loans (of similar risk and duration) that have been granted to other borrowers.

ii. Partial write off of the borrower's debt (write off of the total or part of accrued interest and/ or write off of the total or part of the capital).

iii. Approval of a grace period greater than one year.

iv. Decrease in the interest rate if this does not relate to a renegotiation of the terms of the facility.

v. Continuous increases in the credit facility limits that exceed the two per year and are not justified from the improvement and/ or the increase in the financial figures of the borrower.

vi. Refinancing of old debt with new loan.

The rescheduling in the terms of a credit facility is classified as "restructuring" when one or more of the above changes exist in the contract terms and, at the same time, one or more of the following indications of deterioration in the borrower's financials from the one's listed below exist:

i. The borrower appears to be in delay for over 90 days in one of his products as at the time of the restructuring.

ii. Substantial deterioration in the borrower's financials (decrease in income, decrease in profits/ turnover etc.) especially if there is a deteriorating trend.

iii. The existence of events that have adversely affected the borrower's financial condition. Such events include the cease of operations of the borrower's main client (evaluation of cease of operations form), destruction of the borrower's installations due to fire or other cause, or dismissal from work etc.

iv. The existence of other past due amounts owed to the Bank or other Group companies (e.g. Leasing, Factoring).

v. Small continuous substantial delays in servicing the credit facility over 30 days.

vi. Material downgrade in the borrower's credit rating (credit rating downgrade) for retail customers. For example, for a scale with 10 grades, for neither past due nor impaired facilities, material is considered the downgrade by two grades or the change in the borrower's credit rating based on his transactional behavior (behavioral scoring).

vii.For corporate clients the downgrade in the borrower's credit rating by three Credit Risk categories under the condition that the new rating will fall into the high credit risk zone.

Loans that are restructured obtain a relevant characterization in the Bank's system which is maintained for one year provided that the amended terms are adhered to. In cases where a delay is identified in the servicing of the rescheduled/ restructured debts, these loans are included in the respective category of loans "in delay".

The accounting treatment of reschedulings/ restructurings depends on the degree that the contractual terms are amended. In cases where the new terms are materially different from those of the initial contract the initial loan is derecognized and a new loan is recognized at its fair value on the date of the amendment. Any difference in the book value of the loan which ceases to be recognized and the fair value of the new loan is recognized in the income statement.

In any case the Group tests for impairment the restructured or rescheduled loans that meet the criteria for impairment testing as described in Note 1.13.

On 31.12.2012 the book value of the Group's rescheduled/ restructured loans amounted to €5.4 billion with a total collateral value amounting to €4 billion.

The Group is currently in a process of evaluating the information available relating to these loans and considering how to enhance the relevant disclosures.

EXPOSURE IN CREDIT RISK FROM DEBT ISSUED BY PERIPHERAL COUNTRIES IN THE EUROZONE

Due to the considerable debt crisis noted in recent years in the Eurozone, 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 as at 31.12.2012:

Portfolio	Nominal value	Book value
Available for sale		
- Bonds	1,338,826	555,113
- Treasury bills	3,044,445	3,015,576
Held to maturity		
- Bonds	890,000	891,676
- Treasury bills	21,600	21,418
Trading		
- Bonds	33,044	13,605
Total	**5,327,915**	**4,497,388**

All Greek Government securities are classified in level 1 based on the quality of inputs used for the estimation of their fair value.

The Group's exposure in public sector loans, excluding listed companies as of 31.12.2012 amounted to € 239.6 million. The Group has not proceeded with the impairment of the above mentioned securities and assets based on the assumption that the Greek debt is viable and on the goals set in the context of the program for the enforcement of the Greek economy.

Additionally, the balance of the Group's receivables guaranteed by the Greek State (loans directly guaranteed by the Greek State, loans guaranteed by the National Fund of Entrepreneurship and Development (ETEAN), loans guaranteed with Common Ministry Decisions as well as loans and other assets with collaterals relating to the Greek State) as at 31.12.2012 amounted to € 400.9 million. The impairment test for these assets is performed in accordance with the impairment policy included in note 1.13. On 31.12.2012 for these assets an impairment of €55.4 million has been recognized.

Moreover, there are Group receivables guaranteed by Greek Government bonds that amount to €50.1 million. Finally, the Group's exposure in risk from the Greek State arising from derivatives is depicted in the table below:

	Book value/Fair value	
	31.12.2012	31.12.2011
Derivative financial instruments – assets	335,552	208,605
Derivative financial instruments – liabilities	(153,665)	(211,016)

ii. Exposure to other peripheral Eurozone countries debt

The book value of bonds and treasury bills issued by the Republic of Cyprus as at 31.12.2012 amounts to €26.4 million and €20 million respectively. The treasury bill matured at 16.1.2013.

Additionally, as at 31.12.2012, the Group held bonds issued by the Cyprus Popular Bank of carrying amount €25.7 million.

The Bank's subsidiary Alpha Bank Cyprus Ltd with a net asset value of €505 million on 31.12.2012 is included in the independent diagnostic audit performed for Cypriot Banks as part of evaluating the country's banking system, at the request submitted by the State of Cyprus for financial support from the International Monetary Fund, the European Commission and the European Central Bank.

The results from the diagnostic audit which aimed, among others, to define the capital needs of each bank based on a basic and an adverse macroeconomic scenario for the following three years, have not been published yet, once the Bank is informed on the required capital, it will proceed with any necessary measures.

Alpha Bank estimates that if capital needs arise, they will be manageable and will be covered through the corporate business plan.

Moreover the available sources of funding are sufficient to cover any extraordinary liquidity needs.

Furthermore, on 31.12.2012 the Group had no exposure to bonds issued by Spain, Portugal, Ireland and Italy.

41.2. Market risk

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

i. Trading portfolio

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

1 day value at risk, 99% confidence interval (2 years historical data)

(Amounts in Euro)

	2012					2011
	Foreign currency risk	Interest rate risk	Price risk	Covariance	Total	Total
31 December	115,205	959,102	195,553	(239,354)	1,030,506	932,286
Average daily value (annual)	226,492	394,128	491,931	(427,347)	685,205	1,051,670
Maximum daily value (annual)*	243,297	995,764	909,843	(539,341)	1,609,563	1,628,501
Minimum daily value (annual)*	173,990	114,045	220,251	(243,557)	264,729	687,958

* relating to the total value at risk

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

The Value at Risk methodology is complemented with scenario analysis and stress testing, in order to estimate the potential size of losses that could arise from the trading portfolio for hypothetical as well as historical extreme movements of market parameters.

Within the scope of policy-making for financial risk and management by the Asset and Liability Management Committee (ALCO), exposure limits and maximum loss (stop loss) 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 position in shares, index Futures and options, Commodity Futures and Swaps
- Credit risk regarding interbank transactions, 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. Other financial instruments of assets and liabilities

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

a. Foreign currency risk

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

The General Management sets limits on the total level of exposure and by currency.

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

	31.12.2012								
	USD	GBP	CHF	JPY	RON	RSD	Other F/C	Euro	Total
ASSETS									
Cash and balances with Central Banks	19,908	22,326	1,360	21	124,141	47,387	63,523	1,158,594	1,437,260
Due from banks	509,554	42,215	104,929	15,907	47,477	27,981	95,041	2,539,680	3,382,784
Securities held for trading					305		4,596	15,231	20,132
Derivative financial assets								736,693	736,693
Loans and advances to customers	1,395,611	403,278	2,598,308	33,037	283,921	117,919	226,380	35,436,889	40,495,343
Investment securities									
- Available for sale	597,956	52,672			311,554	19	78,111	4,998,364	6,038,676
- Held to maturity	1,556						83,042	1,450,974	1,535,572
Investments in associates					63		(28)	39,370	39,405
Investment property					66,399	657	18,141	432,579	517,776
Property, plant and equipment		1,981			32,706	39,192	59,319	1,021,992	1,155,190
Goodwill and other intangible assets		240			981	1,869	7,480	132,047	142,617
Deferred tax assets					4,788	3,700	6,372	1,785,033	1,799,893
Other assets	7,767	581	335,414		11,069	4,088	126,932	563,329	1,049,180
Non-current assets held for sale					4,043		2,761		6,804
Total Assets	**2,532,352**	**523,293**	**3,040,011**	**48,965**	**887,447**	**242,812**	**771,670**	**50,310,775**	**58,357,325**
LIABILITIES									
Due to banks and customers	2,304,509	227,088	693,454	422,966	731,531	91,750	691,625	48,505,680	53,668,603
Derivative financial liabilities								1,518,881	1,518,881
Debt securities in issue and other borrowed funds	27,325				643			750,941	778,909
Liabilities for current income tax and other taxes		879			1,884	637	490	38,727	42,617
Deferred tax liabilities		42			6,304	207	1,131	405,820	413,504
Employee defined benefit obligations								52,525	52,525
Other liabilities	885	784	404	624	4,504	2,996	6,112	954,579	970,888
Provisions	165				1,283	2,914	1,098	133,327	138,787
Total Liabilities	**2,332,884**	**228,793**	**693,858**	**423,590**	**746,149**	**98,504**	**700,456**	**52,360,480**	**57,584,714**
Net balance sheet position	199,468	294,500	2,346,153	(374,625)	141,298	144,308	71,214	(2,049,705)	772,611
Derivatives forward foreign exchange position	(206,974)	(271,721)	(2,354,235)	373,845	(52,639)	(14,315)	95,347	2,135,008	(295,684)
Total Foreign Exchange Position	**(7,506)**	**22,779**	**(8,082)**	**(780)**	**88,659**	**129,993**	**166,561**	**85,303**	**476,927**
Undrawn loan agreements and credit limits that can not be recalled (committed)	10,085				33,538	75,259		119,632	238,514

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

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

The net foreign exchange position as at 31.12.2012 presents the following sensitivity analysis:

Currency	Exchange rate variation scenario against Euro (%)	Impact on net income before tax	Impact on equity
USD	Appreciation of USD 5%	(396)	
	Depreciation of USD 5%	357	
GBP	Appreciation of GBP 5%	1,198	
	Depreciation of GBP 5%	(1,085)	
CHF	Appreciation of CHF 5%	(426)	
	Depreciation of CHF 5%	384	
RON	Appreciation of RON 5%		4,666
	Depreciation of RON 5%		(4,222)
MKD	Appreciation of MKD 5%		774
	Depreciation of MKD 5%		(701)
RSD	Appreciation of RSD 5%		6,841
	Depreciation of RSD 5%		(6,191)
UAH	Appreciation of UAH 5%		6,273
	Depreciation of UAH 5%		(5,677)

b. Interest rate risk

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

A maturity gap analysis of assets and liabilities is set out in the table below:

	31.12.2012							
	Less than 1 month	1 to 3 months	3 to 6months	6 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
ASSETS								
Cash and balances with Central Banks	956,073						481,187	1,437,260
Due from banks	3,165,099	69,253		117	148,300	15		3,382,784
Securities held for trading		276			4,940	14,916		20,132
Derivative financial assets	736,693							736,693
Loans and advances to customers	29,593,271	4,574,133	1,915,399	1,910,106	1,878,108	624,326		40,495,343
Investment securities								
- Available for sale	1,779,070	1,039,380	1,450,099	306,001	802,157	540,699	121,270	6,038,676
- Held to maturity	73,500	317,149	946,499	39,222	155,080	4,122		1,535,572
Investments in associates							39,405	39,405
Investment property							517,776	517,776
Property, plant and equipment							1,155,190	1,155,190
Goodwill and other intangible assets							142,617	142,617
Deferred tax assets							1,799,893	1,799,893
Other assets							1,049,180	1,049,180
Non-current assets held for sale							6,804	6,804
Total Assets	**36,303,706**	**6,000,191**	**4,311,997**	**2,255,446**	**2,988,585**	**1,184,078**	**5,313,322**	**58,357,325**
LIABILITIES								
Due to banks	24,847,133	290,175	79,817					25,217,125
Derivatives financial liabilities	1,518,881							1,518,881
Due to customers	14,606,306	3,737,702	3,334,258	3,010,622	2,268,468	1,405,911	88,211	28,451,478
Debt securities in issue and other borrowed funds	128,324	456,243	7,874	178	90,782	95,508		778,909
Liabilities for current income tax and other taxes							42,617	42,617
Deferred tax liabilities							413,504	413,504
Employee defined benefit obligations							52,525	52,525
Other liabilities							970,888	970,888
Provisions							138,787	138,787
Total Liabilities	**41,100,644**	**4,484,120**	**3,421,949**	**3,010,800**	**2,359,250**	**1,501,419**	**1,706,532**	**57,584,714**
EQUITY								
Share capital							1,100,281	1,100,281
Share premium							2,757,653	2,757,653
Reserves							268,315	268,315
Retained earnings							(3,513,096)	(3,513,096)
Non-controlling interests							11,904	11,904
Hybrid securities		147,554						147,554
Total Equity		**147,554**					**625,057**	**772,611**
Total Liabilities and Equity	**41,100,644**	**4,631,674**	**3,421,949**	**3,010,800**	**2,359,250**	**1,501,419**	**2,331,589**	**58,357,325**
Open exposure	**(4,796,938)**	**1,368,517**	**890,048**	**(755,354)**	**629,335**	**(317,341)**	**2,981,733**	
CUMULATIVE EXPOSURE	**(4,796,938)**	**(3,428,421)**	**(2,538,373)**	**(3,293,727)**	**(2,664,392)**	**(2,981,733)**		

	31.12.2011							
	Less than 1 month	1 to 3 months	3 to 6months	6 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
ASSETS								
Cash and balances with Central Banks	1,617,821						485,767	2,103,588
Due from banks	1,596,323	28,859		113	4,921	176,863		1,807,079
Securities held for trading	55	2,280	1,231	32	9,044	1,318		13,960
Derivative financial assets	624,447							624,447
Loans and advances to customers	32,498,332	6,352,066	1,403,097	1,483,853	2,379,563	758,795		44,875,706
Investment securities								
- Available for sale	683,151	110,832	1,098,705	75,698	1,013,048	25,019	72,465	3,078,918
- Held to maturity	235,049	579,341	919,204	58,363	69,809	885,306		2,747,072
Investments in associates							44,855	44,855
Investment property							64,688	64,688
Property, plant and equipment							1,220,949	1,220,949
Goodwill and other intangible assets							181,512	181,512
Deferred tax assets							1,466,974	1,466,974
Other assets							817,751	817,751
Non-current assets held for sale							100,546	100,546
Total Assets	**37,255,178**	**7,073,378**	**3,422,237**	**1,618,059**	**3,476,385**	**1,847,301**	**4,455,507**	**59,148,045**
LIABILITIES								
Due to banks	9,905,129	8,488,112	100,887	1,685	4,025,387			22,521,200
Derivatives financial liabilities	1,578,143							1,578,143
Due to customers	16,907,088	4,960,773	1,849,245	1,856,906	3,703,420	3,049	118,980	29,399,461
Debt securities in issue and other borrowed funds	782,776	1,129,590	57,632	50,034	168,513			2,188,545
Liabilities for current income tax and other taxes							51,560	51,560
Deferred tax liabilities							360,993	360,993
Employee defined benefit obligations							58,473	58,473
Other liabilities							927,107	927,107
Provisions							96,315	96,315
Total Liabilities	**29,173,136**	**14,578,475**	**2,007,764**	**1,908,625**	**7,897,320**	**3,049**	**1,613,428**	**57,181,797**
EQUITY								
Share capital							1,100,281	1,100,281
Share premium							2,757,653	2,757,653
Reserves							218,893	218,893
Retained earnings							(2,659,574)	(2,659,574)
Non-controlling interests							11,700	11,700
Hybrid securities		537,295						537,295
Total Equity		**537,295**					**1,428,953**	**1,966,248**
Total Liabilities and Equity	**29,173,136**	**15,115,770**	**2,007,764**	**1,908,625**	**7,897,320**	**3,049**	**3,042,381**	**59,148,045**
Open exposure	**8,082,042**	**(8,042,392)**	**1,414,473**	**(290,566)**	**(4,420,935)**	**1,844,252**	**1,413,126**	
CUMULATIVE EXPOSURE	**8,082,042**	**39,650**	**1,454,123**	**1,163,557**	**(3,257,378)**	**(1,413,126)**		

From the maturity analysis and from the application of alternative scenarios an immediate calculation of changes in net interest income and equity for available for sale securities, from changes in market interest rates or changes in the Bank's base interest rates is applicable. In the interest rate decrease scenarios the change is studied up to a feasible point (interest rate set to zero) in accordance with the effective yield curves per currency.

Currency	Interest rate variation scenario (parallel fall or rise in yield curves)	Sensitivity for net interest income (annual)	Sensitivity of equity
EUR	+ 50 basis points	22.215	(40.421)
	- 50 basis points	73.832	40.899
USD	+ 50 basis points	(3.399)	(6.220)
	- 50 basis points	6.053	5.603
GBP	+ 50 basis points	(199)	
	- 50 basis points	199	
CHF	+ 50 basis points	(933)	
	- 50 basis points	(2.011)	

41.3 Liquidity risk

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

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

a. Customer deposits for working capital purposes

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

b. Customer deposits and bonds issued for investment purposes

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

During the last years the European System of Central Banks has been as an additional source of funding. The Group's total borrowings amounted to €23.7 billion on 31 December 2012 (2011: €21.9 billion). Based on the Liquidity Gap Analysis, the cash flows arising from balance sheet items are calculated and classified into time periods based on the time that they occurred, excluding investment portfolios. These portfolios which can immediately contribute to obtain liquidity are classified in the first period after taking into account the relevant haircuts.

	31.12.2012					
	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	1,437,260					1,437,260
Due from banks	1,548,625	183,752	2	1,193	1,649,212	3,382,784
Securities held for trading	19,054				1,078	20,132
Derivative financial assets	736,693					736,693
Loans and advances to customers	1,489,715	2,410,490	2,525,078	3,243,661	30,826,399	40,495,343
Investment securities						
- Available for sale	5,081,900				956,776	6,038,676
- Held to maturity	1,074,900				460,672	1,535,572
Investments in associates					39,405	39,405
Investment property					517,776	517,776
Property, plant and equipment					1,155,190	1,155,190
Goodwill and other intangible assets					142,617	142,617
Deferred tax assets					1,799,893	1,799,893
Other assets	7,949	622	23,545	178,831	838,233	1,049,180
Non current assets held for sale					6,804	6,804
Total Assets	**11,396,096**	**2,594,864**	**2,548,625**	**3,423,685**	**38,394,055**	**58,357,325**
LIABILITIES						
Due to banks	24,638,294	31,106			547,725	25,217,125
Derivative financial liabilities	1,518,881					1,518,881
Due to customers	6,872,357	3,683,068	4,536,187	3,657,058	9,702,808	28,451,478
Debt securities in issue and other borrowed funds	10,598	113,463	49,204	337,492	268,152	778,909
Liabilities for current income tax and other taxes	42,617					42,617
Deferred tax liabilities					413,504	413,504
Employee defined benefit obligations					52,525	52,525
Other liabilities	734,702	9,672	12,667	28,221	185,626	970,888
Provisions					138,787	138,787
Total Liabilities	**33,817,449**	**3,837,309**	**4,598,058**	**4,022,771**	**11,309,127**	**57,584,714**
EQUITY						
Total Equity					**772,611**	**772,611**
Total Liabilities and Equity	**33,817,449**	**3,837,309**	**4,598,058**	**4,022,771**	**12,081,738**	**58,357,325**
Liquidity gap	**(22,421,353)**	**(1,242,445)**	**(2,049,433)**	**(599,086)**	**26,312,317**	**-**

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

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

	31.12.2012						
		Nominal flows / (outflows)					
	Total Balance Sheet	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	TOTAL
Non-derivative Liabilities							
Due to banks	25,217,125	(24,645,614)	(28,530)	(16,147)	(15,808)	(591,321)	(25,297,420)
Due to customers	28,451,478	(7,100,172)	(3,716,170)	(4,567,967)	(3,672,442)	(9,838,891)	(28,895,642)
Debt securities in issue held by institutional investors and other borrowed funds	778,909	(11,216)	(113,840)	(52,825)	(341,901)	(351,492)	(871,274)
Other liabilities	970,888	(734,702)	(9,672)	(12,667)	(28,221)	(185,626)	(970,888)
Derivatives held for assets fair value hedge	81,261						
- Outflows		(607)	(896)	(57,730)	(6,514)	(2,093,118)	(2,158,865)
- Inflows		469	625	81,146	16,231	2,072,163	2,170,634
Derivatives held for liabilities fair value hedge	641,251						
- Outflows		(10)	(2,945)	(43,620)	(35,226)	(1,141,391)	(1,223,192)
- Inflows		131	5,145	12,533	34,629	1,066,016	1,118,454
Derivatives held for trading	796,369						
- Outflows		(495,311)	(116,762)	(146,573)	(487,009)	(5,757,239)	(7,002,894)
- Inflows		471,712	99,560	122,337	460,496	5,165,351	6,319,456
Total	**56,937,281**	**(32,515,320)**	**(3,883,485)**	**(4,681,513)**	**(4,075,765)**	**(11,655,548)**	**(56,811,631)**
Off Balance sheet items							
Undrawn loan agreements and credit limits than can not be recalled (committed)		(238,514)					(238,514)
Financial guarantees		(28,939)	(46,476)	(30,619)	(101,845)	(373,690)	(581,569)
Total off Balance sheet items		**(267,453)**	**(46,476)**	**(30,619)**	**(101,845)**	**(373,690)**	**(820,083)**

		31.12.2011					
		Nominal flows / (outflows)					
	Total Balance Sheet	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	TOTAL
Non-derivative Liabilities							
Due to banks	22,521,200	(9,732,214)	(8,309,224)	(122,406)	(9,487)	(4,623,955)	(22,797,286)
Due to customers	29,399,461	(7,694,423)	(3,782,600)	(2,228,461)	(2,733,338)	(13,641,159)	(30,079,981)
Debt securities in issue held by institutional investors and other borrowed funds	2,188,545	(726,260)	(205,643)	(64,736)	(582,810)	(1,498,904)	(3,078,353)
Other liabilities	927,107	(718,327)	(9,064)	(13,596)	(32,919)	(153,201)	(927,107)
Derivatives held for assets fair value hedge	522,621						
- Outflows		(591)	(990)	(73,500)	(42,392)	(1,221,532)	(1,339,005)
- Inflows		3,355	17,485	25,142	40,691	1,142,654	1,229,327
Derivatives held for liabilities fair value hedge	22,886						
- Outflows		(125)	(2,090)	(2,412)	(7,645)	(139,336)	(151,608)
- Inflows		58	4,560	1,255	7,190	158,606	171,669
Derivatives held for trading	1,032,636						
- Outflows		(904,301)	(1,004,584)	(1,047,220)	(430,518)	(5,654,840)	(9,041,463)
- Inflows		807,055	871,730	910,553	434,916	5,410,105	8,434,359
Total	**56,614,456**	**(18,965,773)**	**(12,420,420)**	**(2,615,381)**	**(3,356,312)**	**(20,221,562)**	**(57,579,448)**
Off Balance sheet items							
Undrawn loan agreements and credit limits than can not be recalled (committed)		(247,114)					(247,114)
Financial guarantees		(17,334)	(20,320)	(17,504)	(44,183)	(110,683)	(210,024)
Total off Balance sheet items		**(264,448)**	**(20,320)**	**(17,504)**	**(44,183)**	**(110,683)**	**(457,138)**

41.4 Fair value of financial assets and liabilities

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

The fair value of loans relates to the assessment of market risks which is estimated based on the interbank market yield curves by keeping constant the credit spread of loans for the respective credit risk. The fair value of deposits is estimated based on the interbank market yield curves deducted from customers' spread depending on the type of the deposit.

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

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

	31.12.2012	
	Carrying amount	Fair value
ASSETS		
Loans and advances to customers	40,495,343	40,434,203
Investment securities		
- Held to maturity [1]	1,535,572	1,112,872
LIABILITIES		
Due to customers	28,451,478	28,482,635

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

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

Hierarchy of financial instruments measured at fair value

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

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

	31.12.2012			
	Derivative financial assets	Securities held for trading	Available for sale securities	Derivative financial liabilities
Level 1	13,392	15,536	5,434,848	781
Level 2	721,819	4,596	553,177	1,514,477
Level 3	1,482		50,651	3,623
Total	**736,693**	**20,132**	**6,038,676**	**1,518,881**

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

[1] *On 31.12.2012 the investment securities portfolio includes an amount of €892 million (31.12.2011: €893 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 has been valued, based on HDAT prices.*

Financial assets and liabilities measured at fair value in Level 3

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

	31.12.2012		
	Assets		Liabilities
	Available for sale securities	Derivative financial assets	Derivative financial liabilities
Opening balance 1.1.2012	**49,941**	**2,520**	**(5,733)**
Total gain or loss recognized in profit or loss	(30,856)	(597)	1,795
Total gain or loss recognized in equity	24,677		
Purchases/ Issues	9,581		
Sales/ Repayments/ Settlements	(745)	(441)	315
Transfers in level 3 (from levels 1 and 2)	401		
Transfers from level 3 (to levels 1 and 2)	(2,348)		
Balance 31.12.2012	**50,651**	**1,482**	**(3,623)**
Amounts included in the income statement for financial instruments held at the end of the reporting period	(18,844)	(628)	1,795

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

41.5. Transfers of financial assets

The Group, in its ordinary course of business, transfers financial assets. In cases where, despite the fact that the contractual right to receive cash flows has been transferred the risks and rewards remain with the Group, these assets continue to be recognized on the balance sheet.

On 31.12.2012, 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 and retail loans as well as credit cards while its subsidiary Alpha Leasing A.E. finance lease receivables in order to obtain liquidity from the Eurosystem. Under this content, these assets have been transferred to special purpose entities, fully consolidated by the Group, which have proceeded with the issuance of bonds. The securitized financial assets continue to be recognized in loans and advances to customers, since the Group continues to retain in all cases the risks and rewards arising from them. This event is justified by various factors which include the full consolidation of special purpose entities, the fact that the Bank owns these bonds, as well as the right to receive the deferred consideration from the transfer. Given that bonds are owned by the Group, no liability actually arises from the transfer. The book value of securitized assets on 31.12.2012 amounts to €3,274,623.

b) Bond sale and repurchase agreements

The Group on 31.12.2012 proceeded with the transfer of Greek Government treasury bills with a repurchase agreement. These treasury bills are still included in the Group's available for sale portfolio while their book value as well as the book value of the respective liability recorded during their transfer is depicted in the table below.

	31.12.2012
Carrying amount of treasury bills	348,516
Carrying amount of associated liability	348,454

42. The Bank's recapitalization framework

In accordance with Law 3864/2010, as in effect, the Hellenic Financial Stability Fund has committed to cover, to the extent necessary, the Group's capital needs, which, as determined by the Bank of Greece, amount to €4,571 billion. For the implementation of the above commitment, the HFSF has signed a Presubscription Agreement with the Bank and in May 2012, it transferred 5 securities issued by the European Financial Stability Fund of nominal value €1.9 billion as an advance towards the total amount to be covered by the HFSF after the completion of the recapitalization process. The Presubscription Agreement was amended in December 2012 and the HFSF transferred 3 additional securities issued by the European Financial Stability Facility of nominal value €1,042 billion to the Bank. Consequently the total advance payment of the HFSF towards its potential participation to the Group's capital enforcement program amounted to €2,942 billion. Finally, the HFSF has granted the Bank a certification that it is committed to provide additional capital enforcement amounting to €1,629 billion if deemed necessary.

In accordance with the terms of the Presubscription Agreement, the above mentioned securities, both before and after the completion of the recapitalization, can be used solely to obtain liquidity through repos transactions with market counterparties or with ECB or with BoG in the context of the Euro System. Any return earned from the above mentioned titles will be accounted for as participation of the HFSF in the Bank's recapitalization. The Bank pays to the HFSF an annual commission of 1% over the nominal value of the securities it received for the advance period. Moreover, in accordance with the provisions of Law 4093/2012 credit institutions that receive capital enforcement in accordance with the provisions of Law 3864/2010 pay a lump sum payment to the HFSF amounting to €555.6 million while the amount and the payment terms for each credit institution are determined in the relevant Presubscription Agreement. The Bank has paid to the HFSF a lump sum fee amounting to €153 million (note 24).

Based on the terms of the Presubscription Agreement and especially the fact that the price for the Fund's participation in the Bank's recapitalization, will be finalized with the issuance of the recapitalization instruments, the transaction in essence is equivalent to securities lending through which liquidity can be obtained for the period between the presubscription and the recapitalization. Consequently the securities issued by the Hellenic Financial Stability Facility have been recognized as off balance sheet items. The amounts paid to the HFSF as commission are included in commission expenses, while the fee of €153 million has been included in "other assets" and will be recognized as a direct cost relating to the share capital increase.

Finally, it should be noted that in accordance with Law 3864/2010 and the Presubscription Agreement, specific responsibilities are bestowed to the HFSF and its representatives, such as, participation in the Board of Directors and important Committees of the Bank and the ability to add issues in the Board of Director's agenda or in the agenda of other Committees in which they participate.

In addition, in accordance with the Cabinet Act 38/2012 issued on 9.11.2012 for the recapitalization of credit institutions in the context of article 7 of law 3864/2010 the terms are defined according to which:

i. The Hellenic Financial and Stability Fund will cover for any of the unsubscribed shares which will be issued in the share capital increase in accordance with law 3864/2010. The amount of the share capital increase should at least cover the amount needed so that the Bank's Core Tier I ratio to amount at least to 6%, while it should not exceed the amount equivalent to the credit institution's capital requirements as they are defined by the Bank of Greece.

ii. The Hellenic Financial Stability Fund will cover for the contingently convertible bonds that the credit institution will issue. The total amount of contingently convertible bonds and the amount of the share capital increase mentioned in the above paragraph should at least cover the minimum amount required to meet the credit institution's capital requirements, as they are defined by the Bank of Greece.

iii. If the minimum participation percentage of the private sector in the share capital increase is achieved, in accordance with paragraph 1 article 7a of law 3864/2010, the Hellenic Financial Stability Fund will issue warrants for the shareholders that participated in the Bank's share capital increase over the ordinary shares that the HFSF will cover and receive as described in point i.

Further to the above, the Bank's management in the near future will proceed with the required actions for the commencement and completion of the capital enforcement process in accordance with the terms described in the effective institutional framework fulfilling in parallel the requirement of article 47 and 48 of Codified Law 2190/1920. Among others the relevant decisions will be made in order to raise capital amounting to €4,571 billion from individual investors and/ or the HFSF which, as mentioned above has been committed to cover, if deemed necessary, the Bank's total capital needs.

43. Capital management – Capital adequacy

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

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

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

The capital adequacy is monitored by the Bank of Greece, via reports on a quarterly basis. The minimum capital adequacy ratios (Tier I and Capital Adequacy ratio) which the Group must comply with, are set by Bank of Greece Governor's Acts.

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

The capital adequacy ratio compares the Group's regulatory capital with the risks that the Group undertakes (risk weighted assets). Regulatory capital includes Tier I capital (share capital, reserves, non controlling interests), additional Tier I capital (hybrid securities) and Tier II capital (subordinated debt, revaluation reserves of real estate properties). Risk-weighted assets include the credit risk of the investment portfolio, the market risk of the trading portfolio and the operational risk.

Alpha Bank participated in the attempts to ensure the long term sustainability of Greek Government debt through the Greek Bond exchange program (PSI). After the completion of the PSI and its final impact booked based on present value terms, the Bank of Greece (BoG) performed stress tests of capital need of Greek banks and published the results in December 2012 in the "Report for the Recapitalization and Restructuring of Greek Banking Sector".

The Group continues its efforts to improve its capital adequacy ratios through deleveraging its balance sheet which led to the decrease of its risk weighted assets. Additionally, the approval of the tender offer on 20 April 2012 for the buy-back program of securities that constitute part of capital enhanced Core Tier I Capital by €333 million.

In addition, the Hellenic Financial Stability Fund proceeded in the distribution of funds in the form of EFSF bonds to the four largest Greek Banks, increasing their regulatory capital. In particular, the Hellenic Financial Stability Fund provided to Alpha Bank EFSF bonds of a nominal value €2.9 billion (31.12.2011: €1.9 billion), resulting in the shaping of the aforementioned ratios as prescribed below:

	31.12.2012 (estimate)	31.12.2011
Core Tier I* ratio	8.5%	7.2%
Tier I ratio	8.9%	8.4%
Capital adequacy ratio (Tier I + Tier II)	**9.5%**	**9.7%**

* According to the definition of EBA

Elements concerning the disclosure of regulatory information for capital adequacy and risk management (Basel II, Pilar III-P D./BOG 2655/16.3.2012) will be published in the Bank's website.

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

44. Related-party transactions

The Bank and the Group companies enter into a number of transactions with related parties in the normal course of business. These transactions are performed at arms length and are approved by the Group's committees.

a. The key management personnel as at 30.6.2012 is composed by members of the Bank's Board of Directors and Executive Committee. Prior period key management personnel included all members of Board of Directors and General Managers of Group companies and of the Bank.

The outstanding balances of the Group transactions with key management personnel, their close family members and the entities controlled by them, as well as, the results related to these transactions are as follows:

	31.12.2012	31.12.2011	Published amounts on 31.12.2011
Assets			
Loans and advances to customers	**73,249**	**164,669**	**165,606**
Liabilities			
Due to customers	76,377	60,250	72,328
Debt securities in issues	4,630	23,027	23,027
Total	**81,007**	**83,277**	**95,355**
Letters of guarantee and approved limits	**5,640**	**6,044**	**6,044**

	From 1 January to		
	31.12.2012	31.12.2011	Published amounts on 31.12.2011
Income			
Interest and similar income	1,764	5,253	5,279
Fees and commission income	33		
Other income			66
Total	**1,797**	**5,253**	**5,345**
Expenses			
Interest expense and similar charges	3,275	3,316	4,705
Compensation of key management and close family members [1]	4,603	3,454	11,123
Other expenses	9	1	
Total	**7,887**	**6,771**	**15,828**

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

	31.12.2012	31.12.2011	Published amounts on 31.12.2011
Assets			
Loans and advances to customers	**48,449**	**47,045**	**1,214**
Liabilities			
Due to customers	**5,922**	**3,450**	**317**

[1] *The compensation increased due to the addendum of two new members in the Executive Committee of the Bank and the employee indemnity provision of Law 2112/1920 recognized in the income statement of 31.12.2012.*

	From 1 January to		
	31.12.2012	31.12.2011	Published amounts on 31.12.2011
Income			
Interest and similar income	**2,018**	**2,450**	**70**
Expenses			
Interest expense and similar charges	2,983	766	4
Other expenses	1,411	2,086	2,086
Total	**4,394**	**2,852**	**2,090**

The prior year transaction balances did not include the proportion of the Group's third party transactions with joint ventures and their relevant results.

In addition, transactions in relation to share capital increases and returns of associates and joint ventures are presented in note 47.

c. The Supplementary Fund of former Alpha Credit Bank's employees holds bonds of the subsidiary of the Bank Alpha Credit Group Plc of € 83,800, while its receivables from Alpha Bank amount to € 15,986 million and its deposits with Alpha Bank to € 228. Additionally, it holds Alpha Bank's shares of € 1,123, while interest income of €688 has been recognized. Finally, the Group has recognized in its income statement the amount of € 1,648 that relates to the accrued expense of the new group insurance plan for Bank employees in collaboration with AXA Insurance.

d. The Hellenic Financial Stability Fund (HFSF) provided to Alpha Bank EFSF securities of a nominal value €2.9 billion as an advance payment for its participation in the Bank's program to raise capital which is a transaction that has been recognized in off balance sheet accounts as securities lending. In "other assets" an amount of €153,003 has been recognized in accordance with Law 4093/2012 (note 42). Moreover, the Group has recognized an amount of €11,531, which burdened its results (commission expense) that relates to commission calculated on the securities' nominal value.

45. Auditors' fees

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

	From 1 January to	
	31.12.2012	31.12.2011
Fees for statutory audit	572	482
Fees for the issuance of tax certificate	250	
Fees for other audit related assignments	41	45
Fees for other non-audit assignments	93	31
Total	**956**	**558**

46. The acquisition of Emporiki Bank

On 1.2.2013 the transfer of the entire share capital of Emporiki Bank SA to Alpha Bank by Credit Agricole S.A. was completed, following the relevent agreement signed on 16.10.2012 and the receipt of the required regulatory approvals. From this date, the Bank controls Emporiki Bank S.A.

Emporiki Bank that was established in 1886 and operates mainly in Greece, offering a wide range of banking products to individuals, SMEs and large companies. It should be noted that the sector of SMEs and large companies accounts for 60% of its business volumes. Emporiki Bank has a network of 320 branches and over 4,000 employees.

The benefits arising from the acquisition of Emporiki Bank are significant and focus mainly on:

- the creation of the second largest financial group in Greece,
- the enhancement of the capital base in view of the forthcoming recapitalization. This fact is attributed to the capital increase of Emporiki Bank by Credit Agricole pre closing of the transaction,
- the acquisition of a secured loan portfolio with high loan impairment provisions,
- the existence of significant synergies relating to operating cost, funding costs and revenue that are expected to be fully realizable within three years from completion of the merger.

In the context of the agreement of 16.10.2012, on 1.2.2013 Credit Agricole completed the recapitalization of Emporiki Bank proceeding with a share capital increase of €585 million, whereas the proceeds received from the sale amounted to 1€. In addition, on the same date, it subscribed for a €150 million convertible bond issued by the Bank and redeemable in Alpha Bank shares. This bond that is classified in the same ranking with the common shareholders of the Bank is interest free and can be converted in common shares, after the exercise of the owner's relevant right, after four years following the issuance and when specific conditions are met.

The fair value measurement of net assets of Emporiki Group has not been completed due to the short time period between the completion of transaction and publication of these financial statements.

For the above mentioned reasons, information relating to the fair value and contractual value of the assets acquired, and estimations on the cash flows that are expected to be received, as well as information relating to contingent liabilities and the value of intangible assets that will be recognized after the completion of the merger, have not been disclosed in these financial statements.

The table below presents the temporary fair values of net assets of Emporiki Group for specific figures and not for the total assets or liabilities that will be valued in the forthcoming period. It should be noted that the following amounts are those of 31.12.2012 adjusted with the events that took place up to the date control was obtained. In addition, non-controlling interests have been calculated proportionally based on provisional fair values.

(Amounts in thousands of Euro)

	Fair value (provisional values)
Net assets	
Assets	
Cash and balances with Central Banks	645,215
Due from Banks	1,299,886
Securities held for trading	193
Derivative financial assets	205,214
Loans and advances to customers	14,963,786
Investment securities	
- Available for sale	394,709
- Held to maturity	
Investments in associates	936
Investment property	112,566
Property, plant and equipment	218,020
Goodwill and other intangible assets	24,008
Deferred tax assets	646
Other assets	551,631
Non-current assets held for sale	
Total Assets	**18,416,810**
Liabilities	
Due to banks	1,711,097
Derivative financial liabilities	166,280
Due to customers (including debt securities in issue)	12,997,059
Debt securities in issue and other borrowed funds	419,155
Liabilities for current income tax and other taxes	8,138
Deferred tax liabilities	240
Employee defined benefit obligations	45,794
Other liabilities	300,083
Provisions	135,159
Total Liabilities	**15,783,005**
Net assets	**2,633,805**
Proceeds	
Non-controlling interests	1,550
Negative goodwill	**2,632,255**

The amount of €2,632,255 represents the negative goodwill arising from the provisional fair values. The negative goodwill is attributed to the aforementioned significant benefits arising from this transaction in combination with the very low proceeds received.

Based on the above data, the total capital adequacy ratio for the combined entity will reasch 11.3%, while the EBA Core Tier I will reach 10.7%.

The table below intends to give a first impression of the new combined entity. It should be noted that the figures below have been based on Alpha Bank Group amounts as at 31.12.2012, as well as, the provisional fair values of Emporiki Group.

(Amounts in thousands of Euro)

	Alpha Group 31.12.2012	Emporiki Group 31.12.2012	Adjustments/Eliminations		Adjustments IFRS 3		Combined entity
			Amounts	Note	Amounts	Note	
Assets							
Cash and balances with Central Banks	1,437,260	277,964	367,252	1			2,082,476
Due from Banks	3,382,784	2,792,873	(1,610,721)	2			4,564,936
Securities held for trading	20,132	193					20,325
Derivative financial assets	736,693	176,552	(130,651)	3			782,594
Loans and advances to customers	40,495,343	14,834,315	(79,892)	4	209,000	25	55,458,766
Investment securities							
- Available for sale	6,038,676	395,283	(8,257)	5			6,425,702
- Held to maturity	1,535,572	6,995	(7,589)	6			1,534,978
Investments in associates	39,405	936					40,341
Investment property	517,776	112,566	16,119	7			646,461
Property, plant and equipment	1,155,190	218,020	13,204	8			1,386,414
Goodwill and other intangible assets	142,617	24,008	41	9			166,666
Deferred tax assets	1,799,893	646					1,800,539
Other assets	1,049,180	677,007	(125,216)	10			1,600,971
Non-current assets held for sale	6,804						6,804
Total Assets	**58,357,325**	**19,517,358**	**(1,565,710)**		**209,000**		**76,517,973**
Liabilities							
Due to banks	25,217,125	2,585,848	(892,335)	11			26,910,638
Derivative financial liabilities	1,518,881	130,740	(124,774)	12			1,524,847
Due to customers (including debt securities in issue)	28,451,478	12,675,937	155,387	13	65,000	26	41,347,802
Debt securities in issue and other borrowed funds	778,909	1,734,633	(1,079,316)	14	(233,842)	27	1,200,384
Liabilities for current income tax and other taxes	42,617	8,138	3	15			50,758
Deferred tax liabilities	413,504	240	200	16			413,944
Employee defined benefit obligations	52,525	45,794	6	17			98,325
Other liabilities	970,888	473,322	(169,540)	18			1,274,670
Provisions	138,787	135,158	(1)	19			273,944
Total Liabilities	**57,584,714**	**17,789,810**	**(2,110,370)**		**(168,842)**		**73,095,312**
Equity							
Equity attributable to equity owners of the Bank							
Share Capital	1,100,281	2,512,228	(2,512,228)	20			1,100,281
Share premium	2,757,653	3,416,566	(3,416,566)	21			2,757,653
Reserves	268,315	82,233	(76,976)	22			273,572
Retained earnings	(3,513,096)	(4,285,029)	6,539,298	23	377,842	28	(880,985)
	613,153	**1,725,998**	**533,528**		**377,842**		**3,250,521**
Non-controlling interests	11,904	1,550	11,132	24			24,586
Hybrid securities	147,554						147,554
Total Equity	**772,611**	**1,727,548**	**544,660**		**377,842**		**3,422,661**
Total Liabilities and Equity	**58,357,325**	**19,517,358**	**(1,565,710)**		**209,000**		**76,517,973**

(Amounts in thousands of Euro)

Balance sheet captions	Note	Adjustment description	Amount	Total per balance sheet caption
Cash and balances with Central Bank	1	Adjustment entries in January 2013 balances of Emporiki Group	367,252	367,252
		Change in the consolidation method of joint ventures	(5)	
		Elimination of intercompany balances between Alpha Bank Group and Emporiki Group	(117,724)	
Due from Banks	2	Adjustment entries in January 2013 balances of Emporiki Group	(1,492,992)	(1,610,721)
		Elimination of intercompany balances between Alpha Bank Group and Emporiki Group	(159,313)	
Derivative financial assets	3	Adjustment entries in January 2013 balances of Emporiki Group	28,662	(130,651)
		Change in the consolidation method of joint ventures	21	
		Elimination of intercompany balances between Alpha Bank Group and Emporiki Group	(384)	
Loans and advances to customers	4	Adjustment entries in January 2013 balances of Emporiki Group	(79,529)	(79,892)
		Change in the consolidation method of joint ventures	(4,906)	
		Elimination of intercompany balances between Alpha Bank Group and Emporiki Group	(2,783)	
Available for sale	5	Adjustment entries in January 2013 balances of Emporiki Group	(568)	(8,257)
		Elimination of intercompany balances between Alpha Bank Group and Emporiki Group	(593)	
Held to maturity	6	Adjustment entries in January 2013 balances of Emporiki Group	(6,996)	(7,589)
Investment property	7	Change in the consolidation method of joint ventures	16,119	16,119
Property, plant and equipment	8	Change in the consolidation method of joint ventures	13,204	13,204
Goodwill and other intangible assets	9	Change in the consolidation method of joint ventures	41	41
		Change in the consolidation method of joint ventures	160	
Other assets	10	Adjustment entries in January 2013 balances of Emporiki Group	(125,376)	(125,216)
		Change in the consolidation method of joint ventures	(198)	
		Elimination of intercompany balances between Alpha Bank Group and Emporiki Group	17,782	
Due to banks	11	Adjustment entries in January 2013 balances of Emporiki Group	874,751	892,335
		Elimination of intercompany balances between Alpha Bank Group and Emporiki Group	160,314	
Derivative financial liabilities	12	Adjustment entries in January 2013 balances of Emporiki Group	(35,540)	124,774
		Change in the consolidation method of joint ventures	289	
		Elimination of intercompany balances between Alpha Bank Group and Emporiki Group	100,446	
Due to customers (including debt securities in issue)	13	Adjustment entries in January 2013 balances of Emporiki Group	(256,122)	(155,387)
		Change in the consolidation method of joint ventures	(11.358)	
		Elimination of intercompany balances between Alpha Bank Group and Emporiki Group	9.039	
Debt securities in issue held by institutional investors and other borrowed funds	14	Adjustment entries in January 2013 balances of Emporiki Group	1.081.635	1.079.316
Liabilities for current income tax and other taxes	15	Change in the consolidation method of joint ventures	(3)	(3)

The amounts in brackets represent credits in balance sheet accounts.

(Amounts in thousands of Euro)

Balance sheet captions	Note	Adjustment description	Amount	Total per balance sheet caption
Deferred tax liabilities	16	Change in the consolidation method of joint ventures	(200)	(200)
Employee defined benefit obligations	17	Change in the consolidation method of joint ventures	(6)	(6)
		Change in the consolidation method of joint ventures	(3,196)	
		Elimination of intercompany balances between Alpha Bank Group and Emporiki Group	(501)	
Other liabilities	18	Adjustment entries in January 2013 balances of Emporiki Group	173,237	169,540
Provisions	19	Change in the consolidation method of joint ventures	1	1
		Adjustment entries in January 2013 balances of Emporiki Group	(234,110)	
Share capital	20	Elimination of equity of Emporiki Group	2,746,338	2,512,228
		Adjustment entries in January 2013 balances of Emporiki Group	(351,166)	
Share premium	21	Elimination of equity of Emporiki Group	3,767,732	3,416,566
		Elimination of intercompany balances between Alpha Bank Group and Emporiki Group	(5,257)	
		Adjustment entries in January 2013 balances of Emporiki Group	(1,838)	
Reserves	22	Elimination of equity of Emporiki Group	84,071	76,976
		Transformation of associate to subsidiary	(120)	
		Change in the consolidation method of joint ventures	1,289	
		Elimination of intercompany balances between Alpha Bank Group and Emporiki Group	(1,026)	
		Adjustment entries in January 2013 balances of Emporiki Group	58,700	
Retained earnings	23	Elimination of equity of Emporiki Group	(6,598,141)	(6,539,298)
		Transformation of associate to subsidiary	120	
Non controlling interests	24	Change in the consolidation method of joint ventures	(11,252)	(11,132)
Loans and advances to customers	25	Fair value valuation of net assets of Emporiki Group	209,000	209,000
Due to customers (including debt securities in issue)	26	Fair value valuation of net assets of Emporiki Group	(65,000)	(65,000)
Debt securities in issue held by institutional investors and other borrowed funds	27	Fair value valuation of net assets of Emporiki Group	233,842	233,842
Retained earnings	28	Fair value valuation of net assets of Emporiki Group	(377,842)	(377,842)

The amounts in brackets represent credits in balance sheet accounts.

The "change in the consolidation method of joint ventures" relates to the companies "APE Fixed Assets A.E." and "APE Investment Properties A.E.". More specifically, the first of the two companies is now a subsidiary of the Group and is fully consolidated (instead of the proportional consolidation that had been implemented since the company was a joint venture for the Bank), while the second one is still a joint venture for the consolidated entity and is consolidated proportionally but with an increased percentage (72.80% instead of 67.42%).

Moreover, the transformation of associate to subsidiary concerns the company EVISAK A.E. that is now a subsidiary of the combined entity.

47. Corporate events

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

b. On 22.2.2012 the Bank's subsidiary, Alpha Group Investments Ltd, proceeded with the establishment of Alpha Investment Property Amarousion I A.E., Alpha Investment Property Amarousion II A.E., Alpha Investment Property Chalandrion A.E., Alpha Investment Property Attikis A.E. and Alpha Investment Property Lamia A.E..

c. On 14.3.2012 the subsidiary Stockfort Ltd proceeded with the share capital increase by €530 thousand.

d. On 23.3.2012 the 100% owned subsidiary of the Bank, Ionian Equity Participations Ltd., proceed with a share capital increase of €3.27 million.

e. On 30.3.2012 the Bank's subsidiary, Alpha Group Investments Ltd, acquired the 100% of shares of Zerelda Ltd registered in Cyprus, for €1.8 thousand.

f. On 30.3.2012 the subsidiaries Stockfort Ltd, Sheinovo Offices E.O.O.D., Serdica 2009 E.O.O.D. and Pernik Logistics Park E.O.O.D. registered in Bulgaria, proceeded with a share capital increase of €745.4 thousand.

g. On 2.4.2012 the Bank acquired 100% of Tripurius Trading Ltd, at a cost of €1.8 thousand, and was renamed to Alpha Group Ltd. on 18.4.2012.

h. On 9.4.2012 the subsidiary of Stockfort Ltd, Sheinovo Residence E.O.O.D., registered in Bulgaria, proceeded with the share capital increase by €21.2 thousand.

i. On 17.4.2012, Sheinovo Apartments E.O.O.D., a subsidiary of Stockfort Ltd, registered in Bulgaria, increased its share capital by €21.2 thousand.

j. On 24.4.2012, the Bank's subsidiary, Alpha Group Investments Ltd, acquired the 100% of Markandeya Ltd., Rawatino Holdings Ltd., Nishoko Holdings Ltd. registered in Cyprus, for €5.4 thousand and on 2.5.2012 the entities were renamed to AGI-RRE Athena Ltd., AGI-RRE Poseidon Ltd. and AGI-RRE Hera Ltd. respectively.

k. On 13.5.2012 AGI-RRE Athena Ltd proceeded with the establishment of AGI-RRE Zeus SRL registered in Romania.

l. On 17.5.2012 the transformation of Albanian branch into subsidiary under the brand name of Alpha Bank Albania SH.A. was completed.

m. On 18.5.2012 the Bank's subsidiary, Alpha Group Investments Ltd., proceeded with the establishment of Alpha Investment Property Elaiona A.E. and Alpha Investment Property Attikis II A.E..

n. On 22.5.2012 following the invitation for the Extraordinary General Meeting of shareholders which was announced on 3.4.2012, the Second Iterative Extraordinary General Meeting of the Bank's shareholders, amonth others decided:

- the cease of operations relating to the merger of "Alpha Bank AE" by way of absorption of "EFG Eurobank Ergasias SA",
- its disengagement from all contractual commitments towards or in favour of "EFG Eurobank Ergasias SA" and
- the revocation of all decisions made on 15.11.2011 by the Second Repeat Extraordinary General Meeting of the Bank's shareholders thus bringing into force the aforementioned decisions of the Second Iterative General Meeting of 15.7.2011, regarding the ability to raise funds by way of an increase of the share capital and the ability to issue a bond loan convertible in common shares with voting rights.

o. On 29.5.2012 the Ordinary General Meeting of shareholders of EL.P.ET. Valkaniki A.E. decided the return of share capital amounting to €10.4 million. The Bank's joint venture, APE Commercial Property A.E., received proportionally an amount of €3.9 million.

p. On 31.5.2012, the Bank's subsidiary, Alpha Group Investments Ltd, acquired the 100% of Umera Ltd., registered in Cyprus, by €1.2 thousand.

q. On 2.7.2012 AGI-RRE Poseidon Ltd., AGI-RRE Athena Ltd. and AGI-RRE Hera Ltd., proceeded with the establishment of AGI-RRE Poseidon SRL, AGI-RRE Athena SRL and AGI-RRE Hera SRL respectively, registered in Romania.

r. On 19.7.2012 the 100% Bank's subsidiary, Alpha Bank Albania SH.A, proceeded with a share capital increase by €10 million.

s. On 1.8.2012 the Bank's subsidiary, Alpha Group Investments Ltd, acquired 33.3% of the shares of Rosequeens Properties Ltd., registered in Cyprus, for €0.3 thousand.

t. On 19.9.2012 the Group's company, AGI-RRE Poseidon Ltd., acquired 95.89% of the shares of Romfelt Real Estate S.A.. The Group through the above mentioned company, acquired investments in properties in Romania with a fair value of €38.5 million which is equal to the book value of the loan that the Group granted to that company.

u. On 2.10.2012, the Bank as representative of bondholder lenders acquired 100% of the limited voting rights the shares of AEGEK Constructions and 25% of the shares of AEGEK A.E. respectively, for the exercise of which certain contractual conditions should be fulfilled. In addition, the Bank acquired 7% of AGEK A.E. shares without voting rights in the General Meeting. Therefore the total voting rights that the Bank holds amounts to 32.84% of the overall voting rights. The acquisition of the additional voting rights in AEGEK A.E. as well as the 100% of the voting rights in AEGEK Construction was initiated by the Bank for the purpose of higher collateral value for the syndicated bond loan issued by "AEGEK A.K.E." and not for the purpose or the intention to control or partially control the above mentioned companies.

v. On 5.10.2012 the Bank participated proportionally in the share capital increase of its subsidiary Alpha Supporting Services AE by paying, directly or indirectly the amount of €53.7 million.

w. On 15.10.2012, the Bank's subsidiary, Alpha Group Investments Ltd, sold 100% of its shares in Alpha investment property Lamias A.E., registered in Greece, for an amount of €60 thousand.

x. On 16.10.2012 the Bank signed an agreement with Credit Agricole S.A. for the acquisition of the entire share capital of Emporiki Bank SA owned by Credit Agricole S.A. (note 46).

y. On 22.10.2012, the Bank's subsidiary, Alpha Group Investments Ltd, purchased 100% of the shares of Futonsal Ltd., Helkinvest Ltd., Mantolarus Holdings Ltd., Kepovest Ltd., Ravinzel Holdings Ltd., registered in Cyprus, for the amount of €1.8 thousand each. As at 24.10.2012 the above mentioned companies were renamed to AGI-RRE Apollo Ltd., AGI-BRE Participations 2 Ltd., AGI-RRE Ares Ltd., AGI-BRE Participations 3 Ltd. and AGI-BRE Participations 4 Ltd., respectively.

z. On 5.11.2012 the 100% subsidiary of the Bank, Alpha Bank Srbija A.D., proceeded with a share capital increase by €50 million.

a.a. On 3.12.2012 the Bank's subsidiary AGI-BRE Participations 2 Ltd, established AGI-BRE Participations 2 E.O.O.D. and AGI-BRE Participations 2BG E.O.O.D., both registered in Bulgaria.

a.b. On 3.12.2012 the subsidiaries AGI-BRE Participations 3 Ltd and AGI-BRE Participations 4 Ltd established AGI-BRE Participations 3 E.O.O.D. and AGI-BRE Participations 4 E.O.O.D. respectively, both registered in Bulgaria.

a.c. On 21.12.2012, the Bank's subsidiary, Alpha Group Investments Ltd., offered to Group's companies shares issued by Ionian Hotel Enterprises A.E. and Alpha Astika Akinita A.E..

a.d. On 24.12.2012 the 100% subsidiary of the Bank, Alpha Bank AD Skopje, proceeded with a share capital increase by €5 million.

a.e. On 31.12.2012, the Bank's subsidiary Alpha Group Investments Ltd., acquired from another Bank's subsidiary, Alpha Bank Cyprus Ltd., the 82.05% of the shares of Alpha Insurance Ltd.

a.f. On 27.12.2012 the Second Iterative Extraordinary General Meeting of Shareholders of Alpha Bank decided the issuance by the Bank, and private placements with Credit Agricole S.A. or a company affiliated thereto, of a bond loan, in paper form, of total principal amounting up to €150 million, convertible by the bond holder into common voting shares of the Bank and redeemable by the latter, upon cancellation of the pre-emption rights of the existing (common and preferred) Shareholders of the Bank.

48. Events after the balance sheet date

a. In accordance with the Law 4110/23.1.2013 "Income tax regulations, regulations regarding issues under the responsibility of the Ministry of Finance and other provisions",

- the tax rate for legal entities increased from 20% to 26%, whereas the tax rate for dividends distribution decreased from 25% to 10% for the years from 1.1.2013 and thereon.
- The debit amount arising against legal entities, that participated in the program for the exchange of Greek Government bonds or corporate bonds guaranteed by the Hellenic Republic, under application of the program for participation in the restructuring of Greek debt, is deductible from the gross income in 30 equal annual installments commencing from the year that the exchange of securities incurred.

b. The Second Iterative Extraordinary General Meeting of Shareholders of Alpha Bank, which was held on 31.1.2013 approved the issuance by the Bank and private placement with the Hellenic Financial Stability Fund, in application (inter alia) of Law 3864/2010 and cabinet act 38/2012, of unsecured, perpetual and subordinated bonds, contingently convertible into common shares of the Bank with voting rights, and redeemable by the Bank of a total principal amount up to €2,000 million, payable by the Fund by contribution in kind of financial instruments held by the Fund.

c. On 1.2.2013, pursuant to the acquisition agreement with regards to the sale of Emporiki Bank SA from Credit Agricole S.A. to Alpha Bank AE, and the approvals by the Greek and Cypriot Central Banks and Competition Commission, the transfer of the entire share capital of Emporiki Bank SA to Alpha Bank by Credit Agricole was completed.

Following the execution of the Share Purchase Agreement and a subsequent transaction related adjustment, Credit Agricole has completed the capital increase of Emporki by a total of €2.9 billion and has subscribed to €150 million of convertible bonds redeemable in Alpha Bank shares. The latter comes as a direct investment in Alpha Bank, supporting its capital ratios on top of Emporiki's recapitalized equity base (note 46).

d. On 22.3.2013 it was announced that proceedings have been initiated for the merger of the Bank, with and through absorption of Emporiki Bank S.A in accordance with the provision of articles 68 paragraph 2 and 78 of Codified Law 2190/1920, in combination with article 16, paragraph 5, et. seq. of Law 2515/1997, as all in force, with an identical merger balance sheet date, 31 December 2012, without increase of share capital of, or/and share issue by, the absorbing Alpha Bank A.E.

e. On 25.3.2013 the European Commission has reached an agreement with the Government of Cyprus, regarding a program of macroeconomic adjustment, aiming at reestablishing the viability of the financial sector and purging the public sector financials for the following years.

In particular, this program ensures that all deposits below 100,000 Euro are secured, the financial sector will shrink, so that the percentage of the domestic banking sector will reach the average of the European Union by 2018 and withholding tax on capital returns and the corporate income tax rate will increase. Specific terms relating to the financial sector provide for the immediate resolution and restructuring of Cyprus Popular Bank and Bank of Cyprus respectively. Moreover, Cypriot authorities have ascertained their commitment in relation to the intensity of their efforts in the areas of fiscal purge, structural reforms and privatizations.

Cyprus and the European Commission in cooperation with the European Central Bank (ECB) and the International Monetary Fund (IMF), must agree on a Memorandum of Understanding (MoU) for this program in early April 2013.

As a result of the above, a new regime will emerge in which the Cypriot economy and the Cypriot financial system will operate, the implications of which cannot be determined immediately and accurately, since there is uncertainty regarding the resulting conditions. The positive message is the firm commitment of the European Union to support Cyprus to remain in the Eurozone. The Group monitors the developments in the area where it is present through subsidiaries and a branch of Emporiki Bank.

Athens, March 27, 2013

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER	THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER	THE ACCOUNTING MANAGER
YANNIS S. COSTOPOULOS **I.D. No. X 661480**	**DEMETRIOS P. MANTZOUNIS** **I.D. No. I 166670**	**VASILEIOS E. PSALTIS** **I.D. No. AI 666591**	**MARIANNA D. ANTONIOU** **I.D. No. X 694507**

Independent Auditors' Report
(Translated from the original in Greek)

To the Shareholders of
ALPHA BANK A.E.

Report on the Financial Statements

We have audited the accompanying financial statements of ALPHA BANK A.E. (the "Bank") which comprise the balance sheet as of 31 December 2012 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 2012 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosures made in note 1.28.1 to the financial statements, which refer to the planned actions that are in progress to restore the capital adequacy of the Bank and the existing uncertainties that could affect the going concern assumption until the completion of the recapitalization process.

Athens, 27 March 2013

KPMG Certified Auditors A.E.

AM SOEL 114

Harry Sirounis Certified Auditor Accountant AM SOEL 19071	Nikolaos Tsiboukas Certified Auditor Accountant AM SOEL 17151

Bank Financial Statements as at 31.12.2012

Income Statement

(Thousands of Euro)

		From 1 January to	
	Note	31.12.2012	31.12.2011
Interest and similar income	2	2,806,242	3,156,266
Interest expense and similar charges	2	(1,780,274)	(1,802,712)
Net interest income	2	1,025,968	1,353,554
Fee and commission income		253,843	262,488
Commission expense		(41,633)	(42,926)
Net fee and commission income	3	212,210	219,562
Dividend income	4	494	10,586
Gains less losses on financial transactions	5	(444,990)	117,302
Other income	6	12,372	14,491
		(432,124)	142,379
Total income		**806,054**	**1,715,495**
Staff costs	7	(408,144)	(390,992)
General administrative expenses	8	(352,522)	(359,340)
Depreciation and amortization expenses	20, 21, 22	(60,270)	(60,317)
Other expenses	9	(26,680)	(1,205)
Total expenses		**(847,616)**	**(811,854)**
Impairment losses and provisions to cover credit risk	10	(1,374,711)	(897,803)
Impairment losses on Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI	18		(4,787,657)
Profit/(Loss) before income tax		**(1,416,273)**	**(4,781,819)**
Income tax	11	279,133	939,153
Profit/(Loss) after income tax		**(1,137,140)**	**(3,842,666)**
Earnings/(Losses) per share:			
Basic and diluted (€ per share)	12	(2.13)	(7.33)

Balance Sheet

(Thousands of Euro)

	Note	31.12.2012	31.12.2011
ASSETS			
Cash and balances with Central Banks	13	770,193	1,149,500
Due from banks	14	6,623,503	6,721,846
Securities held for trading	15	14,119	13,760
Derivative financial assets	16	740,614	639,968
Loans and advances to customers	17	32,796,574	36,152,015
Investment securities			
-Availabe for sale	18a	6,171,283	2,896,888
-Held to maturity	18b	1,082,215	2,681,447
Investments in subsidiaries, associates and joint ventures	19	2,150,455	1,954,335
Investment property	20	31,683	40,387
Property, plant and equipment	21	596,994	628,171
Goodwill and other intangible assets	22	93,429	86,875
Deferred tax assets	23	1,780,276	1,487,782
Other assets	24	947,321	743,975
Total Assets		**53,798,659**	**55,196,949**
LIABILITIES			
Due to banks	25	25,825,551	22,774,803
Derivative financial liabilities	16	1,529,730	1,584,153
Due to customer	26	23,191,009	23,749,193
Debt securities in issue and other borrowed funds	27	2,317,252	5,288,584
Liabilities for current income tax and other taxes	28	22,774	37,199
Deferred tax liabilities	23	372,468	326,140
Employee defined benefit obligations	29	48,672	380
Other liabilities	30	866,049	833,093
Provisions	31	30,173	10,460
Total Liabilities		**54,203,678**	**54,604,005**
EQUITY			
Share Capital	32	1,100,281	1,100,281
Share premium	33	2,757,653	2,757,653
Reserves	34	213,097	73,770
Retained earnings	35	(4,476,050)	(3,338,760)
Total Equity		**(405,019)**	**592,944**
Total Liabilities and Equity		**53,798,659**	**55,196,949**

The attached notes (pages 148 to 233) form an integral part of these financial statements

Statement of Comprehensive Income

(Thousands of Euro)

		From 1 January to	
	Note	31.12.2012	31.12.2011
Profit/(loss), after income tax, recognized in the income statement		**(1,137,140)**	**(3,842,666)**
Other comprehensive income recognized directly in Equity:	11		
Change in available for sale securities reserve		314,249	(43,270)
Change in available for sale securities reserve due to the impairment of Greek Government bonds			155,009
Change in cash flow hedge reserve		(140,082)	9,506
Exchange differences on translating foreign operations		3	(83)
Income tax		(34,843)	(40,850)
Total of other comprehensive income recognized directly in Equity, after income tax	11	**139,327**	**80,312**
Total comprehensive income for the year, after income tax		**(997,813)**	**(3,762,354)**

Statement of Changes in Equity

(Thousands of Euro)

	Note	Share capital	Share premium	Reserves	Retained earnings	Total
Balance 1.1.2011		**3,451,067**	**406,867**	**(6,542)**	**579,106**	**4,430,498**
Changes for the period 1.1-31.12.2011						
Loss for the year, after income tax					(3,842,666)	(3,842,666)
Other comprehensive income, after income tax recognized directly in Equity	11			80,312		80,312
Total comprehensive income for the year, after income tax				**80,312**	**(3,842,666)**	**(3,762,354)**
Dividend paid for preference shares, after income tax	35				(75,200)	(75,200)
Reduction in the nominal value of ordinary shares	32,33	(2,350,786)	2,350,786			
Balance 31.12.2011		**1,100,281**	**2,757,653**	**73,770**	**(3,338,760)**	**592,944**

(Thousands of Euro)

	Note	Share capital	Share premium	Reserves	Retained earnings	Total
Balance 1.1.2012		**1,100,281**	**2,757,653**	**73,770**	**(3,338,760)**	**592,944**
Changes for the period 1.1-31.12.2012						
Loss for the year, after income tax					(1,137,140)	(1,137,140)
Other comprehensive income, after income tax recognized directly in Equity	11			139,327		139,327
Total comprehensive income for the year, after income tax				**139,327**	**(1,137,140)**	**(997,813)**
Other					(150)	(150)
Balance 31.12.2012		**1,100,281**	**2,757,653**	**213,097**	**(4,476,050)**	**(405,019)**

The attached notes (pages 148 to 233) form an integral part of these financial statements

Statement of Cash Flows

(Thousands of Euro)

	Note	From 1 January to 31.12.2012	31.12.2011
Cash flows from operating activities			
Profit/(loss) before income tax		(1,416,273)	(4,781,819)
Adjustments for gains/(losses) before income tax for:			
Depreciation/impairment of fixed assets	20, 21	48,061	38,244
Amortization of intangible assets	22	21,269	22,073
Impairment losses from loans and provisions		1,443,831	905,226
Impairment losses on Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI			4,787,657
(Gains)/losses from investing activities		365,738	(49,151)
(Gains)/losses from financing activities		142,172	1,296
Other adjustments		21,074	8,042
		625,872	**931,568**
Net (increase)/decrease in assets relating to operating activities:			
Due from banks		655,520	855,400
Securities held for trading and derivative financial assets		(107,226)	(175,919)
Loans and advances to customers		1,168,647	871,573
Other assets		(234,144)	(60,532)
Net increase /(decrease) in liabilities relating to operating activities:			
Due to banks		3,039,296	4,044,808
Derivative financial liabilities		(194,505)	487,069
Due to customers		(1,472,496)	(8,972,846)
Other liabilities		11,490	(116,500)
Net cash flows from operating activities before taxes		**3,492,454**	**(2,135,379)**
Income taxes and other taxes paid		(7,882)	(102,047)
Net cash flows from operating activities		**3,484,572**	**(2,237,426)**
Cash flows from investing activities			
Investments in subsidiaries, associates and joint ventures		(119,141)	(80,920)
Transformation of Albania branch to subsidiay		(6,988)	
Dividends received		494	10,568
Purchases for fixed and intangible assets	20, 21, 22	(47,594)	(43,181)
Disposals of fixed and intangible assets		3,844	4,983
Net (increase)/decrease in investment securities		(1,325,231)	(218,171)
Net cash flows from investing activities		**(1,494,616)**	**(326,721)**
Cash flows from financing activities			
Dividends paid to ordinary and preference shareholders		(2,840)	(96,377)
Liabilities from the securitization of consumer loans		(910,614)	135,699
Repayments of debt securities in issue and other borrowed funds		(836,968)	(350,461)
Net cash flows from financing activities		**(1,750,422)**	**(311,139)**
Effect of exchange rate fluctuations on cash and cash equivalents		1,457	1,574
Net increase/(decrease) in cash and cash equivalents		**240,991**	**(2,873,712)**
Cash and cash equivalents at the beginning of the year	13	**1,772,157**	**4,645,869**
Cash and cash equivalents at the end of the year	13	**2,013,148**	**1,772,157**

The attached notes (pages 148 to 233) form an integral part of these financial statements

Notes to the Financial Statements

GENERAL INFORMATION

At present the Bank operates under the brand name of ALPHA BANK A.E. and with the sign of ALPHA BANK. The Bank's registered office is 40 Stadiou Street, Athens and it is listed as a societe anonyme with registration number 6066/06/B/86/05 and in the General Commercial Register with registration number 223701000. The Bank's duration is until 2100 which can be extended by the General Meeting of Shareholders.

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

The tenure of the Board of Directors which was elected by the Ordinary General Meeting at Shareholders on 22.6.2010 expires in 2014.

The Board of Directors as at 31.12.2012 consists of:

CHAIRMAN (Executive Member)

Yannis S. Costopoulos

VICE CHAIRMAN (Non Executive Independent Member)

Minas G. Tanes ***

EXECUTIVE MEMBERS

MANAGING DIRECTOR

Demetrios P. Mantzounis (CEO)

EXECUTIVE DIRECTORS AND GENERAL MANAGERS

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

NON-EXECUTIVE MEMBERS

Paul G. Karakostas *
Ioanna E. Papadopoulou **

NON-EXECUTIVE INDEPENDENT MEMBERS

George E. Agouridis */**
Paul A. Apostolidis (from 26.6.2012)
Thanos M. Veremis
Evangelos J. Kaloussis */***
Ioannis K. Lyras **

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

Sarantis – Evangelos G. Lolos

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

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

Nikolaos G. Koutsos */**/*** (from 7.6.2012)

SECRETARY

Hector P. Verykios

The Ordinary General Meeting of Shareholders, held on 29.6.2012, has appointed as auditors for the semi annual and annual financial statements for the year 2012 the following:

Principal Auditors:	Charalambos G. Sirounis
	Nikolaos Ch. Tsiboukas
Substitute Auditors:	Michael A. Kokkinos
	John A. Achilas

of KPMG Certified Auditors A.E.

The Bank's shares have been listed in the Athens Stock Exchange since 1925 and is ranked constantly between the companies with the higher market capitalization. Additionally, the Bank's share is included in a series of international indices, such as S&P Europe 350 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 at December 31, 2012 the Bank has 534,269,648 ordinary and 200,000,000 preference shares in issue.

During the year 2012 an average of 4,512,648 shares have been traded daily.

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

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

The financial statements have been approved by the Board of Directors on March 27, 2013.

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

ACCOUNTING POLICIES APPLIED

1.1 Basis of presentation

These financial statements relate to the fiscal year 1.1 – 31.12.2012 and they have been prepared:

a) in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, in accordance with Regulation 1606/2002 of the European Parliament and the Council of the European Union on 19 July 2002 and

b) on the historical cost basis except for the following assets and liabilities which were measured at fair value:

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

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

The accounting policies for the preparation of the financial statements have been consistently applied by the Bank to the years 2011 and 2012, after taking into account the following amendments of the International Accounting Standards which were issued by the International Accounting Standards Board (IASB) and adopted by the European Union and which are effective for annual periods beginning on 1.1.2012:

- **Amendment of International Financial Reporting Standard 1** «Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters» (Regulation 1255/11.12.2012)

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

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

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

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

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

  On 7.10.2010, the International Accounting Standards Board issued an amendment of IFRS 7 regarding the disclosures that are required when financial assets are transferred. The disclosures relate to the financial assets that are transferred and that a) the entity does not derecognise, b) the entity has continuing involvement, c) the entity derecognises. With the above amendment the existing disclosures are revised in order to achieve greater transparency in the reporting of transfer transactions, particularly those that involve securitisation of financial assets.

  The adoption of the above amendment by the Bank had as result the addition of the relevant disclosures which are presented in note 38.5.

- **Amendment of International Accounting Standard 12** «Deferred Tax: Recovery of Underlying Assets» (Regulation 1255/11.12.2012)

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

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

It is noted that according to the Regulation 1255/11.12.2012, which adopted the above amendments of IFRS 1 and IAS 12, their effective date is, by the latest, the annual period beginning on or after 1.1.2013. The Bank proceeded with the adoption of both amendments during 2012, consistently with the effective date defined by the International Accounting Standards Board.

Apart from the above Standards, the European Union adopted the following new standards, interpretations and amendments of standards which are effective for annual periods beginning after 1.1.2012 and which have not been early adopted by the Bank.

- **Amendment of International Financial Reporting Standard 1** «Government loans» (Regulation 183/4.3.2013)

  Effective for annual periods beginning on or after 1.1.2013

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

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

- **International Financial Reporting Standard 10** «Consolidated Financial Statements» (Regulation 1254/11.12.2012)

  Effective for annual periods beginning on or after 1.1.2013

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

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

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

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

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

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

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

- **International Financial Reporting Standard 11** «Joint Arrangements» (Regulation 1254/11.12.2012)

  Effective for annual periods beginning on or after 1.1.2013

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

The parties that have joint control of a joint operation recognise in their consolidated and separate financial statements the assets and the liabilities as well as income or expenses that they own or are entitled to from the joint operation. The same accounting principles apply for parties to joint operations that do not have joint control but have rights to the assets and obligations for the liabilities relating to the joint operation. The parties that have joint control of a joint venture recognise their interest as an investment using the equity method in accordance with IAS 28 "Investments in associates and joint ventures". The alternative of proportionally consolidating joint ventures is no longer provided. A party to a joint venture that does not have joint control of the joint venture accounts for its interest in accordance with IAS 39 (or IFRS 9 if applied), unless it has significant influence over the joint venture, in which case it shall account for it using the equity method.

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

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

- **International Financial Reporting Standard 12** «Disclosure of Interests in Other Entities» (Regulation 1254/11.12.2012)

Effective for annual periods beginning on or after 1.1.2013

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

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

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

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

- **International Financial Reporting Standard 13** «Fair Value Measurement» (Regulation 1255/11.12.2012)

Effective for annual periods beginning on or after 1.1.2013

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

i. Defines fair value

ii. Sets out in a single IFRS a framework for measuring fair value and

iii. Requires disclosures about fair value measurements

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

- **Amendment of International Accounting Standard 1** «Presentation of Items of Other Comprehensive Income» (Regulation 475/5.6.2012)

Effective for annual periods beginning on or after 1.7.2012

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

The adoption of the above amendment by the Bank will lead to changes in the presentation of the Statement of Comprehensive Income.

- **Amendment of International Accounting Standard 19** «Employee Benefits» (Regulation 475/5.6.2012)

Effective for annual periods beginning on or after 1.1.2013

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

- Immediate recognition of changes in net defined benefit liability. Therefore, the option to defer actuarial gains and losses (corridor approach) and past service cost when benefits are not vested is abolished.

- The new standard clearly defines the recognition of each defined benefit cost component. In particular:

i. Service cost is recognized in profit or loss

ii. Net interest on the net defined benefit liability (asset) is recognized in profit or loss

iii. Remeasuremets of the net defined benefit liability (asset) are recognized in other comprehensive income. They are not reclassified in profit or loss in a subsequent period.

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

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

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

- **International Accounting Standard 27** «Separate Financial Statements» (Regulation 1254/11.12.2012)

  Effective for annual periods beginning on or after 1.1.2013

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

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

- **International Accounting Standard 28** «Investments in Associates and Joint Ventures» (Regulation 1254/11.12.2012)

  Effective for annual periods beginning on or after 1.1.2013

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

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

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

- **Amendment of International Accounting Standard 32** «Offsetting Financial Assets and Financial Liabilities» and of **International Financial Reporting Standard 7** «Disclosures – Offsetting Financial Assets and Financial Liabilities» (Regulation 1256/13.12.2012)

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

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

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

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

- **Interpretation 20** «Stripping costs in the production phase of a surface mine» (Regulation 1255/11.12.2012)

  Effective for annual periods beginning on or after 1.1.2013

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

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

It is noted that according to the Regulation 1254/11.12.2012, which adopted the above new standards IFRS 10, IFRS 11 and IFRS 12 as well as the above amendments of IAS 27 and IAS 28, their effective date is, by the latest, the annual period beginning on or after 1.1.2014. The Bank is examining the possibility of adopting the aforementioned standards and amendments during 2013, consistently with the effective date defined by the International Accounting Standards Board.

In addition, the International Accounting Standards Board has issued the following standards and amendments of 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 1.1.2015

  On 12.11.2009, IFRS 9: «Financial Instruments» was issued by the International Accounting Standards Board. The new standard was issued as part of the first phase of the project for the replacement of IAS 39; therefore, the scope of the first phase is the classification and measurement of financial assets. According to the new standard, financial instruments should be classified, at initial recognition, at either amortized cost or at fair value. The criteria that should be considered for the initial classification of the financial assets are the following:

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

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

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

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

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

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

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

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

Effective for annual periods beginning on or after 1.1.2015

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

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

- **Amendment of International Financial Reporting Standard 10** «Consolidated Financial Statements», of **International Financial Reporting Standard 11** «Joint Arrangements» and of **International Financial Reporting Standard 12** «Disclosure of Interests in Other Entities»: Transition Guidance.

Effective for annual periods beginning on or after 1.1.2013

On 28.06.2012, the International Accounting Standards Board issued an amendment to the transition requirements of the above standards. The amendment clarifies that the "date of initial application" is the beginning of the annual reporting period in which IFRS 10 is applied for the first time. In the case that the consolidation conclusion reached at the date of initial application is different when compared with applying IAS 27 and SIC 12, only the immediately preceding comparative period needs to be adjusted retrospectively. The presentation of adjusted comparatives for earlier periods is permitted but not required. A similar exception regarding the presentation of adjusted comparatives is also provided in the transition requirements of IFRS 11 and 12. Also, the disclosures relating to non consolidated structured entities are not required for any period before the first annual period for which IFRS 12 is applied.

The Bank is evaluating the impact from the adoption of the above amendment on its financial statements.

- **Amendment of International Financial Reporting Standard 10** «Consolidated Financial Statements», of **International Financial Reporting Standard 12** «Disclosure of Interests in Other Entities» and of **International Accounting Standard 27** «Separate Financial Statements»: Investment Entities

Effective for annual periods beginning on or after 1.1.2014

On 31.10.2012, the International Accounting Standards Board issued the above amendment which defines "investment entities" and introduces an exception to consolidating particular subsidiaries for investment entities. 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 Bank is evaluating the impact from the adoption of the above amendment on its financial statements.

- **Improvements to International Accounting Standards**

Effective for annual periods beginning on or after 1.1.2013

As part of the annual improvements project, the International Accounting Standards Board issued on 17.5.2012 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 recourses between the Bank's operating segments and the assessment of their performance.

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

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

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

- Greece
- Other Countries

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

Detailed information relating to operating segments is provided in note 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 can be classified as loans and receivables. The Bank has classified the following as loans and receivables:

i. loans to customers

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

iii. all receivables from customers, banks etc.

This category is measured at amortized cost using the effective interest rate method and is periodically tested for impairment based the procedures described in note 1.12.

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

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 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 to 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 that financial asset until maturity.

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

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 the case of transactions, where despite the transfer of the contractual right to recover the cash flows from financial assets both the risk and rewards remain with the Bank, no derecognition of these financial assets occurs. The amount received by the transfer is recognized as a financial liability. The accounting practices followed by the Bank in such transactions are discussed further in notes 1.19 and 1.20.

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

Subsequent measurement of financial liabilities

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

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

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

- financial liabilities acquired or incurred principally with the intention of selling or repurchasing in the near term for short term profit, or
- derivatives not used for hedging purposes. Liabilities arising from either derivatives held for trading or derivatives used for hedging purposes are presented as "derivative financial liabilities" and are measurement according to the principles set out in note 1.6.

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

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

b) Financial liabilities carried at amortized cost

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

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

In cases when financial liabilities included in this category are designated as the hedged item in a hedge relationship, the accounting principles applied are those set out in note 1.6.

Derecognition of financial liabilities

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

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

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

Determination of fair value

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

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

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

Offsetting financial assets and financial liabilities

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

1.6 Derivative financial instruments and hedge accounting

Derivative financial instruments

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

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

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

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

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

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

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

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

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

We emphasize the following:

a. Synthetic Swaps

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

This involves the conversion of a Euro deposit to JPY 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 are re-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 form a variable rate to a fixed rate.

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

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

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

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

During the reporting period of 2012, the Bank applied cash flow hedge accounting for a specific group 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 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.

1.8 Property, plant and equipment

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

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

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

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

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

The estimated useful lives are as follows:

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

Land is not depreciated but it tested for impairment.

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

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

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

1.9 Investment property

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

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

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

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

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

1.10 Goodwill and other intangible assets

The Bank has included in this caption:

a) Software, which is measured at cost less accumulated amortization 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 between 3 to 15 years. Expenditure incurred to maintain software programs is recognized in the income statement as incurred. Software that is considered to be an integral part of hardware (hardware cannot operate without the use of the specific software) is classified in property, plant and equipment.

b) Brand names and banking rights which are measured at cost less accumulated amortization and impairment losses. Amortization is charged over the estimated useful life, which the Bank has estimated to 5 years.

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

No residual value is estimated for intangible assets.

1.11 Leases

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

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

All other lease agreements are classified as operating leases.

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

a) When the Bank is the lessor

i. Finance leases:

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

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

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

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

ii. Operating leases:

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

b) When the Bank is the lessee

i. Finance leases:

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

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

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

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

ii. Operating leases:

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

1.12 Impairment losses on loans and advances

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

Specifically, the steps performed are the following:

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

For business loans, the approved general limit, either on an individual or on a group basis, is the basic factor in determining whether the assessment of impairment will be performed on an individual basis or on a collective basis.

More specifically, for business loans, the separation point for the Bank is the amount of €1 million.

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

For consumer and mortgage loans, impairment test is performed, as a rule, on a collective basis, regardless of their amount or limit.

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

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

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

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

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

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

c. Establishment of groups of assets with similar risk characteristics

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. Specifically, the collective groups are selected based on the following criteria:

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

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

d. 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.

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

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

e. Interest income recognition

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

f. Impairment recognition - Write - offs

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

In particular, the Bank proceeds to the write off of loans when it is estimated that loans are uncollectable and all legal actions for their collection have been completed.

g. Recoveries

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

1.13 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 obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties, less the costs of disposal.

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.

During the current year, the Bank recognized an impairment loss on property plant and equipment and on investment property which were destroyed from fire (notes 20 and 21).

1.14 Accounting for income tax

Income tax consists of current and deferred tax.

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

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

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

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

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

1.15 Non-current assets held for sale

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

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

Non current assets held for sale mainly consist of assets acquired through the enforcement of security over customer loans and advances.

Before their classification as held for sale, the assets are remeasured in accordance with the respective accounting standard.

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

Assets in this category are not depreciated.

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

Non - current assets that are acquired through enforcement procedures but are not available for immediate sale or are not expected to be sold within a year are included in Other Assets and are measured at the lower of cost (or carrying amount) and fair value. During the current year, the Bank recognized an impairment loss on non-current assets that had been acquired through enforcement procedures and that had been classified in Other Assets (note 24).

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.

1.16 Employee benefits

The Bank has both defined benefit and defined contribution plans.

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

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

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

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

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

a) any cumulative unrecognized net actuarial losses and past service cost, and

b) the present value of any economic benefits available to the Bank in the form of refunds from the plan or reductions in future contributions to the plan.

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

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

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

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

a) the change in the present value of the defined benefit obligation

b) the change in the fair value of the plan assets and

c) the related actuarial gains and losses and past service cost that have not previously recognised in profit or loss

is directly recognised in profit or loss.

Before determining the effect of a curtailment or settlement, the obligation from the defined benefit plan is remeasured based on current actuarial assumptions. In cases a curtailment relates to only some of the employees covered by the plan, or only part of an obligation is settled, the gain or loss includes a proportionate share of the previously unrecognised past service cost and actuarial gains and losses.

The proportionate share is determined on the basis of the present value of the obligations before and after the curtailment or settlement, unless another basis is more rationale in the circumstances.

1.17 Share options granted to employees

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

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

1.18 Provisions

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

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

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

Provisions are not recognized for future operating losses.

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

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

1.19 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.

1.20 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.

1.21 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.

1.22 Interest income and expense

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

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

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

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

1.23 Fee and commission income

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

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

1.24 Gains less losses on financial transactions

Gains less losses on financial transactions include the fair value changes of financial assets, 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.

1.25 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.

1.26 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 which is considered to have significant influence over the Bank due to the advance it has given to the Bank in the context of L. 3864/2010 as well as due to its participation to the Board of Directors and to significant Committees of the Bank. Details regarding the aforementioned advance are included in note 39.

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%.

1.27 Comparatives

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

1.28 Estimates, decision making criteria and significant sources of uncertainty

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

The main estimates used by the Bank in the preparation of the annual financial statements for the year 2012, the confirmation of which is subject to the development of factors uncertain at the time of preparation of the financial statements, relate to the following issues:

1.28.1 Going concern principle

The Bank, for the preparation of the annual financial statements for the year 2012, was based on the going concern principle. The main factors that create uncertainties regarding the application of the aforementioned accounting principle relate to the fact that the Bank's operations were affected by the unfavorable macroeconomic environment developed by the international financial crisis and its consequences to the Greek economy. The sovereign debt crisis in Greece led to measures for the sustainability of the Greek debt and resulted in the application of a program for the exchange of Greek Government bonds and of loans guaranteed by the Hellenic Republic with terms unfavorable to their holders, a fact that significantly affected the Bank's financial position. In addition, the prolonged recession of the Greek economy and the consequent rise in unemployment led to the increase in impairment losses of loans and advances to customers, which in turn affect the capital adequacy of the Bank and the Group. In parallel, the decrease in deposits, as a result of the uncertainty created and the recession, adversely affected the levels of liquidity of the Greek banks.

The above are addressed by the program for the financial support of Greece by the European Commission, the European Central Bank and the International Monetary Fund and the measures taken for the restructuring of the Greek economy. In the context of the above program, in the Eurogroup of 27.11.2012, it was decided to implement a Greek Government bond buy-back program, which was completed successfully. In parallel, a specific institutional framework was developed for the recapitalisation of Greek banks through the Hellenic Financial Stability Fund. In the Eurogroup of 13.12.2012, the disbursement of the second instalment of the second adjustment program of the Greek economy was approved, which includes the amount of € 23.2 billion for the recapitalization of the Greek banks, bringing the total amount available for this purpose to € 50 billion approximately. In this context, after the completion of the recapitalisation that the Bank plans to implement in the immediate period ahead, the capital adequacy of the Group will be fully restored, thereby waiving any uncertainty concerning the application of the going concern principle.

The Bank's Board of Directors, taking into account the measures taken to support the Greek economy, as well as the actions completed and the actions scheduled to restore the capital adequacy of the Group, and in particular:

- the continuing financial support of Greece by the European Commission, the European Central Bank and the International Monetary Fund,
- the recognition by the Bank of Greece of the significance of the Bank for the stability of the financial system in Greece,
- the actions scheduled in order to begin and to complete the Group's recapitalisation process, in the context of Law 3864/2010 and the Cabinet Act issued on 9.11.2012, so as to raise funds of €4.571 billion from private investors or also the Hellenic Financial Stability Fund, the amount being equal to the capital needs of the Group as determined by the Bank of Greece, after taking into account the effect of the Group's participation in the bond exchange program (PSI) and the results of the Blackrock diagnostic assessment of Greek banks,
- the commitment of the HFSF, in the context of Law 3864/2010, as in effect, to cover, to the extent necessary, the capital needs of the Group, in implementation of which the HFSF has already advanced bonds amounting to €2.942 billion and has issued a certificate with which it is committed to provide additional capital support up to the amount of €1.629 billion,

- the implementation of an optional program for the buy-back of bonds and hybrid securities issued by the Group through which Core Tier I was strengthened by € 333 million,
- the acquisition of Emporiki Bank S.A., which, following a Euro € 2.9 billion capital increase by Credit Agricole pre closing of the transaction, contributes to the capital of the Bank an amount of € 2.3 billion as of 1.2.2013 without taking into account adjustments of accounting balances to fair value, synergies and other potential positive financial effects such as portfolio workout,
- the cover from Credit Agricole of a € 150 million convertible bond issued by the Bank, in the context of the aforementioned transaction, which also contributes to the regulatory capital of the Bank.
- the ability of the Bank to access, with acceptable collaterals for refinancing, the mechanisms of liquidity of the Eurosystem,
- the gradual return of deposits in the banking system which is expected to increase further with the completion of the recapitalization of Greek banks, a fact that will lead to the normalization of the liquidity conditions,

considers that the uncertainties that could affect the application of the going concern principle until the completion of the recapitalisation process are waived and, consequently, prepared the annual financial statements on a going concern basis.

1.28.2 Estimation of the Bank's exposure to the Hellenic Republic

The Bank, after the completion of the bond exchange program (PSI), the completion the bond buy-back program which was approved at the Eurogroup of 13.12.2012, as well as after the additional actions decided at the Eurogroup of 27.11.2012 for the enhancement of the sustainability of the Greek debt, estimates that no impairment is required for the Greek Government securities held by the Bank that were not eligible for the bond exchange program. The Bank's exposure to loans guaranteed by the Hellenic Republic is presented in note 38.1. The aforementioned loans are tested for impairment according to the procedures described in note 1.12.

The main sources of uncertainty regarding the estimations for the recoverability of the total exposure of the Bank to the Hellenic Republic relate to the development of the macroeconomic environment in Greece and internationally, the evolution of the crisis in the eurozone, the achievement of the goals set within the context of the program for the support of the Greek economy, which have been set as a prerequisite for the smooth disbursement of the related funds and the verification of the assumptions on which the program has been based. In this context, the above will be re-estimated at each balance sheet date, taking also into account market conditions.

1.28.3 Recoverability of deferred tax assets

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

Concerning the tax losses carried forward, it is noted that the Bank exhibited tax losses for the first time in the year 2012, in relation to which a deferred tax asset was recognised. The recognition of the deferred tax asset was based on the Bank's restructuring plan that was submitted to the Directorate General for Competition of the European Union in the end of November 2012, according to Law 3864/2010, having taken into account the acquisition of Emporiki Bank, which was completed on 1.2.2013. According to the above plan, it is estimated that sufficient taxable profit will be available within the next five years against which the aforementioned tax losses carried forward will be utilised.

It is noted that the amount of € 812 million, which on 31.12.2012 constitutes the major part of the Bank's deferred tax assets, relates to losses that arose from the participation in the Greek Government bond exchange program (PSI) and the December 2012 Greek Government bond buy back program which were recognized for tax purposes 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 instalments, within 30 years, which, according to the Bank's estimation, provides a sufficient time period for its gradual utilisation against taxable profits.

Likewise, the remaining deferred tax assets of the Bank are expected to be recovered in the future, since in most cases there are no time constraints regarding their recoverability.

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 will reassess its estimation regarding the recoverability of the deferred tax assets in connection to the development of the above factors.

INCOME STATEMENT

2. Net interest income

	From 1 January to	
	31.12.2012	31.12.2011
Interest and similar income		
Due from banks	69,209	116,035
Loans and advances to customers	1,760,936	1,924,909
Securitized loans	296,410	362,309
Securities held for trading	4,098	8,189
Available for sale securities	298,441	149,648
Held to maturity securities	64,219	172,805
Derivative financial instruments	297,616	412,764
Other	15,313	9,607
Total	**2,806,242**	**3,156,266**
Interest expense and similar charges		
Due to banks	(560,852)	(328,324)
Due to customers	(554,285)	(635,255)
Debt securities in issue and other borrowed funds	(229,625)	(263,447)
Derivative financial instruments	(355,934)	(477,901)
Other	(79,578)	(97,785)
Total	**(1,780,274)**	**(1,802,712)**
Net interest income	**1,025,968**	**1,353,554**

3. Net fee and commission income

	From 1 January to	
	31.12.2012	31.12.2011
Loans	69,496	67,884
Letters of guarantee	45,907	41,896
Imports-exports	7,783	9,896
Credit cards	35,361	36,598
Fund transfers	32,173	35,706
Mutual funds	9,629	13,403
Advisory fees and securities transaction fees	1,162	2,220
Foreign exchange trades	7,852	6,560
Issuance of securities of Law 3723/2008	(3,437)	(11,378)
Other	6,284	16,777
Total	**212,210**	**219,562**

4. Dividend income

	From 1 January to	
	31.12.2012	31.12.2011
Subsidiaries and associates		10,017
Available for sale securities	494	569
Total	**494**	**10,586**

5. Gains less losses on financial transactions

	From 1 January to	
	31.12.2012	31.12.2011
Foreign exchange differences	18,944	22,215
Securities held for trading:		
- Bonds	60,449	(4,401)
Investment securities (note 18):		
- Bonds	(414,600)	52,075
- Shares	(25,718)	(13,896)
- Other securities	(16,602)	(276)
Loan portfolio		3,750
Investments	1,442	595
Derivative financial instruments	(9,844)	69,982
Other financial instruments	(59,061)	(12,742)
Total	**(444,990)**	**117,302**

6. Other income

	From 1 January to	
	31.12.2012	31.12.2011
Rental income	1,795	3,037
Sales of fixed assets	205	371
Insurance indemnities	140	116
Secondment of personnel to group companies	2,109	2,405
Preparation of business plans and financial studies	2,216	3,480
Other	5,907	5,082
Total	**12,372**	**14,491**

7. Staff costs

	From 1 January to	
	31.12.2012	31.12.2011
Wages and salaries	250,617	270,527
Social Securitiy contributions	67,524	72,731
Common Insurance Fund of Bank Employees	12,246	14,414
Employee defined benefit obligation	9,041	8,655
Employee indemnity provision due to retirement in accordance with Law 2112/1920 (note 29)	46,622	
Other	22,094	24,665
Total	**408,144**	**390,992**

The total number of employees of the Bank as at 31.12.2012 were 7,553 (31.12.2011: 8,318) out of which 6,712 (31.12.2011: 6,997) were employed in Greece and 841 (31.12.2011: 1,321) were employed abroad.

Defined contribution plans

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

a. The supplementary pension plan for employees of the former Ionian and Popular Bank of Greece is T.A.P.I.L.T.A.T., a multi-employer plan. The Bank has obtained legal opinions that indicate that it has no obligation if the fund does not have sufficient assets to pay employee benefits. Therefore the Bank considers that the fund is a defined contribution plan and is accounted for as such. The Bank has applied for membership in the Common Insurance Fund of Bank Employees (E.T.A.T.) for its employees who are insured in the Pension Plan for employees of Ionian – Popular Bank and other Banks (T.A.P.I.L.T.A.T.).

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

c. All employees of the Bank receive medical benefits from the Bank Employee and Companies Common Benefit Plan (T.A.Y.T.E.K.O.). This plan has been accounted for as a defined contribution plan. This fund has joined the National Organization of Health Care (E.O.P.Y.Y.) since 12.11.2012 in accordance with circular 47284/14.11.2012 of the National Organization of Health Care and pursuant to the implementation of Law 4093/2012 paragraph IB.1, paragraph 1b.

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

With Law 4052/2012 a public sector legal entity was established under the name of Common Supplementary Insurance Fund (ETEA), that commenced its operations on 1.7.2012 aiming to incorporate six supplementary insurance funds among which is the ETAT. This law provides the funds the right to be excluded from their incorporation in ETEA with the agreement of the representative organizations of insured members and their automatic transformation to private sector legal entities in accordance with Law 3029/2002 if they were not included up to 31.12.2012. The representatives of the insured members of ETAT have requested to be excluded from their incorporation in ETEA.

The legislative act issued on 31.12.2012, renders the incorporation of the supplementary insurance funds mandatory from 1.1.2013, for which a request for exclusion has been submitted and as at 31.12.2012 a) no actuarial studies had been submitted to the Ministry of Labor, Social Security and Providence as defined in Law 3029/2002 for their transformation to private sector legal entities or b) an exclusion request had been submitted and was rejected. For the cases where actuarial studies were submitted up to 31.12.2012 and their review from the National Authority for Actuarial Studies and the competent Ministry Division was pending, the deadline for their mandatory incorporation into ETEA was extended up to 28.2.2013. ETAT falls under this case.

e. The Bank, in collaboration with AXA Insurance, has created a new group savings plan for its employees that were hired and insured for the first time 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's assets, which will be formed by the fixed monthly contributions of the Bank and its employees, will be invested in low risk mutual funds. In particular, for employees hired by the Bank and insured from 1.1.2005 this is a defined contribution plan since the benefit arises solely from the accumulated savings capital up to their departure date.

Defined benefit plans

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

8. General administrative expenses

	From 1 January to	
	31.12.2012	31.12.2011
Rent of buildings	26,941	32,365
Rent and maintenance of EDP equipment	21,162	27,934
EDP expenses	28,037	25,875
Marketing and advertisement expenses	17,367	19,365
Telecommunications and postage	18,055	22,509
Third party fees	54,067	50,853
Consultants fees	6,907	6,359
Contribution to Deposit and Investment Guarantee Fund	10,459	14,306
Insurance	9,395	5,643
Consumables	3,063	3,972
Electricity	7,078	6,843
Taxes (VAT, real estate etc.)	56,507	54,376
Repairs of buildings and equipment	5,122	5,091
Cleaning fees	3,165	3,372
Security	8,056	8,559
Transportation	2,342	2,761
Services from collection agencies	10,587	15,549
Agency fees	557	328
Other	63,655	53,280
Total	**352,522**	**359,340**

9. Other expenses

	From 1 January to	
	31.12.2012	31.12.2011
Losses from disposal/impairment on fixed assets	14,017	1,148
Other provisions (note 31)	12,663	57
Total	**26,680**	**1,205**

The "Losses from disposal/impairment on fixed assets" include impairment of buildings due to damages suffered by two of the Bank's buildings during the riots on 12.2.2012 and from decrease in the value of property obtained through auctions. Additionally, in "Other provisions" provisions were recognized for pending legal cases against the Bank and for other operational risk events.

10. Impairment losses and provisions to cover credit risk

	From 1 January to	
	31.12.2012	31.12.2011
Impairment losses on loans and advances to customers (note 17)	1,370,850	886,967
Impairment loses on due from banks (note 14)		8,965
Reversal of impairment losses on participations		(11)
Provisions to cover credit risk relating to off balance sheet items (note 31)	11,000	8,100
Recoveries	(7,139)	(6,218)
Total	**1,374,711**	**897,803**

11. Income tax

According to article 14 of Law 3943/2011 "Combating tax evasion, staffing of the tax auditing department and other provisions under the responsibility of the Ministry of Finance" a 20% tax rate is effective for legal entities for the periods commencing from 1.1.2011 and thereon. In case of profit distribution, a withholding tax is imposed with a 25% tax rate.

In accordance with article 9 of Law 4110/23.1.2013 "Income tax regulations, regulations on issues under the responsibility of the Ministry of Finance and other provisions", the tax rate for legal entities is increased from 20% to 26% for profits arising from 1.1.2013 and onwards. In case of profit distribution, a withholding tax is imposed with a 10% tax rate.

In accordance with article 82 paragraph 5 of Law 2238/1994, for the year 2011 and thereafter, the auditors and audit firms conducting compulsory audits to Societe Anonyme (AE), are obliged to issue an Annual Tax Certificate on the implementation of tax provisions on tax issues. The above mentioned tax certificate is submitted to the entity under audit within 10 days from the submission of the corporate income tax return, as well as, to the Ministry of Finance, electronically, no later than ten days following the date of the approval of the financial statements from the General Meeting of the Shareholders.

After eighteen months from the issuance of tax certificate without any qualifications and on the precondition that no tax offences have been found from Ministry of Finance specific audits, the tax audit of the year is considered complete.

For the year 2011 the Bank received the relevant tax certificate without any qualification on the tax issues audited, whereas for the year 2012, the tax audit performed by the Bank's auditors is in progress and no material findings are expected.

The income tax expense is analyzed as follows:

	From 1 January to	
	31.12.2012	31.12.2011
Current	1,876	42,607
Deferred	(281,009)	(24,228)
	(279,133)	**18,379**
Deferred tax due to impairment on Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI		(957,532)
Total	**(279,133)**	**(939,153)**

The current tax for the year 2012 includes an amount attributed to prior year (2011) current tax differences.

The current tax for the year 2011 includes an additional tax arising from the tax audit for the years 2008 and 2009.

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

	From 1 January to	
	31.12.2012	31.12.2011
Debit difference of Law 4046/2012	(811,773)	
Revaluation/impairment of assets	(2,620)	
Depreciation and fixed assets write-offs	1,104	2,176
Valuation/impairment of loans	60,455	(74,108)
Suspension of interest accruals	114,632	53,402
Liabilities to Common Insurance Fund of Bank Employees	(249)	12,596
Valuation of derivatives	8,776	(31,152)
Effective interest rate	(797)	(853)
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(297)	1.002
Valuation of investments in subsiadiaries due to hedging	288	2,938
Tax losses carried forward	(105,258)	
Valuation/impairment of bonds and other securities	470,022	16,354
Valuation/impairment of shares	(7,944)	(2,227)
Other temporary differences	(7,348)	(4,356)
Total	**(281,009)**	**(24,228)**
Impairment of Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI		(957,532)
Total	**(281,009)**	**(981,760)**

On the results derived from the Bank's participation in the program for the exchange of Greek Government bonds pursuant to its 3.12.2012 invitation, a deferred tax has been calculated which is included in the debit difference of Law 4046/2012.

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

	From 1 January to			
	31.12.2012		31.12.2011	
	%		%	
Profit/(loss) before income tax		**(1,416,273)**		**(4,781,819)**
Income tax (nominal tax rate)	20	(283,255)	20	(956,364)
Increase/(decrease) due to:				
Non taxable income	0.03	(459)	0.02	(790)
Non deductible expenses	(0.24)	3,435	(0.04)	1,911
Additional tax			(0.01)	92
Effect of tax rates used for deferred tax			(0.06)	2,867
Other temporary differences	(0.08)	1,146	(0.27)	13,131
Income tax (effective tax rate)	**19.71**	**(279,133)**	**19.64**	**(939,153)**

Income tax of other comprehensive income recognized directly in Equity

	From 1 January to					
	31.12.2012			31.12.2011		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Change in available for sale securities reserve	314,249	(62,861)	251,388	(43,270)	(6,801)	(50,071)
Change in available for sale securities reserve due to impairment of Greek Government bonds				155,009	(31,002)	124,007
Change in cash flow hedge reserve	(140,082)	28,018	(112,064)	9,506	(3,047)	6,459
Exchange differences on translating foreign operations	3		3	(83)		(83)
Total	**174,170**	**(34,843)**	**139,327**	**121,162**	**(40,850)**	**80,312**

In the year 2011, the deferred tax recognized in equity includes a tax rate adjustment amounting to €16.6 million according to Law 3943/2011.

During 2011 retained earnings included a credit amount of €18.8 million for current income tax which relates to the return of the Greek State's preference shares for the year 2010.

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 ordinary shares outstanding, after deducting the weighted average number of treasury shares held by the Bank during the period.

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

i. The after-tax amount of any preference dividends on non-cumulative preference shares declared in respect of the period and

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

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

b. Diluted

Diluted earnings/(losses) per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Bank does not have dilutive potential ordinary shares and additionally, based on the preference shares' terms of issuance, basic and dilutive earnings/(losses) per share should not differ.

	From 1 January to	
	31.12.2012	31.12.2011
Profit/(losses) attributable to equity owners of the Bank	**(1,137,140)**	**(3,842,666)**
Less: Preference dividends paid		(75,200)
Profit/(losses) attributable to ordinary equity owners of the Bank	**(1,137,140)**	**(3,917,866)**
Weighted average number of outstanding ordinary shares	534,269,648	534,269,648
Basic and diluted earnings/(losses) per share (in €)	(2.13)	(7.33)

The Ordinary General Meeting of the Shareholders of the Bank, on 29.6.2012 decided the non-payment to the Hellenic Republic of the return of year 2011 of the preference shares issued by the Bank and owned by the Hellenic Republic, as per article 1 paragraph 3 of Law 3723/2008 (Note 35).

ASSETS

13. Cash and balances with Central Banks

	31.12.2012	31.12.2011
Cash	258,752	254,510
Cheques receivable	12,065	16,116
Balances with Central Banks	499,376	878,874
Total	**770,193**	**1,149,500**
Less: Deposits pledged to Central Banks	(330,254)	(575,238)
Balance	**439,939**	**574,262**

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 bear interest same as the refinancing rate as set by the European Central Bank which as at 31.12.2012 was 0.75% (31.12.2011: 1%).

Cash and cash equivalents (as presented for the purposes of the Statement of Cash Flows)

	31.12.2012	31.12.2011
Cash and balances with Central Banks	439,939	574,262
Receivables from sale and repurchase agreements (Reverse Repos)	65,050	912,500
Short-term placements with other banks	1,508,159	285,395
Total	**2,013,148**	**1,772,157**

14. Due from banks

	31.12.2012	31.12.2011
Placements with other banks	5,400,438	4,711,694
Guarantees for derivative securities coverage	1,149,646	1,089,586
Sale and repurchase agreements (Reverse Repos)	65,050	912,500
Loans to financial institutions	17,334	17,031
Less:		
Allowance for impairment losses	(8,965)	(8,965)
Total	**6,623,503**	**6,721,846**

15. Securities held for trading

	31.12.2012	31.12.2011
Bonds		
- Greek Government	13,605	3,496
- Other states		6,221
- Other Issuers:		
Listed	514	4,043
Total	**14,119**	**13,760**

16. Derivative financial instruments (assets and liabilities)

	31.12.2012		
	Contract nominal amount	Fair value	
		Assets	Liabilities
Derivatives held for trading			
a. Foreing exchange derivatives			
Currency forwards	733,181	9,443	25,885
Currency swaps	2,338,714	2,354	12,198
Cross currency swaps	10,278,783	211,594	334,543
Currency options	28,230	618	343
Currency options embedded in customer products	539	1	
Total non-listed	**13,379,447**	**224,010**	**372,969**
b. Interest rate derivatives			
Interest rate swaps	11,620,876	486,952	481,633
Interest rate options (caps & floors)	1,172,620	9,360	7,052
Total non-listed	**12,793,496**	**496,312**	**488,685**
Futures	5,425,116	398	756
Total listed	**5,425,116**	**398**	**756**
c. Commodity derivatives			
Commodity swaps	191,639	1,717	869
Total non-listed	**191,639**	**1,717**	**869**
d. Index derivatives			
OTC options	49,000	263	263
Total non-listed	**49,000**	**263**	**263**
e. Other derivatives			
GDP LINKED security	1,917,045	12,978	
Total listed	**1,917,045**	**12,978**	**-**
Derivatives for hedging			
a. Foreign exchange derivatives			
Cross currency swaps	115,883	1,421	3,734
Total non-listed	**115,883**	**1,421**	**3,734**
b. Interest rate derivatives			
Interest rate swaps	2,656,837	3,515	662,453
Interest rate options (caps & floors)	3,766		1
Total non-listed	**2,660,603**	**3,515**	**662,454**
Grand Total	**36,532,229**	**740,614**	**1,529,730**

	31.12.2011		
	Contract nominal amount	Fair value	
		Assets	Liabilities
Derivatives held for trading			
a. Foreign exchange derivatives			
Currency forwards	716,368	12,625	8,908
Currency swaps	3,453,911	21,792	12,839
Cross currency swaps	10,500,516	286,156	656,571
Currency options	31,999	817	806
Currency options embedded in customer products	3,596	13	
Total non-listed	**14,706,390**	**321,403**	**679,124**
b. Interest rate derivatives			
Interest rate swaps	10,114,909	301,596	300,163
Interest rate options (caps & floors)	898,213	8,469	8,501
Total non-listed	**11,013,122**	**310,065**	**308,664**
Futures	15,000		400
Total listed	**15,000**		**400**
c. Commodity derivatives			
Commodity swaps	197,048	498	
Total non-listed	**197,048**	**498**	
d. Index derivatives			
Futures	725		12
Total listed	**725**		**12**
e. Credit derivatives			
Credit default swaps embedded in debt securities	219,096		22,964
Total non-listed	**219,096**		**22,964**
Derivatives for hedging			
a. Foreign exchange derivatives			
Currency swaps	75,014		2,801
Cross currency swaps	80,000	832	
Total non-listed	**155,014**	**832**	**2,801**
b. Interest rate derivatives			
Interest rate swaps	4,643,972	7,170	570,182
Interest rate options (caps & floors)	3,766		6
Total non-listed	**4,647,738**	**7,170**	**570,188**
Grand total	**30,954,133**	**639,968**	**1,584,153**

17. Loans and advances to customers

	31.12.2012	31.12.2011
Individuals:		
Mortgages	10,826,337	11,131,239
Consumer:		
- Non-securitized	2,589,987	1,999,177
- Securitized	1,056,336	1,599,358
Credit cards:		
- Non-securitized	299,143	239,125
- Securitized	545,203	684,851
Other	54,826	53,622
Total	**15,371,832**	**15,707,372**
Companies:		
Corporate loans		
- Non-securitized	19,431,773	22,665,680
- Securitized	1,355,796	1,542,694
Other receivalbes	244,394	421,646
	36,403,795	**40,337,392**
Less:		
Allowance for impairment losses (1)	(3,607,221)	(2,176,898)
Allowance for impairment losses of loans guaranteed by the Hellenic Republic eligible to PSI		(2,008,479)
Total	**32,796,574**	**36,152,015**

The Bank has proceeded in securitizing consumer and corporate loans, as well as, credit cards through special purpose entities controlled by the Bank.

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

The Bank has proceeded in the direct issuance of covered bonds, which were covered by mortgage loans. As at 31.12.2012, the balance of the covered bonds amounted to € 3.7 billion and the value of mortgage loans provided as coverage for the above mentioned bonds amounted to € 4.3 billion.

Allowance for impairment losses

Balance 1.1.2011	**1,751,337**
Changes for the period 1.1 - 31.12.2011	
Impairment losses for the year (note 10)	886,967
Impairment losses of loans guaranteed by the Hellenic Republic eligible to PSI	2,008,479
Change in present value of the allowance account	167,368
Foreign exchange differences	1,529
Loans written-off during the year	(630,303)
Balance 31.12.2011	**4,185,377**
Changes for the period 1.1 - 31.12.2012	
Impairment losses for the year (note 10)	1,370,850
Change in present value of the allowance account	215,751
Foreign exchange differences	2,025
Loans written-off during the year (2)	(2,153,408)
Transformation of Albania branch to subsidiary	(13,374)
Balance 31.12.2012	**3,607,221**

(1) *In addition to the allowance for impairment losses, a provision of €12,000 (31.12.2011: €8,100) has been recorded to cover credit risk relating to off-balance sheet items. The total provision recorded to cover credit risk amounts to €3,619,221 (31.12.2011: €4,193,477).*

(2) *Includes write-offs of loans guaranteed by the Hellenic Republic eligible to PSI amounting to €2 billion. These bonds were exchanged with new Greek Government Bonds as at 11.4.2012.*

18. Investment securities

Restructuring of Greek Government Debt (PSI)

In order to reduce Greek Government debt to 120% of GDP by 2020, a program for the voluntary exchange of Greek Government bonds was implemented. The terms of the program were defined on 24 February 2012 with the corresponding invitation sent by the Hellenic Republic to the holders of the bonds that fell within the new program.

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

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

a. twenty new bonds issued by the Hellenic Republic, with a total nominal value equal to 31.50% of the nominal value of the bonds that are exchanged

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

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

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

In addition, the invitation clarified the following:

- Accrued interest on existing bonds and loans until 24.2.2012 are paid through six month zero coupon bonds issued by EFSF.

- The new bonds issued by the Hellenic Republic have a maturity from 11 to 30 years, while their annual coupon, with the interest rate period beginning on 24.2.2012, will be as follows: 2% up to 2015, 3% up to 2020, 3.65% in 2021 and 4.3% thereafter.

- The new bonds issued by the Hellenic Republic will be governed by English law.

Taking into account that the participation in this program with terms unfavourable to the holders of the eligible bonds and loans is an objective evidence of impairment of the value of the specific securities and considering that this event, although it took place during 2012, was an adjusting event for the 2011 results, the Bank recognised, in the fourth quarter of 2011, a respective impairment loss, which was calculated based on the difference between the carrying amount of the eligible securities and the fair value of the new securities that were acquired after the exchange. The fair value of the new securities in 2011 was calculated by applying a valuation model which was based on the assumption that the market for the new Greek Government bonds was inactive.

On 8.3.2012 the Bank committed to its participation in the above mentioned exchange. On this date the Bank responded positively to the invitation of the Hellenic Republic. This offer, according to the terms of the invitation, could not be recalled. The Hellenic Republic, with a press release issued on 9.3.2012, expressed its intention to complete the exchange of bonds since the terms and conditions had been achieved.

On 12.3.2012, the first phase of the restructuring of the Greek public debt was completed successfully with the exchange of bonds governed by Greek law, while the second phase was completed on 11.4.2012 with the exchange of bonds governed by foreign law as well as of loans guaranteed by the Hellenic Republic.

More specifically, the Bank participated in the program by exchanging the total of the eligible Greek Government bonds and loans guaranteed by the Hellenic Republic of a nominal value €6 billion, that it held, with new Greek Government bonds with a nominal value of €1.9 billion, bonds issued by the EFSF of nominal value €1 billion and a security linked to GDP in accordance with the terms described above.

At the date of the exchange, the Bank proceeded with the derecognition of the bonds that were exchanged and the recognition of the new bonds that were acquired at their fair value. This treatment was based on the fact that the terms of the new bonds were considered significantly different from the terms of the existing bonds. During 2012 an additional loss was recognized in the income statement amounting to €23.8 million before tax, due to the difference between a) the fair value at the end of 2011, of the new bonds received and b) the book value of the old available for sale bonds, which had been valued based on current market prices of 31.12.2011.

The reassessment of market conditions in 2012 led to the change in the estimation relating to the market for Greek Governmet bonds which was finally considered active. Thus, based on the re-estimation of the market conditions, the valuation of the new bonds was based on current prices at the transaction date. This event had as a result the recognition of an additional loss resulting from the exchange amounting to €264.5 million before tax which was recognized in gains less losses on financial transactions. The new bonds were classified in the available for sale portfolio and the subsequent valuation at fair value was recorded directly in Equity.

In the context of the decisions of the Eurozone's Finance Ministers council as at 27.11.2012 it was agreed, among others, that the Greek public debt should be reduced through the repurchase of bonds from the private sector.

For the implementation of the above agreement the Hellenic Republic issued an invitation on 3.12.2012 to the holders of the new Greek Government Bonds (Predetermined Securities) to submit their exchange offers, through a separate modified Dutch type auction by specifying the titles subject to the invitation, the timeframe and the detailed terms of the exchange.

The aforementioned exchange relates to predetermined titles offered for exchange (including the accrued and unpaid interest up to but excluding the settlement date which was on 18.12.2012). The above titles will be replaced with zero coupon short term titles of a six month duration which will be issued by the European Financial Stability Facility (EFSF) under English law.

On 17.12.2012 the Hellenic Republic announced its acceptance of the exchange offer for the predetermined securities amounting to €31.9 billion with an average price of approximately 33.8%.

In the context of the Hellenic Republic's invitation as at 3.12.2012 concerning the buy – back of Greek Government bonds, the Bank participated in the aforementioned program, that had as an offer submission deadline the 10.12.2012, with bonds of a nominal value of €1.5 billion and a carrying amount of €0.5 billion which had been classified at the available for sale portfolio.

From the above transaction a gain of €117.7 million before tax was recorded, which limited current year losses amounting to €288.3 million from the Greek Government bond exchange program to total losses from the restructuring programs of Greek Government debt amounting to €170.6 million before tax.

a. Available for sale

	31.12.2012	31.12.2011
Greek Government:		
- Bonds	549,807	88,730
- Treasury bills	3,005,687	2,038,794
Other Government:		
- Bonds	325,936	27,609
- Treasury bills		60,687
Other issuers:		
- Listed	2,229,113	636,227
- Non-listed	3,257	2,787
Shares:		
- Listed	32,121	24,863
- Non-listed	10,391	4,984
Other variable yield securities	14,971	12,207
Total	**6,171,283**	**2,896,888**

During the year 2012 the Bank recognized impairment amounting to €54,702 which is analyzed to an amount of €38,029 which relates to shares and other variable return securities and an amount of €16,673 which relates to bonds of other issuers. The respective amount recognized in the 2011 results amounted to €198,806, out of which an amount of €155,009 related to Greek Government bonds due to their participation in the exchange program, an amount of €29,901 relating to bonds of other issuers and an amount of €13,896 relating to shares and other variable return securities. The impairment amounts excluding the ones that relate to the exchange program are included in the account "Gains less losses on financial transactions".

b. Held to maturity

	31.12.2012	31.12.2011
Greek Government:		
- Bonds	891,676	4,590,260
Other Governement:		
- Bonds		15,073
Other issuers:		
- Listed	345,780	762,108
- Non-listed	1,869	2,120
	1,239,325	**5,369,561**
Less:		
Allowance for impairment losses	(157,110)	(2,688,114)
Total	**1,082,215**	**2,681,447**

The held to maturity Greek Government bonds include solely the security transferred to the Bank's ownership for the issuance of the preference shares in the name of the Greek State according to the Law 3723/2008.

Allowance for impairment losses

Balance 1.1.2011	**33,657**
Changes for the period 1.1-31.12.2011	
Change in present value of the allowance account	111
Impairment losses on Greek Government bonds	2,624,169
Impairment losses on bonds of other issuers	33,355
Securities written-off during the year	(53,335)
Recycling of reserve due to reclassification of securities from the available for sale portfolio to the held to maturity	(3,542)
Reclassification of impairment allowance from the available for sale portfolio to the held to maturity	53,699
Balance 31.12.2011	**2,688,114**
Changes for the period 1.1 - 31.12.2012	
Impairment losses on Greek Government bonds	77,646
Impairment losses on bonds of other issuers	143,321
Greek Government Bonds written-off during the year	(2,751,971)
Balance 31.12.2012	**157,110**

The impairment losses for the year from bonds of other issuers included in "Gains less losses on financial transactions" relate to a subordinated bond of Agricultural Bank A.E.. On 27.7.2012 the operating license of Agricultural Bank was recalled and is under special liquidation in accordance with Law 3601/2007. In the context of reforming credit institutions in accordance with Law 4021/2011 the bond in question remained with the credit institution under liquidation.

19. Investments in subsidiaries, associates and joint ventures

	From 1 January to	
	31.12.2012	31.12.2011
Subsidiaries		
Opening balance	**1,849,233**	**1,828,848**
Additions	194,004	20,012
Disposals	(2)	(126)
Valuation of investments due to fair value hedge (1)	1,441	499
Closing balance	**2,044,676**	**1,849,233**
Associates		
Opening balance	**74**	**74**
Closing balance	**74**	**74**
Joint ventures		
Opening balance	**105,028**	**24,120**
Additions	677	80,908
Closing balance	**105,705**	**105,028**
Total	**2,150,455**	**1,954,335**

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 €194 million relate to:

- €3.2 million share capital increase of Ionian Equity Participations.
- €5 million share capital increase of Alpha Bank AD Skopje.
- €10 million share capital increase of Alpha Bank Albania SH.A.
- €50 million share capital increase of Alpha Bank Srbija A.D.
- €53.2 million share capital increase of Alpha Supporting Services SA.
- €72.6 million transformation of Albania branch to subsidiary.

The additions in joint ventures amounting to €0.7 million relate to capital contribution to Alpha – TANEO AKES.

(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

Asset	Country of incorporation	Balance 31.12.2012			1.1 - 31.12.2012		
		Assets	Equity	Liabilities	Turnover	Profit/ (Loss) before taxes	Bank's ownership interest % 31.12.2012
Banks							
1. Alpha Bank London Ltd	United Kingdom	833,232	100,699	732,533	15,656	3,395	100.00
2. Alpha Bank Cyprus Ltd	Cyprus	4,760,753	505,324	4,255,429	282,635	(27,516)	100.00
3. Alpha Bank Romania S.A.	Romania	3,709,711	357,562	3,352,149	260,520	(11,010)	99.92
4. Alpha Bank AD Skopje	FYROM	106,744	20,526	86,218	7,691	(5,226)	100.00
5. Alpha Bank Srbija A.D.	Serbia	796,731	117,168	679,563	67,055	(26,808)	100.00
6. JSC Astra Bank	Ukraine	174,964	110,980	63,984	27,124	4,244	100.00
7. Alpha Bank Albania Sh.A. (from 17.5.2012)	Albania	572,045	84,857	487,188	24,087	(328)	100.00
Leasing companies							
1. Alpha Leasing A.E.	Greece	1,075,101	267,817	807,284	37,973	(6,811)	100.00
2. Alpha Leasing Romania IFN S.A.	Romania	29,149	1,371	27,778	2,701	(2,126)	99.00
3. ABC Factors A.E.	Greece	412,833	91,621	321,212	33,465	18,222	100.00
Investment Banking							
1. Alpha Finance A.E.P.E.Y.	Greece	48,484	33,673	14,811	8,912	(1,093)	99.72
2. SSIF Alpha Finance Romania S.A.	Romania	1,920	1,036	884	228	(210)	99.00
3. Alpha A.E. Ventures	Greece	31,499	31,235	264	3,478	2,525	99.42
Asset Management							
1. Alpha Asset Management A.E.D.A.K.	Greece	48,749	45,363	3,386	11,005	(662)	88.40
Insurance							
1. Alpha Insurance Agents A.E.	Greece	5,234	5,204	30	1,113	970	100.00
2. Alpha Insurace Cyprus Ltd	Cyprus	59,692	11,110	48,582	7,677	2,640	17.95
3. Alphalife A.A.E.Z.	Greece	64,607	10,182	54,425	1,755	817	99.90
Special purpose and holding entities							
1. Alpha Credit Group Plc	United Kingdom	2,354,386	(10,882)	2,365,268	157,590	48,046	100.00
2. Alpha Group Jersey Ltd	Jersey	152,148	418	151,730	15,785	164	100.00
3. Alpha Group Investments Ltd	Cyprus	283,752	283,731	21	3,605	3,578	100.00
4. Ionian Holdings A.E.	Greece	384,481	379,973	4,508	27,155	27,050	100.00
5. Ionian Equity Participations Ltd	Cyprus	38,936	32,911	6,025	(11,730)	(11,738)	100.00
6. Katanalotika Plc	United Kingdom	1,578,084	53	1,578,031	101,521	10	
7. Epihiro Plc	United Kingdom	1,700,806	36	1,700,770	58,158	6	
8. Pisti 2010-1 Plc	United Kingdom	947,660	24	947,636	139,901	5	
9. Alpha Group Ltd	Cyprus	392,604	392,598	6	392,960	392,807	100.00
Other companies							
1. Oceanos A.T.O.E.E.	Greece	23,365	22,269	1,096	1,439	644	100.00
2. Kafe Alpha A.E.	Greece	229	177	52	202	(17)	99.00
3. Alpha Supporting Services A.E.	Greece	69,677	63,672	6,005	18,014	5,313	99.00

B. ASSOCIATES

1. Evisak A.E.	Greece		3,472				27.00
2. AEDEP Thessalias and Stereas Ellados	Greece		147				50.00

C. JOINT VENTURES

1. Cardlink A.E.	Greece	8,040	296	7,744	10,014	(8)	50.00
2. APE Fixed Assets A.E.	Greece	40,453	40,213	240	5	(331)	60.10
3. APE Commercial Property A.E.	Greece	63,781	63,774	7	(1,929)	(1,975)	72.20
4. APE Investment Property A.E.	Greece	254,516	(21,863)	276,379	5,547	(9,438)	67.42
5. Alpha TANEO A.K.E.S.	Greece	5,953	5,882	71	39	(800)	51.00

20. Investment property

	Land and Buildings
Balance 1.1.2011	
Cost	56,795
Accumulated depreciation	(9,089)
1.1.2011 - 31.12.2011	
Net book value 1.1.2011	47,706
Additions	91
Reclassification to "Property, plant and equipment"	(6,868)
Depreciation charge for the year	(542)
Net book value 31.12.2011	**40,387**
Balance 31.12.2011	
Cost	48,408
Accumulated depreciation	(8,021)
1.1.2012 - 31.12.2012	
Net book value 1.1.2012	40,387
Additions	1,849
Disposals	(2,187)
Reclassification to "Property, plant and equipment"	(8,007)
Depreciation charge for the year	(359)
Net book value 31.12.2012	**31,683**
Balance 31.12.2012	
Cost	38,889
Accumulated depreciation	(7,206)

The impairment amounting to €2.2 million relates to restoration costs for damages caused by fire that occurred in two preservable buildings of the Bank during the riots that occurred on 12.2.2012.

The fair value of investment property as at 31.12.2012, as determined by Alpha Astika Akinita A.E. does not substantially differ from their book value.

21. Property, plant and equipment

	Land and Buildings	Leased equipment	Equipment	Total
Balance 1.1.2011				
Cost	806,164	215	338,897	1,145,276
Accumulated depreciation	(226,495)	(27)	(287,492)	(514,014)
1.1.2011 -31.12.2011				
Net book value 1.1.2011	579,669	188	51,405	631,262
Addtions	5,833	32	13,539	19,404
Foreign exchange differences	(71)	(3)	(48)	(122)
Disposals	(4,526)		(393)	(4,919)
Reclassification from "Investment property"	6,868			6,868
Reclassification			13,380	13,380
Depreciation charge for the year	(18,423)	(44)	(19,235)	(37,702)
Net book value 31.12.2011	**569,350**	**173**	**58,648**	**628,171**
Balance 31.12.2011				
Cost	812,106	245	363,528	1,175,879
Accumulated depreciation	(242,756)	(72)	(304,880)	(547,708)
1.1.2012-31.12.2012				
Net book value 1.1.2012	569,350	173	58,648	628,171
Additions	7,401	8	9,906	17,315
Impairments	(6,873)			(6,873)
Foreign exchange differences	1			1
Disposals	(3,184)		(685)	(3,869)
Reclassificiation from "Property, plant and equipment"	8,007			8,007
Reclassification	1,551			1,551
Transformation of Albania branch to subsidiary	(6,905)	(126)	(1,636)	(8,667)
Depreciation charge for the year	(17,272)	(22)	(21,348)	(38,642)
Net book value 31.12.2012	**552,076**	**33**	**44,885**	**596,994**
Balance 31.12.2012				
Cost	805,217	39	360,448	1,165,704
Accumulated depreciation	(253,141)	(6)	(315,563)	(568,710)

The book value of land and buildings included in the above balances amounts to €507,656 as at 31.12.2012 (31.12.2011: €507,301). On 12.2.2012 during the riots that took place in the center of Athens, two preservable neo-classical historical buildings of Alpha Bank where Central Divisions were located and the Athinas Street Branch, suffered serious damages by a fire. Their total restoration cost, that is estimated to amount to €6.9 million is recognized as an impairment loss in "Other expenses" in Income Statement and most of it is covered by the insurance compensation.

22. Goodwill and other intangible assets

	Software	Banking rights	Other	Total
Balance 1.1.2011				
Cost	259,508	1,785	69	261,362
Accumulated amortization	(161,712)	(1,101)	(29)	(162,842)
1.1.2011 - 31.12.2011				
Net book value 1.1.2011	97,796	684	40	98,520
Additions	23,821			23,821
Foreign exchange differences	(13)			(13)
Reclassification	(13,380)			(13,380)
Amortization charge for the year	(21,705)	(357)	(11)	(22,073)
Net book value 31.12.2011	**86,519**	**327**	**29**	**86,875**
Balance 31.12.2011				
Cost	266,038	1,785	69	267,892
Accumulated amortization	(179,519)	(1,458)	(40)	(181,017)
1.1.2012 - 31.12.2012				
Net book value 1.1.2012	86,519	327	29	86,875
Additions	28,430			28,430
Foreign exchange differences	(1)			(1)
Disposals	(4)			(4)
Transformation of Albania branch to subsidiary	(602)			(602)
Amortization charge for the year	(20,932)	(327)	(10)	(21,269)
Net book value 31.12.2012	**93,410**	**-**	**19**	**93,429**
Balance 31.12.2012				
Cost	291,987	1,785	69	293,841
Accumulated amortization	(198,577)	(1,785)	(50)	(200,412)

23. Deferred tax assets and liabilities

	31.12.2012	31.12.2011
Assets	1,780,276	1,487,782
Liabilities	(372,468)	(326,140)
Total	**1,407,808**	**1,161,642**

Deferred tax assets and liabilities arise from:

	1.1.2012 - 31.12.2012					
	Balance 1.1.2012			Recognized in		
	Before adjustments	Adjustments due to PSI	After adjustments	Income statement	Equity	Balance 31.12.2012
Debit difference of Law 4046/2012				811,773		811,773
Revaluation/impairment of assets				2,620		2,620
Depreciation of fixed assets and write-offs	(4,179)		(4,179)	(1,104)		(5,283)
Valuation/impairment of loans	197,810	401,696	599,506	(60,455)		539,051
Suspension of interest accruals	(212,099)		(212,099)	(114,632)		(326,731)
Valuation of derivatives	103,619		103,619	(8,776)	28,018	122,861
Other temporary differences	24,133		24,133	7,348		31,481
Employee defined benefit obligations	45,553		45,553	249		45,802
Tax losses carried forward				105,258		105,258
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(4,570)		(4,570)	297		(4,273)
Valuation of investments due to hedge	(660)		(660)	(288)		(948)
Impairment of participations	2,864		2,864			2,864
Valuation/impairment of shares	12,744		12,744	7,944	(10,201)	10,487
Valuation/impairment of bonds	46,793	555,836	602,629	(470,022)	(52,660)	79,947
Effective interest rate	(7,898)		(7,898)	797		(7,101)
Total	**204,110**	**957,532**	**1,161,642**	**281,009**	**(34,843)**	**1,407,808**
Impairment of Greek Government Bonds and loans guaranteed by the Hellenic Republic eligible to PSI	957,532	(957,532)				-
Total	**1,161,642**	**-**	**1,161,642**	**281,009**	**(34,843)**	**1,407,808**

In some of the respective opening balances of 1.1.2012 adjustments have been made which relate to the allocation of the deferred tax asset from the impairment of Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI.

	1.1.2011 - 31.12.2011				
		Recognized in			
	Balance 1.1.2011	Income statement	Equity	Foreign exchange differences	Balance 31.12.2011
Depreciation of fixed assets and write-offs	(2,003)	(2,176)			(4,179)
Valuation/impairment of loans	123,702	74,108			197,810
Suspension of interest accruals	(158,697)	(53,402)			(212,099)
Valuation of derivatives	75,514	31,152	(3,047)		103,619
Other temporary differences	19,728	4,406		(1)	24,133
Employee defined benefit obligations	58,149	(12,596)			45,553
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(3,568)	(1,002)			(4,570)
Valuation of investments due to hedge	2,278	(2,938)			(660)
Impairment of participations	2,864				2,864
Valuation/impairment of shares	9,535	2,227	982		12,744
Valuation/impairment of bonds	101,932	(16,354)	(38,785)		46,793
Effective interest rate	(8,751)	853			(7,898)
Incorporation of foreign operations	50	(50)			-
Total	**220,733**	**24,228**	**(40,850)**	**(1)**	**204,110**
Impairment of Greek Government Bonds and Loans guaranteed by the Hellenic Republic eligible to PSI		957,532			957,532
Total	**220,733**	**981,760**	**(40,850)**	**(1)**	**1,161,642**

24. Other assets

	31.12.2012	31.12.2011
Tax advances and withholding taxes	180,687	164,575
Deposit and Investment Guarantee Fund	305,458	257,702
Assets from auctions	88,372	88,436
Lump sum payment to the Hellenic Financial Stability Fund (note 39)	153,003	
Prepaid expenses	56,179	63,960
Employee advances	8,575	8,168
Accrued income	4,133	7,089
Receivables from employee defined benefit plan (note 29)	32,047	38,878
Other	118,867	115,167
Total	**947,321**	**743,975**

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

  The Law 3746/16.2.2009 concerning the "Hellenic Deposit and Investment Guarantee Fund" provides that the contribution amount relating to investment coverage and the difference between the regular annual contribution of credit institutions, resulting from the application of article 6 of Law 3714/2008, will be included in a special assets group, whose elements are jointly included in the proportion of each participant in the credit institutions.
- The payment of €153 million to the Financial Stability Fund has been made for the implementation of article 16C of Law 3864/2010 as added by Law 4093/2012.
- On 31.12.2012 the Bank has tested for impairment its fixed assets obtained through auctions. In cases where their fair value is less than their book value, impairment loss has been recognized, which totaly amounted to €9.8 million and is included in "Other expenses" of the Income Statement.

LIABILITIES

25. Due to banks

	31.12.2012	31.12.2011
Deposits:		
- Current accounts	39,625	27,387
- Term deposits:		
Central Banks	23,802,213	19,987,955
Other credit institutions	1,589,793	648,560
Sale and repurchase agreements (Repos)		1,755,849
Borrowing funds	393,920	355,052
Total	**25,825,551**	**22,774,803**

26. Due to customers

	31.12.2012	31.12.2011
Deposits:		
- Current accounts	4,257,957	4,243,554
- Saving accounts	4,811,929	5,959,772
- Term deposits:		
Synthetic swaps	422,339	350,057
Other	13,260,390	13,072,682
Sale and repurchase agreements (Repos)	348,455	3,433
	23,101,070	**23,629,498**
Cheques payable	89,939	119,695
Total	**23,191,009**	**23,749,193**

27. Debt securities in issue and other borrowed funds

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

According to Law 3723/2008 for the enhancement of the Greek economy's liquidity program, the Bank issued on 22.2.2012 a senior debt security guaranteed by the Greek State amounting to €2 billion, with a three month duration and bearing an interest rate of 13.5%.

The total balance of senior debt securities guaranteed by the Greek State as at 31.12.2012 amounts to €9.8 billion.

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

ii. Covered bonds

The balance of covered bonds issued by the Bank, as at 31.12.2012, amounts to €3.7 billion.

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

(1) Financial disclosure regarding covered bond issues, as determined by the 2620/28.08.09 directive of the Bank of Greece, will be published at the Bank's website.

iii. Senior debt securities

Balance 1.1.2012	**3,314,400**
Changes for the period 1.1 - 31.12.2012	
New issues	308,401
Maturities/Repayments	(1,670,750)
Fair value change due to hedging	380
Accrued interest	3,787
Foreign exchange differences	(172)
Balance 31.12.2012	**1,956,046**

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

- value of €0.7 million maturing on 1.2.2017, bearing a floating interest rate of three month Euribor plus a spread of 2%.
- value of €49.6 million maturing on 27.4.2024, bearing a fixed annual interest rate of 2%.
- value of €257.1 million maturing on 20.5.2017, bearing a fixed annual interest rate of 6%.
- value of €1 million maturing on 20.6.2022, bearing a fixed annual interest rate of 2.5%.

iv. Liabilities from the securitization of consumer loans

Balance 1.1.2012	**910,614**
Changes for the period 1.1 - 31.12.2012	
Repayments of loans/Repurchase of bonds issued by SPVs	(952,967)
Interest	10,235
Securitization of new loans	32,118
Balance 31.12.2012	**-**

Additionally liabilities of €3.9 billion from the securitization of consumer loans, corporate loans and credit cards are not presented in "Debt securities in issue and other borrowed funds", since these securities issued by special purpose entities, are held by the Bank.

v. Subordinated debt

Balance 1.1.2012	**484,346**
Changes for the period 1.1 - 31.12.2012	
Maturities/Repayments	(281,125)
Accrued interest	(487)
Balance 31.12.2012	**202,734**

On 20.4.2012 Alpha Group Limited a wholly owned subsidiary of Alpha Bank announced a tender offer of buying back securities through a cash payments to the holders of the existing securities:

i. Upper Tier II Securities at a purchase price of 60%,

ii. Lower Tier II Securities at a purchase price of 60% and

The participation in the above offer was 60%.

Repayments include subordinated debt securities (Lower Tier II) amounting to €132.25 million and €125.37 million with ten years duration issued on 1.2.2007 and 8.3.2007, respectively, and an amount of €23.51 million Upper Tier II relates to perpetual security issued on 27.7.2007 in the context their buy-back program.

vi. Hybrid securities

Balance 1.1.2012	**579,224**
Changes for the period 1.1 - 31.12.2012	
Maturities/Repayments	(425,433)
Accrued interest	4,681
Balance 31.12.2012	**158,472**

On 20.4.2012 Alpha Group Limited a wholly owned subsidiary of Alpha Bank announced a tender offer of buying back securities through a cash payments to the holders of Tier I Hybrid Securities at a purchase price of 40%.

The participation in the above offer was 70%.

Repayments relate to perpetual hybrid securities (Lower Tier I) issued on 18.2.2005 and 5.12.2002, amounting to €252.16 million and €173.27 million, respectively, in the context of the buy-back program.

During the year 2012, in accordance with the loan facility agreement between the Bank and Alpha Credit Group Plc, it was decided not to pay interest for the loans the Bank has received from Alpha Credit Group, due to the non existence of sufficient distributable funds for the year 2011. Since the condition for non existence of sufficient distributable funds for 2012 was also fulfilled, it was decided on 18.1.2013 not to pay interest on 18.2.2013 for the loan amounting to €60.8 million, that the Bank has received from Alpha Credit Group. For the same reason the non-payment of interest was decided for the loan amounting to €98.7 on 5.3.2013, 5.6.2013, 5.9.2013 and 5.12.2013.

Total of Debt securities in issue and other borrowed funds, not held by the Bank	**2,317,252**

28. Liabilities for current income tax and other taxes

	31.12.2012	31.12.2011
Current income tax		19,210
Other taxes	22,774	17,989
Total	**22,774**	**37,199**

29. Employee defined benefit obligations

The total amounts of the Balance Sheet and Income Statement recognized in the financial statements for employee defined benefit obligations are presented below:

	Balance Sheet Assets/Liabilities	
	31.12.2012	31.12.2011
TAP – Lump sum benefit	32,047	38,878
Total Assets (note 24)	**32,047**	**38,878**
Employee indemnity due to retirement in accordance with Law 2112/1920	48,243	
Savings program guarantee	429	380
Total liabilities	**48,672**	**380**

	Income Statement Income/(Expenses) From 1 January to	
	31.12.2012	31.12.2011
TAP – Lump sum benefit	8,992	8,275
Employee indemnity due to retirement in accordance with Law 2112/1920 (note 7)	46,622	
Savings program guarantee	49	380
Total	**55,663**	**8,655**

Balance Sheet and Income Statement amounts are analyzed per fund and type of benefits as follows:

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

The obligation of the Supplementary Pension Fund (TAP) of former Alpha Credit Bank employees, after it was absorbed by the Common Insurance Fund of Bank Employees for the supplementary pension (Article 10, Law 3620/2007), is restricted to paying a lump-sum benefit to retiring employees which is guaranteed by the Bank.

Amounts in income statement are analysed as follows:

	From 1 January to	
	31.12.2012	31.12.2011
Current service cost	3,669	3,764
Interest cost	5,001	5,158
Expected return on plan assets	(2,534)	(4,119)
Actuarial losses recognized during the year	2,385	1,374
Total expense	**8,521**	**6,177**
Benefit termination cost	471	2,098
Total (included in staff costs)	**8,992**	**8,275**

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

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

	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Present value of defined benefit obligations	102,967	115,823	122,438	129,848	128,895
Fair value of plan assets	(103,378)	(114,694)	(135,448)	(151,969)	(156,268)
Deficit/(Surplus)	**(411)**	**1,129**	**(13,010)**	**(22,121)**	**(27,373)**
Unrecognized actuarial losses	(31,636)	(40,007)	(31,871)	(23,784)	(19,938)
Asset in balance sheet	**(32,047)**	**(38,878)**	**(44,881)**	**(45,905)**	**(47,311)**

The movement in the present value of defined benefit obligation is as follows:

	2012	2011
Opening balance	**115,823**	**122,438**
Current service cost	3,669	3,764
Interest cost	5,001	5,158
Employee contributions	474	664
Benefits paid from the fund	(14,238)	(20,339)
Contributions paid directly by the Bank	(2,161)	(2,272)
Expenses	(1)	(10)
Additional costs	133	742
Actuarial (gains)/ losses of the year	(5,733)	5,678
Closing balance	**102,967**	**115,823**

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

	2012	2011
Opening balance	**114,694**	**135,448**
Expected return	2,534	4,119
Employee contributions	474	664
Benefits paid	(14,238)	(20,339)
Expenses	(1)	(10)
Actuarial losses	(85)	(5,188)
Closing balance	**103,378**	**114,694**

The plan assets include bonds of Alpha Credit Group Plc of €83.8 million, receivables from Alpha Bank of €16 million, deposits with Alpha Bank of €0.2 million, Alpha Bank's shares of €1.1 million and other receivables of €2.3 million.

The movement in receivable is as follows:

Balance 1.1.2011	**(44,881)**
Accrued expense	8,275
Benefits paid directly by the Bank	(2,272)
Balance 31.12.2011	**(38,878)**
Changes for the period 1.1 - 31.12.2012	
Accrued expense	8,992
Benefits paid directly by the Bank	(2,161)
Balance 31.12.2012	**(32,047)**

The principal actuarial assumptions used are as follows:

	31.12.2012	31.12.2011
Discount rate	3.8%	5.0%
Expected return on plan assets	2.5%	2.5%
Future salary increases	1.0%	2.0%

The discount rate was based on the average price of iBoxx Euro corporate AA 10+ index for the year 2012.

b. Employee indemnity 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 with the reach of the age limit or when the retirement conditions have been met are considered contracts of indefinite employment and if they are cancelled the provisions of Law 2112/1920 and 3198/1955 apply which provide for a lump sum payment. Additionally, Law 4093/2012 which became effective on 12.11.2012 amended these provisions by reducing the amount of the benefit.

Up to the implementation of the above Law the Bank's employment contracts were of a definite term.

In the balance sheet of 31.12.2012 a liability was recognized amounting to €48,243, while staff costs for the year increased by €46,622 due to the specific provision that amounted to €1,621.

The principal actuarial assumptions used are as follows:

	31.12.2012
Discount rate	3.8%
Future salary increases	1.0%

c. Guarantee for the minimum benefit for newly insured employees (after 1993) that were hired until 31.12.2004 and joined the Bank's new 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 Cabinet Act 2/39350/0022/2.3.99.

The amounts in the balance sheet are analysed as follows:

	31.12.2012	31.12.2011
Present value of accrued liabilities	476	427
Unrecognized actuarial losses	(47)	(47)
Liability in balance sheet	**429**	**380**

The amounts recognized in the income statement and relate to the above guarantee are as follows:

	From 1 January to	
	31.12.2012	31.12.2011
Current service cost	28	22
Interest cost	21	15
Past service cost		343
Total (included in staff costs)	**49**	**380**

The movement in the present value of defined benefit obligation is as follows:

	2012	2011
Opening balance	**427**	
Current service cost	28	22
Interest cost	21	15
Past service cost		343
Unrecognized actuarial losses		47
Closing balance	**476**	**427**

The movement in the liability is as follows:

Balance 1.1.2011	
Accrued expense	380
Balance 31.12.2011	**380**
Changes for the period 1.1 - 31.12.2012	
Accrued expense	49
Balance 31.12.2012	**429**

The principal actuarial assumptions used are as follows:

	31.12.2012	31.12.2011
Discount rate	3.8%	5.0%
Expected return on plan assets	4.0%	4.0%
Future salary increases	1.0%	2.0%

The amended IAS 19, which is effective from 1.1.2013, imposes the recognition of total actuarial gains and losses. The total unrecognised actuarial losses from the defined benefit programs of the Bank, amount to approximately €31.7 million. This amount will burden the Bank's equity from 1.1.2013.

30. Other liabilities

	31.12.2012	31.12.2011
Dividends payable	2,887	5,727
Suppliers	32,618	31,479
Deferred income	4,535	3,613
Accrued expenses	59,247	60,603
Liabilities to third parties	123,755	130,360
Liabilities to the Common Insurance Fund of Bank Employees [1]	310,928	365,963
Liabilities from credit cards	172,023	144,840
Other	160,056	90,508
Total	**866,049**	**833,093**

31. Provisions

Balance 1.1.2011	**9,247**
Changes for the period 1.1- 31.12.2011	
Provisions to cover credit risk relating to off-balance sheet items (note 10)	8,100
Other provisions	57
Restructuring program provisions used during the period	(4,609)
Reversal of other provisions	(2,335)
Balance 31.12.2011	**10,460**
Changes for the period 1.1- 31.12.2012	
Provisions for the year to cover credit risk relating to off-balance sheet items (note 10)	11,000
Other provisions	12,663
Other provisions used during the period	(3,078)
Restructuring program provisions used during the period	(872)
Balance 31.12.2012	**30,173**

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

In 2012 an amount of €7.1 million has been transferred from "Provisions to cover credit risk relating to off-balance sheet items" to other provisions.

On 31.12.2012 the balance of provisions to cover credit risk relating to off-balance sheet items amounts to €12 million and of other provisions to €18.2 million out of which, €11.9 million relates to pending legal cases and €5.2 million to other operational risk events.

On 31.12.2012 there is no provision from the one formed in 2010 amounting to €5.5 million for the Bank's "Operational restructuring program".

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(1) In accordance with article 10 of Law 3620/2007 and the mandatory joint of TAP members to Common Insurance Fund of Bank Employees (E.T.A.T.) from 1.1.2008, the cost of the Bank amounted to €543 million. This amount plus interest is attributable in ten equal annual installments.

EQUITY

32. Share capital

The Bank's share capital as at 31.12.2011 and 31.12.2012 is analysed as follows:

	Number of Common Shares	Number of Preference Shares	Paid-in capital
Opening Balance 1.1.2011	**534,269,648**	**200,000,000**	**3,451,067**
Reduction of nominal value of ordinary shares from €4.70 to €0.30			(2,350,786)
Balance 31.12.2011/31.12.2012	**534,269,648**	**200,000,000**	**1,100,281**

In accordance with the decision of the Bank's Second Iterative General Meeting of Shareholders held on 15.7.2011, the nominal value of ordinary shares with voting rights was reduced from €4.70 to €0.30. Thus, the Bank's share capital is divided into 534,269,648 ordinary, registered, with voting rights, non paper shares of nominal value of €0.30 each and 200,000,000 preference, registered, non voting, paper and redeemable shares of nominal value €4.70.

The preference shares have been issued in the context of Law 3723/2008 "Program for the enhancement of liquidity of the Greek Economy" since 21.5.2009. These shares are of indefinite duration, are subject to partial or full redemption by the Bank after the approval of the Bank of Greece and have an annual non cumulative return of 10% on the condition that there are profits to be distributed as specified in article 44a of Codified Law 2190/1920 and their distribution has been approved by the Bank's General Meeting of Ordinary Shareholders. Based on the above characteristics the preference shares have been recognized in equity.

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

Law 4093/2012 amended paragraph 3 of article 1 of Law 3723/2008 and from now on it is being determined that the fixed return of 10% on the preference shares owned by the Greek State and issued by the credit institutions that are subject to the provisions of this law and are not subject to the provisions of Codified Law 2190/1920 (except article 44a of C.L. 2190/1920), is always payable, except in cases where the above payment would result in a reduction of the Bank's Core Tier I ratio below the minimum threshold required.

Based on the legal opinion, obtained by the Bank, in relation to the implications of the above mentioned amendment, financial institutions are not obliged to pay the return (in accordance with article 1, paragraph 3 of Law 3723/2008) mentioned above, since, in accordance to the revision of the provisions regarding preference shares imposed by Law 3604/2007, the source of the benefit, in particular the return, is no more the provisions of Codified Law 2190/1920 (article 3), but the free will of the counterparties which in the case of the Bank (as well as the remaining Banks subject to the provisions of article 1, paragraph 3 of Law 3723/2008) has been stated clearly and mainly contractually, between the Greek State and each one of them, while at the same time it has been incorporated in the Bank's Articles of Association. Consequently, since all in relation to the payment (or not) of the return are subject to the contractually determined privilege, the above mentioned amendment does not modify the terms of payment (or not) of the return, that continue (as before) to be subject to the provisions of article 5.2 of the Bank's Articles of Association, according to which the payment of the return depends on the existence of distributable profits as defined in article 44a of C.L. 2190/1920 and the approval of the General Meeting of Shareholders.

In conclusion, the preference shares issued by the Bank and owned by the Greek State in accordance to article 1 paragraph 3 of Law 3723/2008 (as effective) still satisfy the criteria for their classification in equity.

On 22.5.2012 the Second Iterative Extraordinary General Meeting of Shareholders, among other issues, approved the revocation of all resolutions of the Second Iterative Extraordinary General Meeting dated 15 November 2011, ratifying the decisions of the Second Iterative General Meeting of Shareholders held on 15.7.2011 in respect of the following:

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

On 27.12.2012 the Bank's Second Iterative General Meeting of Shareholders has approved the delegation of authority in accordance with articles 13 and 3a of Codified Law 2190/1920, as the case maybe, by the General Meeting to the Board of Directors of the Bank to increase its share capital through the issuance and distribution of new shares, the amount whereof shall be paid in cash and/or by contribution in kind and to issue one or more bonds convertible into Bank shares.

33. Share premium

Opening balance 1.1.2011	**406,867**
Reduction of nominal value of ordinary shares from €4.70 to €0.30	2,350,786
Balance 31.12.2011/31.12.2012	**2,757,653**

34. Reserves

Reserves are analysed as follows:

a. Statutory reserve

	31.12.2012	31.12.2011
Statutory reserve	420,425	420,425

According to the Bank's articles of association (article 26) as in force, the Bank is required to transfer 5% of its annual net profit to statutory reserve, until the reserve amounts to one third (1/3) of share capital. This reserve can only be offset losses according to article 44 of Law 2190/1920.

b. Available for sale securities reserve

	2012		2011	
Opening balance 1.1		**(323,427)**		**(397,363)**
Changes for the period 1.1 - 31.12				
Net change in fair value of available for sale securities, after income tax	304,063		(193,007)	
Net change in fair value of available for sale securities transferred to profit and loss	(52,675)		266,943	
Total		**251,388**		**73,936**
Balance 31.12		**(72,039)**		**(323,427)**

c. Other reserves

	2012	2011
Opening balance 1.1	**(23,228)**	**(29,604)**
Changes for the period 1.1 - 31.12		
Net change in cash flow hedge reserve, after income tax	(112,064)	6,459
Reserve for exchange differences on translating foreign branch operations	3	(83)
Balance 31.12	**(135,289)**	**(23,228)**

Total reserves (a+b+c)	**213,097**	**73,770**

35. Retained earnings

Due to the fact that the Bank recorded losses for the year 2011 and, therefore, article 44a of Codified Law 2190/1920 applies, Bank's Ordinary General Meeting of Shareholders held on 29.6.2012 decided the following:

- The non-payment to the Greek State of the respective return for the year 2011 on its preference shares under article 1 paragraph 3 of Law 3723/2008.
- Not to distribute dividends to common shareholders of the Bank for the year 2011.

Since the Bank recorded losses for the year 2012 and, therefore, 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 2012 on its preference shares under article 1 paragraph 3 of Law 3723/2008.
- Not to distribute dividends to common shareholders of the Bank for the year 2012.

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 estimations of legal department, the ultimate disposition of these matters is not expected to have a material effect on the financial position or operations of the Bank.

The Bank on 31.12.2012 has recorded a provision amounting to €11.9 million for pending legal cases.

b) Tax issues

Alpha Bank has been audited by the tax authorities for the year up to and including 2009, while it has received a tax certificate for the year 2011. The Bank's branches in London and Bulgaria have been audited by the tax authorities for the years up to and including 2008 and 2007 respectively.

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

c) Operating leases

The Bank as a lessee

The Bank has various obligations with respect to leases of buildings which are used as branches or for administrative purposes.

The duration of the lease agreements is initially for 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:

	31.12.2012	31.12.2011
Less than one year	25,459	28,121
Between one and five years	68,381	88,115
Over five years	28,125	68,789
Total	**121,965**	**185,025**

The total lease expense for 2012 relating to rental of buildings amounted to €26,941 (2011: €32,365) and it is included in the account "General and administrative expenses".

The Bank as a lessor

The Bank's receivables from leases relate to buildings leased either to group companies or third parties.

The minimum future lease revenues are:

	31.12.2012	31.12.2011
Less than one year	1,916	2,710
Between one and five years	3,421	4,356
Over five years	1,357	1,734
Total	**6,694**	**8,800**

The lease revenues for 2012 amounted to €1,795 (2011: €3,037) and are included in the account "Other income".

d) Off balance sheet liabilities

The Bank, pursuant to its normal operations, is binded by contractual commitments that in the future may result to changes in its asset structure. These commitments are monitored in off balance sheet accounts, relate to letters of credit, letters of guarantee, undrawn credit facilities and credit limits as well as guarantees relating to bonds issued by subsidiaries of the Bank.

Letters of credit are used to facilitate trading activities and relate to the financing of contractual agreements for the transfer of goods domestically or abroad, by undertaking the direct payment of the third party bound by the agreement on behalf of the Bank's client. Letters of credit, as well as letters of guarantee, are commitments under specific terms and are issued by the Bank for the purpose of ensuring that its clients will fulfill the terms of their contractual obligations.

The outstanding balances are as follows:

	31.12.2012	31.12.2011
Letters of credit	17,685	27,365
Letters of guarantee and other guarantees	4,271,347	4,962,462
Guarantees relating to bonds issued by subsidiaries of the Bank	2,388,548	4,377,220

Additionally, contingent liabilities for the Bank arise from the undrawn loan agreements and credit limits that may not be fulfilled immediately or may be partly fulfilled as long as the agreed upon requirements are fulfilled by counterparties.

The liability from limits that can not be recalled (committed) in case counterparties fail to meet their contractual obligations as at 31.12.2012 amounts to €99.6 million (31.12.2011: €155.8 million) and is included in the calculation of risk weighted assets.

e) Assets pledged

Assets pledged as at 31.12.2012 amounting to €26.9 billion include:

- Deposits pledged amounting to €0.2 billion which relate to guarantees granted to the Greek State.
- Loans and advances to customers amounting to €15.5 billion out of which:
  - i. An amount of €14.9 billion has been pledged as collateral to Central Banks for liquidity purposes.
  - ii. An amount of €0.6 billion has been granted as collateral to the Greek State in order for the Bank to receive securities issued by the Greek State amounting to €0.5 billion in accordance with Law 3723/2008.
- Securities held for trading and investment securities portfolio amounting to €10.8 billion out of which:
  - i. An amount of €3.7 billion relates to the issuance of covered bonds secured by mortgage loans of €4.3 billion.
  - ii. An amount of €2.8 billion relates to Greek State bonds and other bonds.
  - iii. An amount of €4.3 billion relates to bonds derived from the securitization of corporate and consumer loans, credit cards and finance lease receivables.

The aforementioned securities, and additionally:

i. an amount of €9.8 billion relates to securities issued with the guarantee of the Greek State in accordance with Law 3723/2008 and are held by the Bank,

ii. an amount of €2.9 billion relates to bonds issued by the European Financial Stability Facility (EFSF) that the Bank received from the Hellenic Financial Stability Fund (HFSF) in the context of its participation to the Bank's future share capital increase according to the agreement among EFSF, HFSF and the Banks, which are monitored in off balance sheet accounts,

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

- Treasury Greek Goverment bills of nominal value €0.4 bilion that have been granted as collateral in the context of sale and repurchase agreements (Repo).

f) Other pledges

On 7.5.2008 the Bank completed a Medium Term Notes Program amounting to USD 7.5 billion, according to Rule 144A of the American Law, which will be offered to institutional investors. The issuer will be Alpha Group Jersey Limited, a wholly owned subsidiary of the Bank. The Notes will be guaranteed by the Bank and will be traded in Luxembourg's stock exchange. The program is currently inactive.

37. Operating segments

a. Analysis by operating segment

(Amounts in millions of Euro)

	1.1 - 31.12.2012						
	Retail	Corporate Banking	Asset Management/ Insurance	Investmen Banking/ Treasury	South-Eastern Europe	Other	Total
Net interest income	824.2	488.3	(1.3)	(334.2)	49.0		1,026.0
Net fee and commission income	105.9	91.9	16.1	(7.1)	5.4		212.2
Other income	6.5	10.6	5.8	103.5	0.9	(559.4)	(432.1)
Total income	**936.6**	**590.8**	**20.6**	**(237.8)**	**55.3**	**(559.4)**	**806.1**
Total expenses	**(538.5)**	**(119.3)**	**(13.8)**	**(12.7)**	**(45.6)**	**(117.7)**	**(847.6)**
Impairment losses	(773.1)	(562.7)			(38.9)		(1,374.7)
Profit/(losses) before income tax	**(375.0)**	**(91.2)**	**6.8**	**(250.5)**	**(29.2)**	**(677.1)**	**(1,416.2)**
Income tax							279.1
Profit/(losses) after income tax							**1,137.1**
Assets	20,009.6	14,020.6	158.1	14,655.3	712.0	4,243.1	53,798.7
Liabilities	21,087.1	1,854.0	1,119.4	28,770.1	387.1	986.0	54,203.7
Capital expenditure	30.9	8.6	0.8	0.6	4.5	3.7	49.1
Depreciation and Amortization	(37.9)	(10.5)	(1.0)	(0.7)	(5.6)	(4.6)	(60.3)

(Amounts in millions of Euro)

	1.1 - 31.12.2011						
	Retail	Corporate Banking	Asset Management/ Insurance	Investmen Banking/ Treasury	South-Eastern Europe	Other	Total
Net interest income	868.5	437.6	1.3		46.1		1,353.5
Net fee and commission income	117.3	80.1	20.9	(5.3)	6.6		219.6
Other income	6.4	5.5	2.0	115.6	4.4	8.5	142.4
Total income	**992.2**	**523.2**	**24.2**	**110.3**	**57.1**	**8.5**	**1,715.5**
Total expenses	**(567.7)**	**(124.1)**	**(18.2)**	**(14.9)**	**(55.3)**	**(31.7)**	**(811.9)**
Impairment losses	(466.3)	(395.7)			(35.8)	(4,787.6)	(5,685.4)
Profit/(losses) before income tax	**(41.8)**	**3.4**	**6.0**	**95.4**	**(34.0)**	**(4,810.8)**	**(4,781.8)**
Income tax							939.2
Profit/(losses) after income tax							**(3.842.6)**
Assets	22,072.1	15,020.1	161.6	12,979.9	1,379.2	3,584.0	55,196.9
Liabilities	21,922.5	1,792.0	1,031.2	27,571.1	842.2	1,445.0	54,604.0
Capital expenditure	26.2	7.3	0.8	0.5	5.4	2.1	42.3
Depreciation and Amortization	37.4	10.4	1.1	0.7	7.7	3.0	60.3

The amount of €4,787.6 million included in the operating segments as "Other" relates to impairment losses from Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI.

i. Retail Banking

Includes all individuals (retail banking customers), professionals, small and very small companies, except from those where the relationship is managed by foreign branches (South-Eastern Europe).

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

ii. Corporate Banking

Includes all medium-sized and large companies, corporations with international activities, corporations managed by the Corporate Banking Division and shipping corporations. The Bank offers working capital facilities, corporate loans, and letters of guarantee.

iii. Asset Management / Insurance

Consists of a wide range of asset management services offered through Bank's private banking units. In addition it offers a wide range of insurance products to individuals and companies.

iv. Investment Banking / Treasury

Includes stock exchange, advisory and brokerage services relating to capital markets, as well as investment banking facilities, offered by the Bank. It also includes the activities of the Dealing Room in the interbank market (FX Swaps, Bonds, Futures, IRS, Interbank placements – Loans etc.).

v. South-Eastern Europe

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

vi. Other

This segment consists of the Bank’s administration section and the Bank’s income and expenses that are not related to its operating activities or that are not repetitive and are due to external factors.

b. Analysis by geographical sector

(Amounts in millions of Euro)

	1.1 - 31.12.2012		
	Greece	Other Countries	Total
Net interest income	967.1	58.9	1,026.0
Net fee and commission income	205.9	6.3	212.2
Other income	(433.0)	0.9	(432.1)
Total income	**740.0**	**66.1**	**806.1**
Total expenses	**(799.2)**	**(48.4)**	**(847.6)**
Impairment losses	(1,335.8)	(38.9)	(1,374.7)
Profit/(losses) before income tax	**(1,395.0)**	**(21.2)**	**(1,416.2)**
Income tax			279.1
Profit/(losses) after income tax			**(1,137.1)**
Assets	52,561.6	1,237.1	53,798.7

(Amounts in millions of Euro)

	1.1 - 31.12.2011		
	Greece	Other Countries	Total
Net interest income	1,294.1	59.4	1,353.5
Net fee and commission income	208.6	11.0	219.6
Other income	137.4	5.0	142.4
Total income	**1,640.1**	**75.4**	**1,715.5**
Total expenses	**(754.6)**	**(57.3)**	**(811.9)**
Impairment losses	(5,649.6)	(35.8)	(5,685.4)
Profit/(losses) before income tax	**(4,764.1)**	**(17.7)**	**(4,781.8)**
Income tax			939.2
Profit/(losses) after income tax			**(3,842.6)**
Assets	53,296.8	1,900.1	55,196.9

In the geographical sector “Greece” the amount of €4,787.6 million relates to impairment losses on Greek Government Bonds and loans guaranteed by the Hellenic Republic eligible to PSI.

38. Financial risk management

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

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

Risk management divisions operate within the Bank under the supervision of the General Manager and the Chief Risk Officer and have been assigned with the responsibility of implementing the risk management framework, according to the directions of the Risk Management Committee.

38.1 Credit risk

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

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

The main tool for the measurement of credit risk is the credit risk rating and grading system. Current systems use both quantitative and qualitative criteria of measurement and also criteria of transactional behavior in order to report customer probability of default and loss given default. Respective models are continuously improved in order to include the total loan portfolio in the new system of internal grading imposed by capital adequacy. The credit rating system used by corporate banking constists of 14 grades. Additionally the Bank uses ratings provided by External Credit Assessment Institutions (ECAI). In addition, models evaluating loss given default and the exposure at default have become effective. More specifically for the retail loan portfolio which has been separated and segregated into pools of similar risk application and behavioral scorecards have been developed as well as estimation models for supervisory parameters in accordance with IRB (PD, LGD, CCF/EAD). These models have been incorporated in the approval process and the remaining credit risk management processes.

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

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

At the same time the Bank performs stress testing exercises concerning credit risk on a regular basis. Based on respective stress testing an estimation is provided of the size of financial losses that could occur under extreme transactional behavior of the clients or of economic environment.

On regular basis large exposures are monitored and management and the Board of Directors are informed.

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

Specifically the above mentioned procedures include the following steps:

a) Establishment of events that provide objective evidence that a loan is impaired (trigger events).
b) Establishment of criteria for assessment on an individual or collective basis.
c) Establishment of groups of assets with similar risk characteristics.
d) Methodologies for determining the recoverable amounts from impaired loans.
e) Interest income recognition.
f) Impairment recognition.
g) Recoveries/ Receivable from loans impaired.

In note 1.12 "Impairment losses on loans and advances" the accounting principles applied for loan impairment are described in detail.

Collaterals

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

The bank calculates the value of collaterals based on the potential cash flow that could arise from their liquidation. This value relates to the forced sale value of the collaterals provided to cover loan exposures.

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

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

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

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

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

FINANCIAL INSTRUMENTS CREDIT RISK

	31.12.2012			31.12.2011		
	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	499,376		499,376	878,874		878,874
Due from banks	6,632,468	8,965	6,623,503	6,730,811	8,965	6,721,846
Loans and advances to customers:						
Individuals:						
- Mortgages	10,826,337	459,779	10,366,558	11,131,239	322,411	10,808,828
- Consumer	3,646,323	580,741	3,065,582	3,598,535	154,454	3,444,081
- Credit cards	844,346	106,104	738,242	923,976	40,017	883,959
- Other loans	54,826		54,826	53,622		53,622
	15,371,832	1,146,624	14,225,208	15,707,372	516,882	15,190,490
Corporate loans:						
- Companies	20,787,569	2,460,597	18,326,972	24,208,374	3,668,495	20,539,879
- Other receivables	244,394		244,394	421,646		421,646
	21,031,963	2,460,597	18,571,366	24,630,020	3,668,495	20,961,525
Total	36,403,795	3,607,221	32,796,574	40,337,392	4,185,377	36,152,015
Derivative financial assets	740,614		740,614	639,968		639,968
Securities held for trading:						
- Government bonds	13,605		13,605	9,717		9,717
- Other debt securities	514		514	4,043		4,043
Total	14,119		14,119	13,760		13,760
Available for sale securities:						
- Available for sale (Government bonds)	3,881,430		3,881,430	2,316,985	101,165	2,215,820
- Available for sale (other)	2,253,585	21,215	2,232,370	643,558	4,544	639,014
Total	6,135,015	21,215	6,113,800	2,960,543	105,709	2,854,834
Held to maturity securities:						
- Held to maturity (Government bonds)	891,676		891,676	4,605,333	2,674,325	1,931,008
- Held to maturity (other)	347,649	157,110	190,539	764,228	13,789	750,439
Total	1,239,325	157,110	1,082,215	5,369,561	2,688,114	2,681,447
Total amount of balance sheet items exposed to credit risk (a)	51,664,712	3,794,511	47,870,201	56,930,909	6,988,165	49,942,744
Other balance sheet items not exposed to credit risk	6,017,383	88,925	5,928,458	5,286,233	32,028	5,254,205
Total Assets	57,682,095	3,883,436	53,798,659	62,217,142	7,020,193	55,196,949
Credit risk exposure relating to off balance sheet items:						
Letters of guarantee, letters of credit and other guarantees	4,289,032	12,000	4,277,032	4,989,827	8,100	4,981,727
Undrawn loan agreements and credit limits than can not be recalled (committed) (1)	99,629		99,629	155,875		155,875
Guarantees relating to bonds issued by subsidiaries of the Bank	2,388,548		2,388,548	4,377,220		4,377,220
Total amount of off balance sheet items exposed to credit risk (b)	6,777,209	12,000	6,765,209	9,522,922	8,100	9,514,822
Total credit risk exposure (a+b)	58,441,921	3,806,511	54,635,410	66,453,831	6,996,265	59,457,566

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

LOANS AND ADVANCES TO CUSTOMERS – Analysis of performing loans and loans past due

	31.12.2012			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Loans and advances to individuals				
- Mortgage				
Performing loans	6,864,501			6,864,501
Past due 1 - 90 days		1,856,984		1,856,984
Past due > 90 days			2,104,852	2,104,852
	6,864,501	**1,856,984**	**2,104,852**	**10,826,337**
- Credit cards, consumer and other loans				
Performing loans	2,974,577			2,974,577
Past due 1 - 90 days		536,801		536,801
Past due > 90 days			1,034,117	1,034,117
	2,974,577	**536,801**	**1,034,117**	**4,545,495**
Corporate loans				
Performing loans	13,264,121		1,034,090	14,298,211
Past due 1 - 90 days		1,080,041	444,809	1,524,850
Past due > 90 days		171,905	5,036,997	5,208,902
	13,264,121	**1,251,946**	**6,515,896**	**21,031,963**
Total portfolio				
Performing loans	23,103,199		1,034,090	24,137,289
Past due 1 - 90 days		3,473,826	444,809	3,918,635
Past due > 90 days		171,905	8,175,966	8,347,871
Total	**23,103,199**	**3,645,731**	**9,654,865**	**36,403,795**

	31.12.2011			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Loans and advances to individuals				
- Mortgage				
Performing loans	8,468,634			8,468,634
Past due 1 - 90 days		1,274,368		1,274,368
Past due > 90 days			1,388,237	1,388,237
	8,468,634	**1,274,368**	**1,388,237**	**11,131,239**
- Credit cards, consumer and other loans				
Performing loans	3,505,436			3,505,436
Past due 1 - 90 days		647,084		647,084
Past due > 90 days			423,613	423,613
	3,505,436	**647,084**	**423,613**	**4,576,133**
Corporate loans				
Performing loans	15,631,463		3,865,823	19,497,286
Past due 1 - 90 days		1,396,463	330,529	1,726,992
Past due > 90 days		292,708	3,113,034	3,405,742
	15,631,463	**1,689,171**	**7,309,386**	**24,630,020**
Total portfolio				
Performing loans	27,605,533		3,865,823	31,471,356
Past due 1 - 90 days		3,317,915	330,529	3,648,444
Past due > 90 days		292,708	4,924,884	5,217,592
Total	**27,605,533**	**3,610,623**	**9,121,236**	**40,337,392**

LOANS AND ADVANCES TO CUSTOMERS – Neither past due nor impaired

	31.12.2012			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Low risk	6,864,501	2,974,577	11,552,344	21,391,422
Under surveillance			1,711,777	1,711,777
Total	**6,864,501**	**2,974,577**	**13,264,121**	**23,103,199**

	31.12.2011			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Low risk	8,468,634	3,505,436	13,907,400	25,881,470
Under surveillance			1,724,063	1,724,063
Total	**8,468,634**	**3,505,436**	**15,631,463**	**27,605,533**

LOANS AND ADVANCES TO CUSTOMERS – Impaired

	31.12.2012			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Carrying amount before impairment	2,104,852	1,034,117	6,515,896	9,654,865
Allowance of impairment	(459,779)	(686,845)	(2,460,597)	(3,607,221)
Book value	**1,645,073**	**347,272**	**4,055,299**	**6,047,644**
Collateral value	**1,940,500**	**98,087**	**5,622,479**	**7,661,066**

	31.12.2011			
	Mortgage	Credit cards, consumer and other loans	Corporate loans	Total
Carrying amount before impairment	1,388,237	423,613	7,309,386	9,121,236
Allowance of impairment	(322,411)	(194,471)	(3,668,495)	(4,185,377)
Book value	**1,065,826**	**229,142**	**3,640,891**	**4,935,859**
Collateral value	**1,302,401**	**38,205**	**6,170,605**	**7,511,211**

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

	31.12.2012						
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Securities held for trading	Available for sale securities	Held to maturity securities	Total
AAA	389,670			514	850,477	1,000	1,241,661
AA+ to AA-		58,950	29,613		32,872		121,435
A+ to A-		2,773,216	145,808		54,354	2,553	2,975,931
BBB+ to BBB-	109,706	10,942	16,274		30,001	31,301	198,224
Lower than BBB-		3,791,521	524,961	13,605	4,746,916	1,045,492	10,122,495
Unrated		(2,161)	23,958		420,395	158,979	601,171
Exposure before impairment	**499,376**	**6,632,468**	**740,614**	**14,119**	**6,135,015**	**1,239,325**	**15,260,917**

	31.12.2011						
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Securities held for trading	Available for sale securities	Held to maturity securities	Total
AAA	777,645				6,708	40,333	824,686
AA+ to AA-		1,217,144	161,264			20,211	1,398,619
A+ to A-		166,968	106,000			213,170	486,138
BBB+ to BBB-	58,319	392	2		5,064	94,513	158,290
Lower than BBB-	42,910	5,339,401	362,570	13,760	2,820,336	4,989,487	13,568,464
Unrated		6,906	10,132		128,435	11,847	157,320
Exposure before impairment	**878,874**	**6,730,811**	**639,968**	**13,760**	**2,960,543**	**5,369,561**	**16,593,517**

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

	31.12.2012						
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Securities held for trading	Available for sale securities	Held to maturity securities	Total
Neither past due nor impaired	499,376	6,623,503	740,614	14,119	6,113,784	1,082,215	15,073,611
Past due but not impaired							
Impaired		8,965			21,231	157,110	187,306
Exposure before impairment	**499,376**	**6,632,468**	**740,614**	**14,119**	**6,135,015**	**1,239,325**	**15,260,917**
Less: Allowance for impairment losses		(8,965)			(21,215)	(157,110)	(187,290)
Net exposure	**499,376**	**6,623,503**	**740,614**	**14,119**	**6,113,800**	**1,082,215**	**15,073,627**

	31.12.2011						
	Balances with Central Banks	Due from Banks	Derivative Financial Instruments	Securities held for trading	Available for sale securities	Held to maturity securities	Total
Neither past due nor impaired	878,874	6,721,846	639,968	13,760	2,767,603	1,514,704	12,536,755
Past due but not impaired							
Impaired		8,965			192,940	3,854,857	4,056,762
Exposure before impairment	**878,874**	**6,730,811**	**639,968**	**13,760**	**2,960,543**	**5,369,561**	**16,593,517**
Less: Allowance for impairment losses		(8,965)			(105,709)	(2,688,114)	(2,802,788)
Net exposure	**878,874**	**6,721,846**	**639,968**	**13,760**	**2,854,834**	**2,681,447**	**13,790,729**

The following tables present the financial instruments exposed to credit risk by sectors of the counterparties.

FINANCIAL INSTRUMENTS CREDIT RISK – Analysis by industry sector

	31.12.2012										
	Financial Institutions and other financial services	Manufacturing	Construction and real estate	Wholesale and retail trade	Public sector/ Derivatives	Transportation	Shipping	Hotels -Tourism	Services and other sectors	Individuals	Total
Credit risk exposure relating to balance sheet items:											
Balances with Central Banks	499,376										499,376
Due from banks	6,632,468										6,632,468
Loans and advances to customers:											
Individuals:											
- Mortgages										10,826,337	10,826,337
- Credit cards and consumer loans										4,490,669	4,490,669
- Other loans										54,826	54,826
Total										**15,371,832**	**15,371,832**
Corporate loans and other receivables	836,872	5,266,519	2,778,592	5,177,992		663,922	1,304,168	1,587,319	3,416,579		21,031,963
Total	**836,872**	**5,266,519**	**2,778,592**	**5,177,992**	**-**	**663,922**	**1,304,168**	**1,587,319**	**3,416,579**	**15.371.832**	**36,403,795**
Derivative financial assets	253,718	10,188	84,796	7,499	335,551	12,721	9,340	12,148	14,653		740,614
Securities held for trading	514				13,605						14,119
Available for sale securities	2,051,877	9,762	298	191,648	3,881,430						6,135,015
Held to maturity securities	295,786		14,762	37,101	891,676						1,239,325
Total amount of balance sheet items exposed to credit risk (a)	**10,570,611**	**5,286,469**	**2,878,448**	**5,414,240**	**5,122,262**	**676,643**	**1,313,508**	**1,599,467**	**3,431,232**	**15,371,832**	**51,664,712**
Other balance sheet items not exposed to credit risk	64,014	14,317	22,181	26,388					5,890,483		6,017,383
Total assets	**10,634,625**	**5,300,786**	**2,900,629**	**5,440,628**	**5,122,262**	**676,643**	**1,313,508**	**1,599,467**	**9,321,715**	**15,371,832**	**57,682,095**
Credit risk exposure relating to off-balance sheet items:											
Letters of guarantee, letters of credit and other guarantees	800,445	536,413	1,657,496	540,002		114,302	-	131,279	509,095		4,289,032
Undrawn loan agreements and credit limits that can not be recalled (committed)		81,291	2,920				10,085		5,333		99,629
Guarantees for bonds issued by subsidiaries of the Bank									2,388,548		2,388,548
Total amount of off balance sheet items exposed to credit risk (b)	**800,445**	**617,704**	**1,660,416**	**540,002**	**-**	**114,302**	**10,085**	**131,279**	**2,902,976**	**-**	**6,777,209**
Total credit risk exposure (a+b)	**11,371,056**	**5,904,173**	**4,538,864**	**5,954,242**	**5,122,262**	**790,945**	**1,323,593**	**1,730,746**	**6,334,208**	**15,371,832**	**58,441,921**

FINANCIAL INSTRUMENTS CREDIT RISK – Analysis by industry sector

	31.12.2011										
	Financial Institutions and other financial services	Manufacturing	Construction and real estate	Wholesale and retail trade	Public sector/ Derivatives	Transportation	Shipping	Hotels -Tourism	Services and other sectors	Individuals	Total
Credit risk exposure relating to balance sheet items:											
Balances with Central Banks	878,874										878,874
Due from banks	6,730,811										6,730,811
Loans and advances to customers:											
Individuals:											
- Mortgages										11,131,239	11,131,239
- Credit cards and consumer loans										4,522,511	4,522,511
- Other loans										53,622	53,622
Total										**15,707,372**	**15,707,372**
Corporate loans and other receivables	1,185,536	5,601,572	3,263,253	5,467,295		2,831,318	1,525,017	1,522,470	3,233,559		24,630,020
Total	**1,185,536**	**5,601,572**	**3,263,253**	**5,467,295**	**-**	**2,831,318**	**1,525,017**	**1,522,470**	**3,233,559**	**15,707,372**	**40,337,392**
Derivative financial assets	282,364	9,174	71,323	9,229	208,605	332	21,764	15,540	21,637		639,968
Securities held for trading	4,043				9,717						13,760
Available for sale securities	640,378			3,180	2,316,985						2,960,543
Held to maturity securities	707,937		21,026	35,265	4,605,333						5,369,561
Total amount of balance sheet items exposed to credit risk (a)	**10,429,943**	**5,610,746**	**3,355,602**	**5,514,969**	**7,140,640**	**2,831,650**	**1,546,781**	**1,538,010**	**3,255,196**	**15,707,372**	**56,930,909**
Other balance sheet items not exposed to credit risk	26,636	7,314	21,088	18,404					5,212,791		5,286,233
Total assets	**10,456,579**	**5,618,060**	**3,376,690**	**5,533,373**	**7,140,640**	**2,831,650**	**1,546,781**	**1,538,010**	**8,467,987**	**15,707,372**	**62,217,142**
Credit risk exposure relating to off-balance sheet items:											
Letters of guarantee and letters of credit	856,480	944,053	1,693,036	906,877		132,136		111,848	345,397		4,989,827
Undrawn loan agreements and credit limits that can not be recalled (committed)		61,512	5,535				67,010		21,818		155,875
Guarantees for bonds issued by subsidiaries of the Bank									4,377,220		4,377,220
Total amount of off balance sheet items exposed to credit risk (b)	**856,480**	**1,005,565**	**1,698,571**	**906,877**	**-**	**132,136**	**67,010**	**111,848**	**4,744,435**	**-**	**9,522,922**
Total credit risk exposure (a+b)	**11,286,423**	**6,616,311**	**5,054,173**	**6,421,846**	**7,140,640**	**2,963,786**	**1,613,791**	**1,649,858**	**7,999,631**	**15,707,372**	**66,453,831**

LOAN RESTRUCTURINGS – RESCHEDULINGS

The Bank, having recognized the need to develop a framework in order to facilitate loan repayments from customers that have or may have an inability to fulfil their contractual obligations because of financial difficulties, has developed a "rescheduling/restructuring" policy.

In particular, "reschedulings" relate to amendments in the terms of a credit facility when one or more of the following changes exist in the contract terms, under the condition that there is no indication of deterioration in the borrower's financial condition:

i. Extension in the contractual term greater than 20% compared to the original term, even if it is accompanied by an increase in the interest rate, if the new interest rate remains lower than the interest rate for similar loans (of similar risk and duration) that have been granted to other borrowers.

ii. Partial write off of the borrower's debt (write off of the total or part of accrued interest and/ or write off of the total or part of the capital).

iii. Approval of a grace period greater than one year.

iv. Decrease in the interest rate if this does not relate to a renegotiation of the terms of the facility.

v. Continuous increases in the credit facility limits that exceed the two per year and are not justified from the improvement and/ or the increase in the financial figures of the borrower.

vi. Refinancing of old debt with new loan.

The rescheduling in the terms of a credit facility is classified as "restructuring" when one or more of the above changes exist in the contract terms and, at the same time, one or more of the following indications of deterioration in the borrower's financials from the one's listed below exist:

i. The borrower appears to be in delay for over 90 days in one of his products as at the time of the restructuring.

ii. Substantial deterioration in the borrower's financials (decrease in income, decrease in profits/ turnover etc.) especially if there is a deteriorating trend.

iii. The existence of events that have adversely affected the borrower's financial condition. Such events include the cease of operations of the borrower's main client (evaluation of cease of operations form), destruction of the borrower's installations due to fire or other cause, or dismissal from work etc.

iv. The existence of other past due amounts owed to the Bank or other Group companies (e.g. Leasing, Factoring).

v. Small continuous substantial delays in servicing the credit facility over 30 days.

vi. Material downgrade in the borrower's credit rating (credit rating downgrade) for retail customers. For example, for a scale with 10 grades, for neither past due nor impaired facilities, material is considered the downgrade by two grades or the change in the borrower's credit rating based on his transactional behavior (behavioral scoring).

vii. For corporate clients the downgrade in the borrower's credit rating by three Credit Risk categories under the condition that the new rating will fall into the high credit risk zone.

Loans that are restructured obtain a relevant characterization in the Bank's system which is maintained for one year provided that the amended terms are adhered to. In cases where a delay is identified in the servicing of the rescheduled/ restructured debts, these loans are included in the respective category of loans "in delay".

The accounting treatment of reschedulings/ restructurings depends on the degree that the contractual terms are amended. In cases where the new terms are materially different from those of the initial contract the initial loan is derecognized and a new loan is recognized at its fair value on the date of the amendment. Any difference in the book value of the loan which ceases to be recognized and the fair value of the new loan is recognized in the income statement.

In any case the Bank tests for impairment the restructured or rescheduled loans that meet the criteria for impairment testing as described in Note 1.12.

On 31.12.2012 the book value of the Bank's rescheduled/restructured loans amounted to €4 billion with a total collateral value amounting to € 2.6 billion.

The Bank is currently in a process of evaluating the information available relating to these loans and considering how to enhance the relevant disclosures.

EXPOSURE IN CREDIT RISK FROM DEBT ISSUED BY THE PERIPHERAL EUROZONE COUNTRIES

Due to the considerable debt crisis noted in recent years in the Eurozone, the Bank monitors credit risk from its exposure to the Greek State as well as the remaining peripheral countries.

Exposure to the Greek State

The table below presents the Bank's total exposure in Greek Government securities as at 31.12.2012:

Portfolio	Nominal value	Book value
Available for sale		
- Bonds	1,327,534	549,807
- Treasury bills	3,034,445	3,005,687
Held to maturity		
- Bonds	890,000	891,676
Trading		
- Bonds	33,044	13,605
Total	**5,285,023**	**4,460,775**

All Greek Government securities included in available for sale and trading portfolio are classified in level 1 based on the quality of inputs used for the estimation of their fair value.

The Bank's exposure in public sector loans, excluding listed companies as at 31.12.2012 amounted to €239.6 million. The Bank has not proceeded with the impairment of the above mentioned securities and assets based on the assumption that the Greek debt is viable and on the goals set in the context of the program for the enforcement of the Greek economy.

Additionally, the balance of the Bank's receivables guaranteed by the Greek State (loans directly guaranteed by the Greek State, loans guaranteed with Common Ministry Decisions as well as loans and other assets with collaterals relating to the Greek State) as at 31.12.2012 amounted to €400.9 million. The impairment test for these assets is performed in accordance with the impairment policy included in note 1.12. On 31.12.2012 for these assets an impairment of €55.4 million has been recognized.

Moreover Bank's receivables of €50.1 million secured by Greek Government bonds are recognized.

Finally, the Bank's exposure in risk from the Greek State arising from derivatives is depicted in the table below:

	Book value/Fair value	
	31.12.2012	**31.12.2011**
Derivative financial instruments – assets	335,552	208,605
Derivative financial instruments – liabilities	(153,665)	(211,016)

Exposure to other peripheral Eurozone countries debt

As at 31.12.2012, the Bank had no exposure to bonds issued by Spain, Portugal, Ireland, Italy and Cyprus. The Bank, on 31.12.2012 held bonds issued by Cyprus Popular Bank of a book value €8.1 million. The book value of Bank's participation in Alpha Bank Cyprus Ltd amounted to €178.3 million on 31.12.2012.

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 banking book.

i. Trading portfolio

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

1 day value at risk, 99% confidence level (2 years historical data)

(Amounts in euro)

	2012					2011
	Foreign currency risk	Interest rate risk	Price risk	Covariance	Total	Total
31 December	115,205	959,102	195,553	(239,354)	1,030,506	932,286
Average daily value (annual)	226,492	394,128	491,931	(427,347)	685,204	1,051,671
Maximum daily value (annual)*	243,297	995,764	909,843	(539,341)	1,609,563	1,628,501
Minimum daily value (annual)*	173,990	114,045	220,251	(243,557)	264,729	687,958

* relating to the total value at risk

The Value at Risk methodology for the trading portfolio is complemented with scenario analysis and stress testing, in order to estimate the potential size of losses that could arise from the trading portfolio for hypothetical as well as historical extreme movements of market parameters.

Within the scope of policy-making for financial risk management by the Asset and Liability Management Committee (ALCO), exposure limits and maximum loss (stop loss) and total value at risk for various products of the trading position have been set. In particular the following limits have been set for the following risks:

- Foreign currency risk regarding spot, forward positions and FX options
- Interest rate risk regarding positions on bonds, Interest Rate Swaps, Interest Futures, Interest Options
- Price risk regarding position in shares, Index Futures and Options, Commodity Futures and Swaps
- Credit risk regarding interbank transactions and bonds

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

ii. Other financial instruments of assets and liabilities

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

a. Foreign currency risk

The Bank takes on the risk arising from the fluctuations in foreign exchange rates.

The General Management of the Bank sets limits on the level of exposure in total and by currency. The total position arises from the net on balance sheet position and derivatives forward position as presented in the tables below.

	31.12.2012								
	USD	GBP	CHF	JPY	RON	RSD	Other F/C	Euro	Total
ASSETS									
Cash and balances with Central Banks	4,473	967	654	21			27,772	736,306	770,193
Due from Banks	453,754	175,186	103,336	36,195	538	2,929	57,703	5,793,862	6,623,503
Securities held for trading								14,119	14,119
Derivative financial assets								740,614	740,614
Loans and advances to customers	1,304,614	102,561	690,992	12,462	6,876		70,062	30,609,007	32,796,574
Investment securities									
- Available for sale	543,199						6	5,628,078	6,171,283
- Held to maturity	1,556							1,080,659	1,082,215
Investments in subsidiaries, associates and joint ventures	7,640	62,647			172,918	236,534	147,496	1,523,220	2,150,455
Investment property								31,683	31,683
Property, plant and equipment							13,237	583,757	596,994
Goodwill and other intangible assets							4,319	89,110	93,429
Deferred tax assets							112,550	1,667,726	1,780,276
Other assets	7,678	32	331,449				505	607,657	947,321
Total Assets	**2,322,914**	**341,393**	**1,126,431**	**48,678**	**180,332**	**239,463**	**433,650**	**49,105,798**	**53,798,659**
LIABILITIES									
Due to banks and customers	1,789,734	74,241	353,619	422,652			382,148	45,994,166	49,016,560
Derivative financial liabilities								1,529,730	1,529,730
Debt securities in issue and other borrowed funds	33,123							2,284,129	2,317,252
Liabilities for current income tax and other taxes							62	22,712	22,774
Deferred tax liabilities								372,468	372,468
Employee defined benefit obligations								48,672	48,672
Other liabilities	409	40	10	596			3,166	861,828	866,049
Provisions							1,096	29,077	30,173
Total liabilities	**1,823,266**	**74,281**	**353,629**	**423,248**	**-**	**-**	**386,472**	**51,142,782**	**54,203,678**
Net balance sheet position	499,648	267,112	772,802	(374,570)	180,332	239,463	47,178	(2,036,984)	(405,019)
Derivatives forward foreign exchange position	(504,000)	(281,645)	(782,306)	373,845	(304,394)		94,399	1,250,050	(154,051)
Total Foreign Exchange Position	**(4,352)**	**(14,533)**	**(9,504)**	**(725)**	**(124,062)**	**239,463**	**141,577**	**(786,934)**	**(559,070)**
Undrawn loan agreements and credit limits that can not be recalled (committed)	10,085							89,544	99,629

	31.12.2011								
	USD	GBP	CHF	JPY	RON	RSD	Other F/C	Euro	Total
ASSETS									
Cash and balances with Central Banks	6,175	1,404	708	57			48,972	1,092,184	1,149,500
Due from Banks	160,931	178,321	7,586	75,170	37,563	274	(76,686)	6,338,687	6,721,846
Securities held for trading							6,221	7,539	13,760
Derivative financial assets								639,968	639,968
Loans and advances to customers	1,601,208	270,284	408,103	23,463			145,659	33,703,298	36,152,015
Investment securities									
- Available for sale	11,348				846		71,296	2,813,398	2,896,888
- Held to maturity	1,586							2,679,861	2,681,447
Investments in subsidiaries, associates and joint ventures		66,040			194,083	267,687	166,857	1,259,668	1,954,335
Investment property								40,387	40,387
Property, plant and equipment							26,259	601,912	628,171
Goodwill and other intangible assets							5,291	81,584	86,875
Deferred tax assets							7,209	1,480,573	1,487,782
Other assets	11,383	34	3				38,742	693,813	743,975
Total Assets	**1,792,631**	**516,083**	**416,400**	**98,690**	**232,492**	**267,961**	**439,820**	**51,432,872**	**55,196,949**
LIABILITIES									
Due to banks and customers	1,732,471	89,353	23,956	350,624	19,976		511,309	43,796,307	46,523,996
Derivative financial liabilities								1,584,153	1,584,153
Debt securities in issue and other borrowed funds	48,505				41,108		21,487	5,177,484	5,288,584
Liabilities for current income tax and other taxes							257	36,942	37,199
Deferred tax liabilities								326,140	326,140
Employee defined benefit obligations								380	380
Other liabilities	364	16	12	676			1,831	830,194	833,093
Provisions							70	10,390	10,460
Total liabilities	**1,781,340**	**89,369**	**23,968**	**351,300**	**61,084**	**-**	**534,954**	**51,761,990**	**54,604,005**
Net balance sheet position	11,291	426,714	392,432	(252,610)	171,408	267,961	(95,134)	(329,118)	592,944
Derivatives forward foreign exchange position	(9,149)	(436,665)	(413,787)	250,237	(108,465)	-	261,498	71,460	(384,871)
Total Foreign Exchange Position	**2,142**	**(9,951)**	**(21,355)**	**(2,373)**	**62,943**	**267,961**	**166,364**	**(257,658)**	**208,073**
Undrawn loan agreements and credit limits that can not be recalled (committed)	67,010							88,865	155,875

The Bank's high exposures in other currencies is primarily due to UAH/EUR position.

The net foreign exchange position as at 31.12.2012 presents the following sensitivity analysis:

Currency	Exchange rate variation scenario against Euro (%)	Impact on net income before tax
USD	Appreciation of USD 5%	(230)
	Depreciation of USD 5%	207
GBP	Appreciation of GBP 5%	(765)
	Depreciation of GBP 5%	692
CHF	Appreciation of CHF 5%	(501)
	Depreciation of CHF 5%	452
RON	Appreciation of RON 5%	(6,530)
	Depreciation of RON 5%	5,907
MKD	Appreciation of MKD 5%	1,406
	Depreciation of MKD 5%	(1,273)
RSD	Appreciation of RSD 5%	12,603
	Depreciation of RSD 5%	(11,403)
UAH	Appreciation of UAH 5%	6,183
	Depreciation of UAH 5%	(5,595)

b. Interest rate risk

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

A maturity gap analysis of assets and liabilities is set out in the table below.

	31.12.2012							
	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	499,374						270,819	770,193
Due from banks	5,039,630	1,384,143	1,499	13,254	184,962	15		6,623,503
Securities held for trading		252			263	13,604		14,119
Derivative financial assets	740,614							740,614
Loans and advances to customers	23,240,055	3,659,033	1,794,106	1,929,125	1,623,215	551,040		32,796,574
Investment securities:								
- Available for sale	1,985,950	1,143,915	1,397,172	111,055	929,151	546,557	57,483	6,171,283
- Held to maturity	15,326	128,061	892,028	11,813	32,847	2,140		1,082,215
Investments in subsidiaries, associates and joint ventures							2,150,455	2,150,455
Investment property							31,683	31,683
Property, plant and equipment							596,994	596,994
Goodwill and other intangible assets							93,429	93,429
Deferred tax assets							1,780,276	1,780,276
Other assets							947,321	947,321
Total Assets	**31,520,949**	**6,315,404**	**4,084,805**	**2,065,247**	**2,770,438**	**1,113,356**	**5,928,460**	**53,798,659**
LIABILITIES								
Due to banks	25,526,932	298,619						25,825,551
Derivative financial liabilities	1,529,730							1,529,730
Due to customers	12,682,584	1,898,336	2,523,414	2,352,227	2,217,888	1,426,767	89,793	23,191,009
Debt securities in issue and other borrowed funds	200,690	1,490,203	117,069	703	414,561	94,026		2,317,252
Liabilities for current income tax and other taxes							22,774	22,774
Deferred tax liabilities							372,468	372,468
Employee defined benefit obligation							48,672	48,672
Other liabilities							866,049	866,049
Provisions							30,173	30,173
Total Liabilities	**39,939,936**	**3,687,158**	**2,640,483**	**2,352,930**	**2,632,449**	**1,520,793**	**1,429,929**	**54,203,678**
EQUITY								
Share capital							1,100,281	1,100,281
Share premium							2,757,653	2,757,653
Reserves							213,097	213,097
Retained earnings							(4,476,050)	(4,476,050)
Total Equity							**(405,019)**	**(405,019)**
Total Liabilities and Equity	**39,939,936**	**3,687,158**	**2,640,483**	**2,352,930**	**2,632,449**	**1,520,793**	**1,024,910**	**53,798,659**
Open Exposure	**(8,418,987)**	**2,628,246**	**1,444,322**	**(287,683)**	**137,989**	**(407,437)**	**4,903,550**	
Cumulative Exposure	**(8,418,987)**	**(5,790,741)**	**(4,346,419)**	**(4,634,102)**	**(4,496,113)**	**(4,903,550)**		

	31.12.2011							
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
ASSETS								
Cash and balances with Central Banks	878,867						270,633	1,149,500
Due from banks	4,062,193	2,239,415	31,256	100,600	75,765	212,617		6,721,846
Securities held for trading	70	2,445	1,188	31	8,754	1,272		13,760
Derivative financial assets	639,968							639,968
Loans and advances to customers	25,787,819	5,106,633	1,284,515	1,261,429	2,059,030	652,589		36,152,015
Investment securities:								
- Available for sale	927,446	8,370	823,354	75,739	1,001,311	23,961	36,707	2,896,888
- Held to maturity	232,037	565,078	907,422	57,615	45,336	873,959		2,681,447
Investments in subsidiaries, associates and joint ventures							1,954,335	1,954,335
Investment property							40,387	40,387
Property, plant and equipment							628,171	628,171
Goodwill and other intangible assets							86,875	86,875
Deferred tax assets							1,487,782	1,487,782
Other assets							743,975	743,975
Total Assets	**32,528,400**	**7,921,941**	**3,047,735**	**1,495,414**	**3,190,196**	**1,764,398**	**5,248,865**	**55,196,949**
LIABILITIES								
Due to banks	10,437,852	8,325,614	4,846	22	4,006,469			22,774,803
Derivative financial liabilities	1,584,153							1,584,153
Due to customers	15,054,038	2,636,645	943,248	1,363,625	3,631,783		119,854	23,749,193
Debt securities in issue and other borrowed funds	952,212	4,055,172	43,946		232,255	4,999		5,288,584
Liabilities for current income tax and other taxes							37,199	37,199
Deferred tax liabilities							326,140	326,140
Employee defined benefit obligation							380	380
Other liabilities							833,093	833,093
Provisions							10,460	10,460
Total Liabilities	**28,028,255**	**15,017,431**	**992,040**	**1,363,647**	**7,870,507**	**4,999**	**1,327,126**	**54,604,005**
EQUITY								
Share capital							1,100,281	1,100,281
Share premium							2,757,653	2,757,653
Reserves							73,770	73,770
Retained earnings							(3,338,760)	(3,338,760)
Total Equity							**592,944**	**592,944**
Total Liabilities and Equity	**28,028,255**	**15,017,431**	**992,040**	**1,363,647**	**7,870,507**	**4,999**	**1,920,070**	**55,196,949**
Open Exposure	**4,500,145**	**(7,095,490)**	**2,055,695**	**131,767**	**(4,680,311)**	**1,759,399**	**3,328,795**	
Cumulative Exposure	**4,500,145**	**(2,595,345)**	**(539,650)**	**(407,883)**	**(5,088,194)**	**(3,328,795)**		

From the maturity analysis and from the application of alternative scenarios an immediate calculation of changes in net interest income and equity for available for sale securities, from changes in market interest rates or changes in the Bank's base interest rates is applicable. In the interest rate decrease scenarios the change is studied up to a feasible point (interest rare set to zero) in accordance with the effective yield curves per currency.

Currency	Interest rate variation scenario (parallel fall or rise in yield curves)	Sensitivity for net interest income (annual)	Sensitivity of equity
EUR	+ 50	16,216	(44,908)
	- 50	93,713	45,289
USD	+ 50	(2,813)	(6,244)
	- 50	5,467	5,622
GBP	+ 50	645	
	- 50	(645)	
CHF	+ 50	(1,875)	
	- 50	(833)	

38.3 Liquidity risk (liquidity gap analysis)

Liquidity risk relates to the Bank's ability to maintain sufficient funds to cover its obligations.

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

a. Customer deposits for working capital purposes

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

b. Customer deposits and bonds issued for investment purposes

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

During the most recent years the European System of Central Banks has been used as an additional source of funding. The Bank's total borrowings amounted to €23.7 billion on 31 December 2012 (2011: €21.7 billion).

Based on the Liquidity Gap Analysis, the cash flows arising from balance sheet items are calculated and classified into time bands based on the time that they occurred, excluding investment portfolios. These portfolios which can immediately contribute to obtain liquidity are classified in the first period after taking into account the relevant haircuts.

	31.12.2012					
	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	770,193					770,193
Due from banks	1,358,218	238,491	55,223	150,737	4,820,834	6,623,503
Securities held for trading	13,413				706	14,119
Derivative financial assets	740,614					740,614
Loans and advances to customers	1,227,413	2,113,810	2,372,700	3,029,660	24,052,991	32,796,574
Investment securities						
- Available for sale	5,224,096				947,187	6,171,283
- Held to maturiry	757,550				324,665	1,082,215
Investments in subsidiaries, associates and joint ventures					2,150,455	2,150,455
Investment property					31,683	31,683
Property, plant and equipment					596,994	596,994
Goodwill and other intangible assets					93,429	93,429
Deferred tax assets					1,780,276	1,780,276
Other assets	5,153		23,545	178,831	739,792	947,321
Total assets	**10,096,650**	**2,352,301**	**2,451,468**	**3,359,228**	**35,539,012**	**53,798,659**
LIABILITIES						
Due to banks	25,319,490	55,020	81	6,000	444,960	25,825,551
Derivatives financial liabilities	1,529,730					1,529,730
Due to customers	5,102,225	2,458,165	3,711,756	2,968,485	8,950,378	23,191,009
Debt securities in issue and other borrowed funds	17,098	439,148	123,546	600,693	1,136,767	2,317,252
Liabilities for current income tax and other taxes	22,774					22,774
Deferred tax liabilities					372,468	372,468
Employee defined benefit obligations					48,672	48,672
Other liabilities	631,091	8,444	12,667	28,221	185,626	866,049
Provisions					30,173	30,173
Total Liabilities	**32,622,408**	**2,960,777**	**3,848,050**	**3,603,399**	**11,169,044**	**54,203,678**
EQUITY						
Total Equity					**(405,019)**	**(405,019)**
Total Liabilities and Equity	**32,622,408**	**2,960,777**	**3,848,050**	**3,603,399**	**10,764,025**	**53,798,659**
Liquidity gap	**(22,525,758)**	**(608,476)**	**(1,396,582)**	**(244,171)**	**24,774,987**	**-**

	31.12.2011					
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Total
ASSETS						
Cash and balances with Central Banks	1,149,500					1,149,500
Due from banks	162,911	1,015,457	169,093	107,172	5,267,213	6,721,846
Securities held for trading	13,072				688	13,760
Derivative financial assets	639,968					639,968
Loans and advances to customers	1,523,327	2,647,966	1,868,297	2,190,637	27,921,788	36,152,015
Investment securities						
- Available for sale	2,750,551				146,337	2,896,888
- Held to maturiry	1,169,337	791,135			720,975	2,681,447
Investments in subsidiaries, associates and joint ventures					1,954,335	1,954,335
Investment property					40,387	40,387
Property, plant and equipment					628,171	628,171
Goodwill and other intangible assets					86,875	86,875
Deferred tax assets					1,487,782	1,487,782
Other assets	4,870		28,945	166,751	543,409	743,975
Total assets	**7,413,536**	**4,454,558**	**2,066,335**	**2,464,560**	**38,797,960**	**55,196,949**
LIABILITIES						
Due to banks	10,260,240	8,119,075	100,992		4,294,496	22,774,803
Derivatives financial liabilities	1,584,153					1,584,153
Due to customers	5,867,470	2,734,491	1,259,883	2,009,239	11,878,110	23,749,193
Debt securities in issue and other borrowed funds	724,502	206,684	73,478	735,711	3,548,209	5,288,584
Liabilities for current income tax and other taxes	37,199					37,199
Deferred tax liabilities					326,140	326,140
Employee defined benefit obligations					380	380
Other liabilities	677,611	9,064	13,596	32,919	99,903	833,093
Provisions					10,460	10,460
Total Liabilities	**19,151,175**	**11,069,314**	**1,447,949**	**2,777,869**	**20,157,698**	**54,604,005**
EQUITY						
Total Equity					**592,944**	**592,944**
Total Liabilities and Equity	**19,151,175**	**11,069,314**	**1,447,949**	**2,777,869**	**20,750,642**	**55,196,949**
Liquidity gap	**(11,737,639)**	**(6,614,756)**	**618,386**	**(313,309)**	**18,047,318**	

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

	31.12.2012						
		Nominal inflows / (outflows)					
	Total Balance Sheet	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	TOTAL
Non-derivative Liabilities							
Due to banks	25,825,551	(25,323,568)	(55,849)	(15,991)	(15,464)	(485,898)	(25,896,770)
Due to customers	23,191,009	(5,138,132)	(2,510,103)	(3,782,920)	(3,035,032)	(8,985,236)	(23,451,423)
Debt securities in issue and other borrowed funds	2,317,252	(17,443)	(442,737)	(154,591)	(614,384)	(1,632,558)	(2,861,713)
Other liabilities	866,049	(631,091)	(8,444)	(12,667)	(28,221)	(185,626)	(866,049)
Derivatives held for assets fair value hedge	24,937						
- Outflows		(221)	(397)	(4,297)	(5,494)	(96,270)	(106,679)
- Inflows		64	73	1,558	3,384	93,061	98,140
Derivatives held for liabilities fair value hedge	641,251						
- Outflows		(10)	(2,945)	(43,620)	(35,226)	(1,141,391)	(1,223,192)
- Inflows		131	5,145	12,533	34,629	1,066,016	1,118,454
Derivatives held for trading	863,542						
- Outflows		(1,033,844)	(565,009)	(987,025)	(488,255)	(7,756,175)	(10,830,308)
- Inflows		1,008,139	543,858	980,096	473,542	7,146,621	10,152,256
Total	**53,729,591**	**(31,135,975)**	**(3,036,408)**	**(4,006,924)**	**(3,710,521)**	**(11,977,456)**	**(53,867,284)**
Off Balance sheet items							
Undrawn loan agreements and credit limits than can not be recalled (committed)		(99,629)					(99,629)
Financial guarantees		(23,840)	(29,750)	(21,473)	(22,127)	(364,219)	(461,409)
Total off Balance sheet items		**(123,469)**	**(29,750)**	**(21,473)**	**(22,127)**	**(364,219)**	**(561,038)**

		31.12.2011					
		Nominal inflows / (outflows)					
	Total Balance Sheet	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	TOTAL
Non-derivative Liabilities							
Due to banks	22,774,803	(10,275,008)	(8,138,428)	(126,882)	(8,482)	(4,457,956)	(23,006,756)
Due to customers	23,749,193	(5,786,014)	(2,814,667)	(1,324,562)	(2,071,022)	(12,089,298)	(24,085,563)
Debt securities in issue and other borrowed funds	5,288,584	(725,518)	(217,554)	(83,208)	(783,811)	(4,825,898)	(6,635,989)
Other liabilities	833,093	(677,611)	(9,064)	(13,596)	(32,919)	(99,903)	(833,093)
Derivatives held for assets fair value hedge	522,621						
- Outflows		(591)	(990)	(73,500)	(42,392)	(1,221,532)	(1,339,005)
- Inflows		3,355	17,485	25,142	40,691	1,142,655	1,229,328
Derivatives held for liabilities fair value hedge	22,886						
- Outflows		(125)	(2,090)	(2,412)	(7,645)	(139,336)	(151,608)
- Inflows		58	4,560	1,255	7,190	158,606	171,669
Derivatives held for trading	1,038,646						
- Outflows		(1,205,910)	(1,026,184)	(1,049,992)	(431,378)	(5,723,427)	(9,436,891)
- Inflows		1,107,724	891,562	913,150	435,765	5,474,405	8,822,606
Total	**54,229,826**	**(17,559,640)**	**(11,295,370)**	**(1,734,605)**	**(2,894,003)**	**(21,781,684)**	**(55,265,302)**
Off Balance sheet items							
Undrawn loan agreements and credit limits that can not be recalled (committed)		(155,875)					(155,875)
Financial guarantees		(11,638)	(6,373)	(5,903)	(5,261)	(97,440)	(126,615)
Total off Balance sheet items		**(167,513)**	**(6,373)**	**(5,903)**	**(5,261)**	**(97,440)**	**(282,490)**

38.4 Fair value of financial assets and liabilities

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

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

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

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

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

	31.12.2012	
	Carrying amount	Fair value
ASSETS		
Loans and advances to customers	32,796,574	32,740,127
Investment securities		
- Held to maturity [1]	1,082,215	716,400
LIABILITIES		
Due to customers	23,191,009	23,215,572

	31.12.2011	
	Carrying amount	Fair value
ASSETS		
Loans and advances to customers	36,152,015	36,095,986
Investment securities		
- Held to maturity [1]	2,681,447	2,344,731
LIABILITIES		
Due to customers	23,749,193	23,746,333

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

Hierarchy of financial instruments measured at fair value

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

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

	31.12.2012			
	Derivative financial assets	Securities held for trading	Available for sale securities	Derivative financial liabilities
Level 1	13,377	14,119	5,507,090	756
Level 2	725,357		651,836	1,524,952
Level 3	1,880		12,357	4,022
Total	**740,614**	**14,119**	**6,171,283**	**1,529,730**

	31.12.2011			
	Derivative financial assets	Securities held for trading	Available for sale securities	Derivative financial liabilities
Level 1		7,539	2,490,018	413
Level 2	637,154	6,221	394,080	1,577,713
Level 3	2,814		12,790	6,027
Total	**639,968**	**13,760**	**2,896,888**	**1,584,153**

[1] *On 31.12.2012 the investment securities portfolio includes an amount of €892 million (31.12.2011: €893 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 has been valued, based on HDAT prices.*

Financial assets and liabilities measured at fair value in Level 3

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

	31.12.2012		
	Assets		Liabilities
	Available for sale securities	Derivative financial assets	Derivative financial liabilities
Opening balance 1.1.2012	**12,790**	**2,814**	**(6,027)**
Total gain or loss recognized in income statement	(18,754)	(493)	1,691
Total gain or loss recognized in equity	17,702		
Purchases/Issues	6,791		
Sales/Repayments/Settlements	(6,573)	(441)	314
Transfers to level 3 (from levels 1 and 2)	401		
Balance 31.12.2012	**12,357**	**1,880**	**(4,022)**
Amounts included in the income statement for financial instruments held at the end of the reporting period	(19,111)	(524)	1,691

	31.12.2011		
	Assets		Liabilities
	Available for sale securities	Derivative financial assets	Derivative financial liabilities
Opening balance 1.1.2011	**28,577**	**3,115**	**(3,321)**
Total gain or loss recognized in income statement	350	(379)	483
Total gain or loss recognized in equity	5,669		
Purchases/Issues	9,386		
Sales/Repayments/Settlements	(34,148)	(216)	285
Transfers to level 3 (from levels 1 and 2)	2,956	294	(3,474)
Balance 31.12.2011	**12,790**	**2,814**	**(6,027)**
Amounts included in the income statement for financial instruments held at the end of the reporting period	(11,226)	(1,749)	12,588

38.5 Transfers of financial assets

The Bank 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 Bank, these assets continue to be recognized on the balance sheet.

On 31.12.2012, 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 and retail loans as well as credit cards in order to obtain liquidity from the Eurosystem. Under this context, these assets have been transferred to special purpose entities, which have proceeded with the issuance of bonds. These loans and credit cards continue to be recognized in loans and advances to customers, since the Bank continues to retain in all cases the risks and rewards arising from them. This event is justified by various factors which include the fact that the Bank owns these bonds, as well as the right to receive the deferred consideration from the transfer. Given that bonds are owned by the Bank no liability actually arises from the transfer. The book value of securitized loans and credit cards on 31.12.2012 amounts to €2,839,790.

b) Bond sale and repurchase agreements

The Bank on 31.12.2012 proceeded with the transfer of Greek Government treasury bills with a repurchase agreement. These treasury bills are still included in the Bank's available for sale portfolio while their book value as well as the book value of the respective liability recorded during their transfer is depicted in the table below.

	31.12.2012
Carrying amount of treasury bills	348,516
Carrying amount of associated liability	348,454

39. The Bank's recapitalization framework

In accordance with Law 3864/2010, as in effect, the Hellenic Financial Stability Fund has committed to cover, to the extent necessary, the Bank's capital needs, which, as determined by the Bank of Greece, amount to €4,571 billion. For the implementation of the above commitment, the HFSF has signed a Presubscription Agreement with the Bank and in May 2012, it transferred 5 securities issued by the European Financial Stability Facility of a nominal value of €1.9 billion as an advance towards the total amount to be covered by the HFSF after the completion of the recapitalization process. The Presubscription Agreement was amended in December 2012 and the HFSF transferred 3 additional securities issued by the European Financial Stability Facility of a nominal value of €1,042 billion to the Bank. Consequently the total advance payment of the HFSF towards its potential participation to the Bank's capital enforcement program amounted to €2,942 billion. Finally, the HFSF has granted the Bank a certification that it is committed to provide additional capital enforcement amounting to €1,629 billion if deemed necessary.

In accordance with the terms of the Presubscription Agreement, the above mentioned securities, both before and after the completion of the recapitalization, can be used solely to obtain liquidity through repos transactions with market counterparties or with ECB or with BoG in the context of the Euro System. Any return earned from the above mentioned titles will be accounted for as participation of the HFSF in the Bank's recapitalization. The Bank pays to the HFSF an annual commission of 1% over the nominal value of the securities it received for the advance period. Moreover, in accordance with the provisions of Law 4093/2012 credit institutions that receive capital enforcement in accordance with the provisions of Law 3864/2010 pay a lump sum payment to the HFSF amounting to €555.6 million, while the amount and the payment terms for each credit institution are determined in the relevant Presubscription Agreement. The Bank has paid to the HFSF a lump sum fee amounting to €153 million (note 24).

Based on the terms of the Presubscription Agreement and especially the fact that the price for the Fund's participation will be finalized with the issuance of the recapitalization instruments, the transaction in essence is equivalent to securities lending through which liquidity can be obtained for the period between the presubscription and the recapitalization. Consequently, the securities issued by the Hellenic Financial Stability Fund have been recognized as off balance sheet items. The amounts paid to the HFSF as commission are included in commission expenses, while the fee of €153 million has been included in "other assets" and will be recognized as a direct cost relating to the share capital increase.

Finally it should be noted that in accordance with Law 3864/2010 and the Presubscription Agreement, specific rights are bestowed to the HFSF and its representatives, such as, participation in the Board of Directors and important Committees of the Bank and the ability to add issues in the Board of Director's agenda or in the agenda of other Committees in which they participate.

In addition, in accordance with the Cabinet Act 38/2012 issued on 9.11.2012 for the recapitalization of credit institutions in the context of article 7 of Law 3864/2010 the terms are defined according to which:

i. The Hellenic Financial and Stability Fund will cover for any of the unsubscribed shares which will be issued in the share capital increase in accordance with Law 3864/2010. The amount of the share capital increase should at least cover the amount needed so that the Bank's Core Tier I ratio to amount at least to 6%, while it should not exceed the amount equivalent to the credit institution's capital requirements as they are defined by the Bank of Greece.

ii. The Hellenic Financial Stability Fund will cover for the contingently convertible bonds that the credit institution will issue. The total amount of contingently convertible bonds and the amount of the share capital increase mentioned in the above paragraph should at least cover the minimum amount required to meet the credit institution's capital requirements, as they are defined by the Bank of Greece.

iii. If the minimum participation percentage of the private sector in the share capital increase is achieved in accordance with paragraph 1 article 7a of Law 3864/2010, the Hellenic Financial Stability Fund will issue warrants for the shareholders that participated in the Bank's share capital increase over the ordinary shares that the HFSF will cover and receive as described in point i.

Further to the above, the Bank's management in the near future will proceed with the required actions for the commencement and completion of the capital enforcement process in accordance with the terms described in the effective institutional framework, fulfilling in paralell the requirements of articles 47 and 48 of Codified Law 2190/1920. Among others the relevant decisions will be made in order to raise capital amounting to €4.571 billion from individual investors and/ or the HFSF which, as mentioned above has been committed to cover, if deemed necessary, the Bank's total capital needs.

40. Capital management – Capital adequacy

The policy of the Bank is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business.

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

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

The Bank's capital adequacy is monitored by the Bank of Greece, via reports on a quarterly basis. The minimum capital adequacy ratios (Tier I and the Capital Adequay Ratio) which the Bank must comply with, are set by Bank of Greece Governor's Acts.

From 1 January 2008 capital adequacy calculation is determined under the new regulatory framework (Basel II), which has been incorporated in the Greek legislation by Law 3601/2007. The new regulatory framework significantly amends the measurement of credit risk and introduces capital requirements for operational risk. There are no significant changes in the measurement of market risk. Specifically, credit risk of the investment portfolio and operational risk are measured based on the Standardized Approach.

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

Alpha Bank participated in the attempts to ensure the long term viability of Greek Government debt through the Greek Bond exchange program (PSI). After the completion of the PSI and its final impact booked based on present value terms, the Bank of Greece (BoG) performed stress tests of capital need of Greek Banks and published the results in December 2012 in the "Report for the Recapitalization and Restructuring of Greek Banking Sector".

The Bank continues its efforts to improve its capital adequacy ratios through deleveraging its balance sheet, which led to the decrease of its risk weighted assets. Additionally the approval of the tender offer on 20 April 2012 for the buy–back program of securities that constitute part of capital enhanced Core Tier I Capital by €333 million.

In addition, the Hellenic Financial Stability Fund proceeded in the distribution of funds in the form of EFSF bonds to the four largest Greek Banks, increasing their regulatory capital. In particular, the Hellenic Financial Stability Fund provided to Alpha Bank EFSF bonds of a nominal value of €2.9 billion (31.12.2011: € 1.9 billion), resulting in the shaping of the aforementioned ratios as described below:

	31.12.2012 (estimate)	31.12.2011
Core Tier I*	8.2%	6.7%
Tier I ratio	8.6%	8.1%
Capital adequacy ratio (Tier I + Tier II)	**9.1%**	**9.4%**

* According to the definition of EBA

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

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 which consist of the members of the Board of Directors and the Bank's Executive Committee and their close family members and the entities controlled by them, as well as, the results related to those transactions are as follows:

	31.12.2012	31.12.2011
Assets		
Loans and advances to customers	73,249	164,669
Liabilities		
Due to customers	76,215	59,800
Letters of guarantee and approved limits	5,640	6,044

	From 1 January to	
	31.12.2012	**31.12.2011**
Income		
Interest and similar income	1,764	5,253
Fee and commission income	33	
Total	**1,797**	**5,253**
Expenses		
Interest expense and similar charges	3,089	2,812
Key management and close family members income [(1)]	4,192	3,440
Total	**7,281**	**6,252**

[(1)] *The fees increased due to the addendum of two new members in the Executive Committee of the Bank and the employee indemnity provision of Law 2112/1920 recognized in the income statement of 31.12.2012.*

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

i. Subsidiaries

	31.12.2012	31.12.2011
Assets		
Due from banks	3,737,606	5,269,139
Securities held for trading		423
Derivative financial assets	4,131	15,336
Loans and advances to customers	1,270,161	879,734
Available for sale securities	1,250,564	592,788
Other assets	1,031	16,226
Total	**6,263,493**	**6,773,646**
Liabilities		
Due to banks	798,714	596,337
Due to customers	724,983	165,409
Derivative financial liabilities	11,155	11,806
Debt securities in issue and other borrowed funds	2,335,903	5,308,323
Other liabilities	3,418	6,991
Total	**3,874,173**	**6,088,866**
Letters of guarantee and other guarantees	**628,268**	**680,431**

	From 1 January to	
	31.12.2012	31.12.2011
Income		
Interest and similar income	158,955	147,894
Dividend income		10,000
Fee and commission income	12,009	16,413
Gains less losses on financial transactions	(91,170)	(12,532)
Other income	2,497	2,972
Total	**82,291**	**164,747**
Expenses		
Interest expense and similar charges	121,713	186,711
Commission expense	1,230	916
General administrative expenses	21,169	20,878
Total	**144,112**	**208,505**

ii. Joint ventures *

	31.12.2012	31.12.2011
Assets		
Due from banks	5,193	3,158
Loans and advances to customers	141,918	137,248
Total	**147,111**	**140,406**
Liabilities		
Due to banks	18,323	7,408
Due to customers	390	998
Total	**18,713**	**8,406**

* *The balances of transactions with the Bank's joint ventures, as well as the prior period results related to those transactions appear separately from the transactions with subsidiaries and were restated to be comparable.*

	From 1 January to	
	31.12.2012	31.12.2011
Income		
Interest and similar income	4,818	6,023
Fee and commission income	2	4
Other income	5	81
Total	**4,825**	**6,108**
Expenses		
Interest expense and similar charges	577	485
Commission expense	5,624	
General administrative expenses		1,223
Total	**6,201**	**1,708**

iii. Associates

	31.12.2012	31.12.2011
Assets		
Loans and advances to customers	44	1,214
Liabilities		
Due to customers	275	317

	From 1 January to	
	31.12.2012	31.12.2011
Income		
Interest and similar income	37	70
Dividend income		18
Total	**37**	**88**
Expenses		
Interest expense and similar charges	2	4

In addition, transactions in relation to share capital increases and returns of subsidiaries, associates and other joint ventures are presented in Note 19.

c. The Supplementary Fund of former Alpha Credit Bank's employees holds bonds of the subsidiary of the Bank Alpha Credit Group Plc of €83,800, while its receivables from Alpha Bank amount to €15,986 and its deposits with Alpha Bank to €228. Additionally it holds Alpha Bank's shares of €1,123, while interest income of €688 has been recognized.

Finally, the Bank has recognized in its income statement the amount of €1,648 that relates to the accrued expense of the new group insurance plan for Bank employees in collaboration with AXA Insurance.

d. The Hellenic Financial Stability Fund (HFSF) provided securities issued by EFSF of a nominal value of €2.9 billion as an advance payment for its participation in the Bank's program to raise capital which is a transaction that has been recognized in off balance sheet accounts as securities lending.

In "other assets" an amount of €153,003 has been recognized in accordance with Law 4093/2012 (note 39). Moreover, the Bank has recognized an amount of €11,531, which burdened its results (commission expense) that relates to commission calculated on the securities' nominal value.

42. Auditors' fees

The total fees of "KPMG Certified Auditors A.E.", for the year 2012, legal auditor of the Bank, are analyzed as follows as stipulated in article 43a of Codified Law 2190/1920 and as amended by article 30 of Law 3756/2009.

	1.1 - 31.12.2012	1.1 - 31.12.2011
Fees for statutory audit	500	410
Fees for the issuance of tax certificate	213	
Fees for other audit related assignments	30	34
Fees for other non-audit assignments	93	26
Total	**836**	**470**

43. Corporate events

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

b. On 23.3.2012 the 100% owned subsidiary of the Bank, Ionian Equity Participations Ltd., proceeded with a share capital inceasе of €3.2 million.

c. On 2.4.2012 the Bank acquired 100% of Tripurius Trading Ltd, at a cost of €1.8 thousand, which was renamed to Alpha Group Ltd. on 18.4.2012.

d. On 17.5.2012 the transformation of Albania branch to a subsidiary under the brand name of Alpha Bank Albania SH.A. was completed.

e. On 22.5.2012 following the invitation to the Extraordianary General Meeting which was announced on 3.4.2012, the Second Iterative Extraordinary General Meeting of Shareholders, among others, decided:

- The cease of operations relating to the merger of "Alpha Bank AE" by way of absorption of "EFG Eurobank Ergasias SA";
- Bank's disengagement from all contractual commitments towards or in favor of "EFG Eurobank Ergasias SA" relating to the merger and
- The revocation of all decisions made on 15.11.2011 by the Second Iterative Extraordinary General Meeting of the Bank's shareholders thus brining into force the decisions of the Second Iterative General Meeting of 15.7.2011 regarding the ability to raise funds by way of an increase of the share capital and the ability to issue a bond loan convertible in ordinary shares with voting rights.

f. On 19.7.2012 the 100% onwed subsidiary of the Bank, Alpha Bank Albania SH.A, proceeded with a share capital increase of €10 million.

g. On 5.10.2012 the Bank participated proportionally in the share capital increase of its subsidiary Alpha Supporting Services AE, by paying directly or indirectly the amount of €53.2 million.

h. On 16.10.2012 the Bank signed an agreement with Credit Agricole S.A. for the acquisition of the entire share capital of Emporiki Bank SA owned by Credit Agricole S.A.

i. On 5.11.2012 the Bank's 100% owned subsidiary, Alpha Bank Srbija A.D., increased its share capital by €50 million.

j. On 24.12.2012 the Bank's 100% owned subsidiary, Alpha Bank AD Skopje, increased its share capital by €5 million.

k. On 27.12.2012 the Second Iterative Extraordinary General Meeting of Shareholders of Alpha Bank decided the issuance by the Bank, and private placements with Credit Agricole S.A. or a company affiliated thereto, of a bond loan, in paper form, of total principal amounting up to €150 million, convertible by the bondholder into common voting shares of the Bank and redeemable by the latter, upon cancellation of the pre-emption rights of the existing (common and preferred) Shareholders of the Bank.

44. Events after the balance sheet date

a. According to Law 4110/23.1.2013 "Income tax regulations, regulations regarding issues under the responsibility of the Ministry of Finance and other provisions",

- the income tax rate for legal entities increased from 20% to 26%, whereas the tax rate for dividends distribution decreased from 25% to 10% for the years from 1.1.2013 and thereon.
- The debit difference for legal entities, that participated in the exchange of Greek Government bonds or of the corporate bonds guaranteed by the Hellenic Republic, in accordance with the restructuring program of the Greek debt, is deductible in 30 equal annual installments starting from the year in which the exchange of Greek securities occurred.

b. The Second Iterative Extraordinary General Meeting of Shareholders of Alpha Bank, which was held on 31.1.2013 approved the issuance by the Bank and private placement with the Hellenic Financial Stability Fund (the "Fund"), in application (inter alia) of Law 3864/2010 and Cabinet Act 38/2012, of unsecured, perpetual and subordinated bonds, contingently convertible into common shares of the Bank with voting rights, and redeemable by the Bank of a total principal amount up to €2,000 million, payable by the Fund by contribution in kind of financial instruments held by the Fund.

c. On 1.2.2013, pursuant to the acquisition agreement with regards to the sale of Emporiki Bank SA from Credit Agricole S.A. to Alpha Bank AE, and the approvals by the Greek and Cypriot Central Banks and anti-trust authorities, the transfer of the entire share capital of Emporiki Bank SA to Alpha Bank from Credit Agricole was completed.

Following the execution of the Share Purchase Agreement and a subsequent transaction related adjustment, Credit Agricole has completed the capital enforcement of Emporki by contributing a total of €2.9 billion and has subscribed to €150 million of convertible bonds issued by Alpha Bank and redeemable in shares. The latter comes as a direct investment in Alpha Bank, supporting its capital ratios on top of Emporiki's recapitalized equity base (note 46).

d. On 22.3.2013 it was announced that proceedings have been initiated for the merger of the Bank, with and through absorption of Emporiki Bank S.A in accordance with the provision of articles 68 paragraph 2 and 78 of Codified Law 2190/1920, in combination with article 16, paragraph 5, et. seq. of Law 2515/1997, as all in force, with an identical merger balance sheet date, that being 31 December 2012, without increase of share capital of, or share issue by, the absorbing Alpha Bank A.E..

e. On 25.3.2013 the European Commission has reached an agreement with the Government of Cyprus, regarding a program of macroeconomic adjustment, aiming at reestablishing the viability of the financial sector and purging the public sector financials for the following years.

In particular, this program ensures that all deposits below 100,000 Euro are secured, the financial sector will shrink, so that the percentage of the domestic banking sector will reach the average of the European Union by 2018 and withholding tax on capital returns and the corporate income tax rate will increase. Specific terms relating to the financial sector provide for the immediate resolution and restructuring of Cyprus Popular Bank and Bank of Cyprus respectively. Moreover, Cypriot authorities have ascertained their commitment in relation to the intensity of their efforts in the areas of fiscal purge, structural reforms and privatizations.

Cyprus and the European Commission in cooperation with the European Central Bank (ECB) and the International Monetary Fund (IMF), must agree on a Memorandum of Understanding (MoU) for this program in early April 2013.

As a result of the above, a new regime will emerge in which the Cypriot economy and the Cypriot financial system will operate, the implications of which cannot be determined immediately and accurately, since there is uncertainty regarding the resulting conditions. The positive message is the firm commitment of the European Union to support Cyprus to remain in the Eurozone. The Bank monitors the developments in the area where it is present through subsidiaries and a branch of Emporiki Bank.

Athens, 27 March 2013

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER	THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER	THE ACCOUNTING MANAGER
YANNIS S. COSTOPOULOS **I.D. No. X 661480**	**DEMETRIOS P. MANTZOUNIS** **I.D. No. I 166670**	**VASILEIOS E. PSALTIS** **I.D. No. AI 666591**	**MARIANNA D. ANTONIOU** **I.D. No. X 694507**

FINANCIAL INFORMATION OF ALPHA BANK A.E. AND THE GROUP

For the year from January 1, 2012 to December 31, 2012

(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 Development, Competitiveness, Infrastructure, Transport and Networks
Date of approval of the Financial Statements by the Board of Directors (from which the financial information were derived):	March 27, 2013
Certified Auditors:	Charalambos G. Syrounis (A.M. SOEL 19071) Nikolaos Ch. Tsiboukas (A.M. SOEL 17151)
Audit Firm:	KPMG Certified Auditors A.E. (A.M. SOEL 114)
Type of Auditors' Report:	Unqualified opinion - Emphasis of matter
Website address:	www.alpha.gr

MEMBERS OF THE BOARD OF DIRECTORS:

CHAIRMAN
(Executive Member)
Yannis S. Costopoulos

VICE CHAIRMAN
(Non-Executive Independent Member)
Minas G. Tanes

MANAGING DIRECTOR
(Executive Member)
Demetrios P. Mantzounis (CEO)

EXECUTIVE DIRECTORS AND GENERAL MANAGERS
(Executive Members)
Spyros N. Filaretos (COO)
Artemis Ch. Theodoridis
Georgios C. Aronis

NON-EXECUTIVE MEMBERS
Paul G. Karakostas
Ioanna E. Papadopoulou

NON-EXECUTIVE INDEPENDENT MEMBERS
George E. Agouridis
Pavlos A. Apostolides
Thanos M. Veremis
Evangelos J. Kaloussis
Ioannis K. Lyras

NON-EXECUTIVE MEMBER
(in accordance with Law 3723/2008)
Sarantis-Evangelos G. Lolos

NON-EXECUTIVE MEMBER
(in accordance with Law 3864/2010)
Nikolaos G. Koutsos

BALANCE SHEET

	Consolidated		Alpha Bank	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
ASSETS				
Cash and balances with Central Banks	1,437,260	2,103,588	770,193	1,149,500
Due from banks	3,382,784	1,807,079	6,623,503	6,721,846
Securities held for trading	20,132	13,960	14,119	13,760
Derivative financial assets	736,693	624,447	740,614	639,968
Loans and advances to customers	40,495,343	44,875,706	32,796,574	36,152,015
Investment securities				
-Available for sale	6,038,676	3,078,918	6,171,283	2,896,888
-Held to maturity	1,535,572	2,747,072	1,082,215	2,681,447
Investments in subsidiaries, associates and joint ventures			2,150,455	1,954,335
Investments in associates	39,405	44,855		
Investment property	517,776	64,688	31,683	40,387
Property, plant and equipment	1,155,190	1,220,949	596,994	628,171
Goodwill and other intangible assets	142,617	181,512	93,429	86,875
Deferred tax assets	1,799,893	1,466,974	1,780,276	1,487,782
Other assets	1,049,180	817,751	947,321	743,975
	58,350,521	59,047,499	53,798,659	55,196,949
Non-current assets held for sale	6,804	100,546		
Total Assets	**58,357,325**	**59,148,045**	**53,798,659**	**55,196,949**
LIABILITIES				
Due to banks	25,217,125	22,521,200	25,825,551	22,774,803
Derivative financial liabilities	1,518,881	1,578,143	1,529,730	1,584,153
Due to customers			23,191,009	23,749,193
(including debt securities in issue)	28,451,478	29,399,461		
Debt securities in issue held by institutional investors and other borrowed funds	778,909	2,188,545	2,317,252	5,288,584
Liabilities for current income tax and other taxes	42,617	51,560	22,774	37,199
Deferred tax liabilities	413,504	360,993	372,468	326,140
Employee defined benefit obligations	52,525	58,473	48,672	380
Other liabilities	970,888	927,107	866,049	833,093
Provisions	138,787	96,315	30,173	10,460
Total Liabilities (a)	**57,584,714**	**57,181,797**	**54,203,678**	**54,604,005**
EQUITY				
Share Capital	1,100,281	1,100,281	1,100,281	1,100,281
Share premium	2,757,653	2,757,653	2,757,653	2,757,653
Reserves	268,315	218,893	213,097	73,770
Retained earnings	(3,513,096)	(2,659,574)	(4,476,050)	(3,338,760)
Equity attributable to Equity owners of the Bank	613,153	1,417,253	(405,019)	592,944
Non-controlling interests	11,904	11,700		
Hybrid securities	147,554	537,295		
Total Equity (b)	**772,611**	**1,966,248**	**(405,019)**	**592,944**
Total Liabilities and Equity (a)+(b)	**58,357,325**	**59,148,045**	**53,798,659**	**55,196,949**

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Interest and similar income	3,324,887	3,719,298	2,806,242	3,156,266
Interest expense and similar charges	(1,927,575)	(1,935,606)	(1,780,274)	(1,802,712)
Net interest income	1,397,312	1,783,692	1,025,968	1,353,554
Fee and commission income	324,281	345,408	253,843	262,488
Commission expense	(51,531)	(51,193)	(41,633)	(42,926)
Net fee and commission income	272,750	294,215	212,210	219,562
Dividend income	998	3,618	494	10,586
Gains less losses on financial transactions	(232,335)	142,251	(444,990)	117,302
Other income	67,325	59,721	12,372	14,491
	(164,012)	205,590	(432,124)	142,379
Total income	**1,506,050**	**2,283,497**	**806,054**	**1,715,495**
Staff costs	(546,770)	(535,806)	(408,144)	(390,992)
General administrative expenses	(463,073)	(462,146)	(352,522)	(359,340)
Depreciation and amortization expenses	(97,860)	(93,043)	(60,270)	(60,317)
Other expenses	(70,977)	(5,297)	(26,680)	(1,205)
Total expenses	**(1,178,680)**	**(1,096,292)**	**(847,616)**	**(811,854)**
Impairment losses and provisions to cover credit risk	(1,668,856)	(1,130,317)	(1,374,711)	(897,803)
Impairment losses on Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI		(4,788,866)		(4,787,657)
Share of profit/(loss) of associates	(3,377)	294		
	(1,672,233)	(5,918,889)	(1,374,711)	(5,685,460)
Profit/(Loss) before income tax	**(1,344,863)**	**(4,731,684)**	**(1,416,273)**	**(4,781,819)**
Income tax	258,993	921,735	279,133	939,153
Profit/(Loss) after income tax (a)	**(1,085,870)**	**(3,809,949)**	**(1,137,140)**	**(3,842,666)**
Profit/(Loss) attributable to:				
Equity owners of the Bank	**(1,086,284)**	**(3,810,169)**	**(1,137,140)**	**(3,842,666)**
Non-controlling interests	414	220		
Other comprehensive income recognized directly in Equity:				
Change in available for sale securities' reserve	236,189	(12,994)	314,249	(43,270)
Change in available for sale securities' reserve due to impairment losses on Greek Government bonds		156,218		155,009
Change in cash flow hedge reserve	(152,674)	9,506	(140,082)	9,506
Exchange differences on translating and hedging the net investment in foreign operations	(23,237)	413	3	(83)
Share of other comprehensive income from associates	500			
Income tax	(12,029)	(40,761)	(34,843)	(40,850)
Total of other comprehensive income recognized directly in Equity, after income tax (b)	**48,749**	**112,382**	**139,327**	**80,312**
Total comprehensive income for the year, after income tax (a)+(b)	**(1,037,121)**	**(3,697,567)**	**(997,813)**	**(3,762,354)**
Total comprehensive income for the year attributable to:				
Equity owners of the Bank	**(1,038,045)**	**(3,697,252)**	**(997,813)**	**(3,762,354)**
Non-controlling interests	924	(315)		
Earnings/(Losses) per share:				
Basic and diluted (€ per share)	(2.0332)	(7.2723)	(2.1284)	(7.3331)

STATEMENT OF CASH FLOWS

	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Net cash flows from operating activities (a)	2,608,775	(722,347)	3,484,572	(2,237,426)
Net cash flows from investing activities (b)	(1,225,380)	(792,160)	(1,494,616)	(326,721)
Net cash flows from financing activities (c)	(478,434)	(438,390)	(1,750,422)	(311,139)
Net increase/(decrease) in cash and cash equivalents of the year (a)+(b)+(c)	**904,961**	**(1,952,897)**	**239,534**	**(2,875,286)**
Effect of exchange rate fluctuations on cash and cash equivalents	(939)	7,692	1,457	1,574
Total cash flows for the year	**904,022**	**(1,945,205)**	**240,991**	**(2,873,712)**
Cash and cash equivalents at the beginning of the year	**1,206,083**	**3,151,288**	**1,772,157**	**4,645,869**
Cash and cash equivalents at the end of the year	**2,110,105**	**1,206,083**	**2,013,148**	**1,772,157**

STATEMENT OF CHANGES IN EQUITY

	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Equity at the beginning of the year (1.1.2012 and 1.1.2011 respectively)	1,966,248	5,783,934	592,944	4,430,498
Total comprehensive income for the year, after income tax	(1,037,121)	(3,697,567)	(997,813)	(3,762,354)
Change of ownership interests in subsidiaries	(705)	(1,475)		
Dividends paid to hybrid securities' owners		(33,275)		
Dividend paid for preference shares		(75,200)		(75,200)
(Purchases), (Redemptions)/Sales of hybrid securities	(155,350)	(9,807)		
Other	(461)	(362)	(150)	
Equity at the end of the year (31.12.2012 and 31.12.2011 respectively)	**772,611**	**1,966,248**	**(405,019)**	**592,944**

ADDITIONAL DATA AND INFORMATION

1. Companies included in the Consolidated Financial Statements, the Group's participation in them as at 31.12.2012, as well as the method of consolidation applied, are presented in note 39 of the Consolidated Financial Statements as at 31.12.2012. Companies, not included in the Consolidated Financial Statements, are also listed in this note.
2. During the period from 1.1.2012 until 31.12.2012 the following changes took place in the companies which are fully consolidated and are included in the Consolidated Financial Statements:
   - New companies: On 22.2.2012 the Bank's subsidiary Alpha Group Investments Ltd established the companies Alpha Investment Property Amarousion I A.E., Alpha Investment Property Amarousion II A.E., Alpha Investment Property Chalandriou A.E., Alpha Investment Property Attikis A.E. and Alpha Investment Property Lamias A.E. while on 30.3.2012 acquired the total number of shares of Zerelda Ltd established in Cyprus. On 2.4.2012 the Bank purchased the total number of shares of Tripurius Trading Ltd, which on 18.4.2012 was renamed to Alpha Group Ltd. On 24.4.2012 the Bank's subsidiary Alpha Group Investments Ltd acquired the total number of the shares of the companies Markandeya Ltd, Rawatino Holdings Ltd, Nishoko Holdings Ltd established in Cyprus, which on 2.5.2012 were renamed to AGI-RRE Athena Ltd, AGI-RRE Poseidon Ltd and AGI-RRE Hera Ltd respectively. On 13.5.2012 AGI-RRE Athena Ltd established in Romania the company AGI-RRE Zeus SRL. On 17.5.2012, the transformation of Alpha Bank's Albania branch into subsidiary named Alpha Bank Albania SH.A. was completed. On 18.5.2012 the Bank's subsidiary Alpha Group Investments Ltd, established the companies Alpha Investment Property Eleona A.E. and Alpha Investment Property Attikis II A.E., while on 31.5.2012 acquired the total number of shares of Umera Ltd, established in Cyprus. On 2.7.2012, the companies AGI-RRE Poseidon Ltd., AGI-RRE Athena Ltd. and AGI-RRE Hera Ltd., established in Romania the companies AGI-RRE Poseidon SRL, AGI-RRE Athena SRL and AGI-RRE Hera SRL, respectively. On 19.9.2012, AGI-RRE Poseidon Ltd, acquired 95.89% of shares of the company Romfelt Real Estate S.A., established in Romania. On 22.10.2012, the Bank's subsidiary, Alpha Group Investments Ltd, acquired the total number of shares of companies Futonsal Ltd., Helkinvest Ltd., Mantolarus Holdings Ltd., Kepovest Ltd., Ravinzel Holdings Ltd. registered in Cyprus, which on 24.10.2012 were renamed to AGI-RRE Apollo Ltd., AGI-BRE Participations 2 Ltd., AGI-RRE Ares Ltd., AGI-BRE Participations 3 Ltd. and AGI-BRE Participations 4 Ltd. respectively. On 3.12.2012 the subsidiary AGI-BRE Participations 2 Ltd., established the companies AGI-BRE Participations 2 E.O.O.D. and AGI-BRE Participations 2BG E.O.O.D., registered in Bulgaria. On 3.12.2012 the subsidiaries AGI-BRE Participations 3 Ltd. and AGI-BRE Participations 4 Ltd., established the companies AGI-BRE Participations 3 E.O.O.D. and AGI-BRE Participations 4 E.O.O.D. respectively, registered in Bulgaria.
   - Transfers within the Group: On 21.2.2012, the Bank's subsidiary Alpha Group Investments Ltd., sold in Group companies shares issued by Ionian Hotel Enterprises A.E. and Alpha Astika Akinita A.E. On 31.12.2012, the Bank's subsidiary Alpha Group Investments Ltd., acquired from the subsidiary Alpha Bank Cyprus Ltd., shares of Alpha Insurance Ltd.
   - Liquidations/Sales: On 8.2.2012, the liquidation of Alpha Covered Bonds Plc was completed. On 15.10.2012, the Bank's subsidiary, Alpha Group Investments Ltd, sold the total number of shares of company Alpha Investment Property Lamias A.E. registered in Greece.
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 31.12.2012 of the Group and the Bank respectively.
4. There are no pending legal cases or issues in progress, as well as decisions of legal or arbitrary authorities, which may have a material impact on the financial position or operation of the Group and the Bank. The Group and the Bank have raised a provision for them which amounts to Euro 13.6 million and Euro 11.9 million, as well as other provisions amounting to Euro 125.2 million and Euro 18.3 million respectively.
5. The Bank and the Group companies did not hold any treasury shares as at 31.12.2012.
6. The total number of employees of the Group as at 31.12.2012 was 13,650 (31.12.2011: 14,337) and of the Bank was 7,553 (31.12.2011: 8,318).
7. The results arising from the related party transactions during the period 1.1.2012 until 31.12.2012 are as follows:
   - With members of the Board of Directors and other key management personnel: a) of the Group: income Euro 1,797 thousand, expenses Euro 7,887 thousand b) of the Bank: income Euro 1,797 thousand, expenses Euro 7,281 thousand.
   - With other related parties: a) of the Group: income Euro 2,018 thousand, expenses Euro 18,261 thousand b) of the Bank: income Euro 87,153 thousand, expenses Euro 164,182 thousand.

   The balances as at 31.12.2012 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 73,249 thousand, liabilities Euro 81,007 thousand, letters of guarantee Euro 5,640 thousand b) of the Bank: receivables Euro 73,249 thousand, liabilities Euro 76,215 thousand, letters of guarantee Euro 5,640 thousand.
   - With other related parties: a) of the Group: receivables Euro 201,452 thousand, liabilities Euro 105,936 thousand b) of the Bank: receivables Euro 6,563,651 thousand, liabilities Euro 3,909,375 thousand, letters of guarantee and other guarantees Euro 628,268 thousand.
8. The items of income and expense recognized directly in Equity are analyzed in the "Statement of total comprehensive income", as presented above.
9. On 22.5.2012, following the invitation to the Extraordinary General Meeting which was announced on April 3, 2012, the second Iterative Extraordinary General Meeting of Bank's Shareholders among others decided: a) the cease of operations relating to the merger of "Alpha Bank AE" by way of absorption of "EFG Eurobank Ergasias S.A.", b) its disengagement from all contractual commitments towards or in favour of "EFG Eurobank Ergasias S.A.", relating to the merger, c) the revocation of all decisions made on November 15th, 2011 by the second Iterative Extraordinary General Meeting of the Bank's Shareholders thus bringing into force the decisions of the second Iterative General Meeting of 15.7.2011 regarding the ability to raise funds by way of a share capital increase and the ability to issue a bond loan convertible in common shares with voting rights.
10. Due to the fact that the Bank presented losses for the year 2012 and, therefore, article 44a of Codified Law 2190/1920 applies, the Bank's Board of Directors will propose to the Bank's Ordinary General Meeting of Shareholders the non-payment to the Greek State of the respective return for the year 2012 on its preference shares under article 1 paragraph 3 of Law 3723/2008 and not to distribute dividends to common shareholders of the Bank for the year 2012.
11. The Second Iterative Extraordinary General Meeting of Bank's Shareholders of 27.12.2012 decided the issuance by the Bank, and private placement with Credit Agricole S.A. and/or a company affiliated thereto, of a bond loan, in paper form, of total principal amounting up to Euro 150 million, convertible into common voting shares of the Bank and redeemable by the latter, upon cancellation of the pre-emption rights of the existing (common and preferred) Shareholders of the Bank.
12. The Second Iterative Extraordinary General Meeting of Bank's Shareholders, which was held on 31.1.2013 approved the issuance by the Bank and private placement with the Hellenic Financial Stability Fund, in application (inter alia) of Law 3864/2010 and Cabinet Act 38/2012, of unsecured, perpetual and subordinated bonds, contingently convertible into common shares of the Bank with voting rights, and redeemable by the Bank of a total principal amount up to €2 billion, payable by the Fund by contribution in kind of financial instruments held by the Fund.
13. In accordance with Law 3864/2010, as in force, the Hellenic Financial Stability Fund has been committed to cover, to the extent necessary, the Group's capital needs, which as determined by the Bank of Greece amount to €4.571 billion. For the implementation of the above commitment, the HFSF has signed a Presubscription Agreement with the Bank and transferred securities issued by the European Financial Stability Fund of nominal value €2.9 billion as an advance towards the total amount to be covered by the HFSF after the completion of the recapitalization process. Moreover, the HFSF has granted the Bank a certification that it is committed to provide additional capital enforcement amounting to €1.629 billion, if deemed necessary. The Bank's management in the near future will proceed with the required actions for the commencement and completion of the capital enforcement process, in accordance with the terms described in the effective institutional framework. Among others, the relevant decisions of the competent management of the Bank will be made, in order to raise capital amounting to €4.571 billion from private investors and/or the HFSF.
14. On 1.2.2013, pursuant to the acquisition agreement with regards to the sale of Emporiki Bank SA from Credit Agricole S.A. to Alpha Bank AE, and the approvals by the Greek and Cypriot Central Banks and anti-trust authorities, the transfer of the entire share capital of Emporiki Bank SA to Alpha Bank by Credit Agricole was completed.

    Following the execution of the Share Purchase Agreement and a subsequent transaction related adjustment, Credit Agricole has completed the capital increase of Emporiki by a total of €2.9 billion and has subscribed to €150 million of convertible bonds redeemable in Alpha Bank shares.
15. On 22.3.2013 it was announced that proceedings have been initiated for the merger of the Bank, with and through absorption of Emporiki Bank S.A in accordance with the provision of articles 68 paragraph 2 and 78 of Codified Law 2190/1920, in combination with article 16, paragraph 5, et. seq. of Law 2515/1997, as all in force, with an identical merger balance sheet date, that being 31 December 2012, without increase of share capital of, or share issue by, the absorbing Alpha Bank A.E..
16. The emphasis of matter concerns the actions scheduled to restore the capital adequacy of the Bank, as referred to the disclosures made in note 1.30.1 and 1.28.1 of the Financial Statements as at 31.12.2012 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 31.12.2012, 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 27, 2013

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER	THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER	THE ACCOUNTING MANAGER
YANNIS S.COSTOPOULOS I.D. No. X 661480	DEMETRIOS P.MANTZOUNIS I.D. No. I 166670	VASSILIOS E.PSALTIS I.D. No. AI 666591	MARIANNA D.ANTONIOU I.D. No. X 694507

Report on the use of funds raised from the share capital increase through cash payment with pre-emption and over subscription rights in favor of existing common shareholders

Pursuant to the decision of the Athens Stock Exchange 25/17.7.2008 and the Hellenic Capital Market Commission Board of Director's decision 7/448/11.10.2007 it is hereby notified that from the Bank's share capital increase through cash payment which took place on the basis of the decision of the Bank's Board of Directors meeting held on 19.10.2009, raised capital amounted to €986.3 million. Costs of the issue amounted to €43.7 million.

From the share capital increase 123,292,996 new common, non paper, registered, with voting rights shares were issued of nominal value €4.70 each which were listed for trading on the Athens Stock Exchange on 7.12.2009.

The Bank's share capital increase was confirmed by the Board of Directors meeting held on 30.11.2009.

The Bank intends to use the net proceeds of the share capital increase solely for the full redemption followed by cancellation of the 200,000,000 preference, registered, without voting rights redeemable shares with nominal value €4.70 each which were issued pursuant to article 1 of Law 3723/2008.

TABLE FOR THE USE OF PROCEEDS FROM THE SHARE CAPITAL INCREASE

	Amount of funds raised	Funds utilized until 31.12.2012	Balance of funds as at 31.12.2012
Amounts in millions of Euro	986.3	43.7	942.6

The amount of € 43.7 million utilized up to 31.12.2012 relates to issue costs, before tax.

The net amount of € 943 million of the raised funds enhances the regulatory capital of the Bank, on solo and consolidated basis. With the approval of the Bank of Greece it will be used for the (partial or total) acquisition of the Greek State's preference shares, when it will be allowed by the conditions of the Greek economy and the market.

Information Pursuant to article 10 of Law 3401/2005

Corporate Announcements of the year 2012 are available on the website of the Bank
http://www.alpha.gr/page/default.asp?la=1&id=9714.

Resolutions of the Second Iterative Extraordinary General Meeting of Shareholders of Alpha Bank on 27.12.2012 (article 32, paragraph 1 of Codified Law 2190/1920, paragraph 4.1.3.3 of the Athens Exchange Regulations)	27.12.2012
Second Iterative Extraordinary General Meeting of Shareholders of Alpha Bank on 27.12.2012	27.12.2012
Nine-Month 2012 Results Net income of Euro -500.1 million following impairments of Euro 1.2 billion	21.12.2012
Acquisition of Emporiki Bank strengthens the Group's capital position	21.12.2012
Nine-Month 2012 and first semester 2012 results announcement scheduled for 21.12.2012	20.12.2012
Resolutions of the First Iterative Extraordinary General Meeting of Shareholders of Alpha Bank on 14.12.2012 (article 32 par. 1 of Codified Law 2190/1920, paragraph. 4.1.3.3. of the Athens Exchange Regulations)	14.12.2012
First Iterative Extraordinary General Meeting of Shareholders of Alpha Bank on 14.12.2012	14.12.2012
Anouncement	07.12.2012
Resolutions of the Extraordinary General Meeting of Shareholders of Alpha Bank on 3.12.2012 (article 32 par. 1 of Codified Law 2190/1920, paragraph. 4.1.3.3. of the Athens Exchange Regulations)	03.12.2012
Extraordinary General Meeting of the Shareholders of Alpha Bank on 3.12.2012	03.12.2012
Invitation to the Extraordinary General Meeting	09.11.2012
Alpha Bank acquires the entire capital of Emporiki Bank SA.	17.10.2012
Alpha Bank has entered into exclusive negotiations with Credit Agricole SA, on Emporiki Bank.A key step in the restructuring of the Greek banking system.	01.10.2012
Anouncement	14.09.2012
Anouncement	08.08.2012
Anouncement	31.07.2012
Anouncement	02.07.2012
Resolutions of the Ordinary General Meeting of Shareholders of Alpha Bank on 29.6.2012 (article 32 par. 1 of Codified Law 2190/1920, paragraph. 4.1.3.3. of the Athens Exchange Regulations)	29.06.2012
Ordinary General Meeting of the Shareholders of Alpha Bank of June 29, 2012	29.06.2012
Anouncement	26.06.2012
Anouncement	20.06.2012
Invitation to the Ordinary General Meeting	07.06.2012
Anouncement	07.06.2012
First Quarter 2012 results Significant weakening in the economic environment resulting in Net Income of Euro 107.8 million NPL ratio at 14.9%; Total Coverage at 122%	31.05.2012

Anouncement	25.05.2012
Resolutions of the Second Iterative Extraordinary General Meeting of Shareholders of Alpha Bank on 22.5.2012 (article 32, paragraph 1 of Codified Law 2190/1920, paragraph 4.1.3.3 of the Athens Exchange Regulations)	22.05.2012
Second Iterative Extraordinary General Meeting of Shareholders of Alpha Bank on 22.5.2012	22.05.2012
First Quarter 2012 results announcement scheduled for 31.5.2012	16.05.2012
Invitation to the Extraordinary General Meeting	08.05.2012
Resolutions of the First Iterative Extraordinary General Meeting of Shareholders of Alpha Bank on 8.5.2012 (article 32 par. 1 of Codified Law 2190/1920, par. 4.1.3.3. of the Athens Exchange Regulations)	08.05.2012
First Interative Extraordinary General Meeting of Shareholders of Alpha Bank on 8.5.2012	08.05.2012
Results of tender offer for Hybrid capital and subordinated debt	07.05.2012
Invitation to the Extraordinary General Meeting	26.04.2012
Resolutions of the Extraordinary General Meeting of Shareholders of Alpha Bank on 26.4.2012 (article 32 par. 1 of Codified Law 2190/1920, paragraph. 4.1.3.3. of the Athens Exchange Regulations)	26.04.2012
Extraordinary General Meeting of the Shareholders of Alpha Bank of April 26, 2012	26.04.2012
Full Year 2011 Results Participation in PSI+ leads to additional impairment of Euro 3.2 billion Core Tier I at Euro 1.3 billion post PSI+ related impairment.	20.04.2012
Announcement of tender offer for Hybrid capital and subordinated debt	20.04.2012
Anouncement	09.04.2012
Full Year 2011 Results announcement scheduled for 20.4.2012	04.04.2012
Invitation to the Extraordinary General Meeting	03.04.2012
Anouncement	14.03.2012
Anouncement	08.03.2012
Anouncement	01.03.2012
Anouncement	30.01.2012
Anouncement	30.01.2012
Anouncement	25.01.2012

Availability of Annual Financial Report

The Annual Financial Report as at 31.12.2012, which includes:

- The Statement by the Members of the Board of Directors
- The Board of Directors' report
- The Explanatory Report of the Board of Directors
- The Corporate Governance Report
- The Independent Auditors' Report
- The Annual Financial Statements of the Bank and the Group
- The Financial Information of the Bank and the Group
- The Report on the use of funds

are available on the website address http://www.alpha.gr/page/default.asp?la=1&id=10156

The Annual Financial Statements, the Independent Auditors' report and the Board of Directors' Report of consolidated companies are available on the website address www.alpha.gr/page/default.asp?la=1&id=4153