ALPHA BANK

FINANCIAL STATEMENTS AS AT 31.12.2006

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

ATHENS
FEBRUARY 27, 2007

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Independent Auditors' Report

(Translated from the original in Greek)

To the Shareholders of
ALPHA BANK A.E.

Report on the Financial Statements

We have audited the accompanying financial statements (the "Financial Statements") of ALPHA BANK A.E. (the "Bank") which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Greek Auditing Standards, which are based on 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 of 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 accompanying Financial Statements give a true and fair view, of the financial position of the Bank as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that have been adopted by the European Union.

Emphasis of Matter

Without qualifying our opinion we draw attention to Note 29 to the financial statements which indicates that on 21 November 2006 the Bank's Management submitted an application for its personnel to join the common bank employee pension fund (ETAT) in accordance with the provisions of Law 3371/2005. At present the Bank has recorded a provision of EUR 518 million based on an actuarial valuation. Upon joining the common bank employee pension fund the provision recorded by the Bank might change based on economic studies that the responsible Ministry is required to perform in accordance with the provisions of the above mentioned law. The effect, if any, on the liabilities of the Bank can not at present be estimated.

Athens, 27 February 2007

KPMG Kyriacou Certified Auditors AE

Marios T. Kyriacou Certified Auditor Accountant AM SOEL 11121	Nick Vouniseas Certified Auditor Accountant AM SOEL 18701

GENERAL INFORMATION

At present, the Bank operates under the brand name of ALPHA BANK A.E. and with the sign of ALPHA BANK. Its registered office is 40 Stadiou Street, Athens and it is listed as a societe anonyme, with number 6066/06/B/86/05. The Bank's duration is until 2100 which can be extended by a decision of the shareholders in General Meeting.

In accordance with article 4 of the articles of association, the Bank's purpose is to provide general banking services in Greece and abroad.

The term of the Board of Directors, who were elected by the Shareholders' General Meeting on April 19, 2005 ends in 2010. The members of the Board of Directors, after the changes approved by the Board meeting held on 27 July 2006 (resignation of the vice-chairman Mr. Canelopoulos Andreas, who was replaced by Mr. Tanes Minas and election of Mr. Athanassopoulos Panayotis as a new non-executive member) as at 31 December 2006 consist of:

CHAIRMAN (Executive Member)

Yannis S. Costopoulos

VICE CHAIRMAN (Non Executive Member)
Minas G. Tanes***

EXECUTIVE MEMBERS

MANAGING DIRECTOR

Demetrios P. Mantzounis

EXECUTIVE DIRECTORS AND GENERAL MANAGERS

Marinos S. Yannopoulos (CFO)***

Spyros N. Filaretos

Artemis Ch. Theodoridis

NON-EXECUTIVE MEMBERS

George E. Agouridis *

Panayotis J. Athanassopoulos *(resigned on 30 January 2007)

Sophia G. Eleftheroudaki

Paul G. Karakostas*

Nicholaos I. Manessis **

NON-EXECUTIVE INDEPENDENT MEMBERS

Pavlos A. Apostolides **

Thanos M. Veremis

Ioannis K. Lyras **

SECRETARY

Hector P. Verykios

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

The certified auditors of the semi and annual financial statements of the Bank are:

Principal Auditors:	Marios T. Kyriacou
	Nick E. Vouniseas
Substitute Auditors:	Garyfalia B. Spyriouni
	Nick Ch. Tsiboukas

of KPMG Kyriacou Certified Auditors A.E.

The Bank's shares are listed on the Athens Stock Exchange since 1925.
As at 31 December 2006 Alpha Bank was ranked 5th among all listed companies, in terms of market capitalization. Since February 2004 the Bank has been included in the FTSE Eurofirst 300 Index, an index which consists of the 300 largest European companies.

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

As at 31 December 2006 the Bank has issued 408,022,002 shares.

The Bank's growth and consistent dividend policy has attracted local and foreign investors. This has increased the shares' liquidity which for the year ended 31 December 2006 amounted to an average of 1,109,782 shares per day.

On 28 September 2006 in an event to celebrate the 130 anniversary of the establishment of the Athens Stock Exchange, Alpha Bank was awarded the first prize among the listed companies as for over 25 years the Bank has recorded continuous profits which contributed to the growth of the Greek Stock Exchange and that it has distributed dividends to its shareholders for 58 years.

Finally, the credit rating of the Bank remains at a high level (Standard & Poor's: BBB+, Moody's: A3, Fitch Ratings: A-) and reflects the dynamics of its operations and the positive outlook with respect to its share price.

The financial statements which follow (pages 5 – 63) have been approved by the Board of Directors on 27 February 2007.

FINANCIAL STATEMENTS AS AT 31.12.2006

Income Statement

(Thousands of Euro)

	Note	From 1 January to 31.12.2006	31.12.2005
Interest and similar income		2,442,729	1,594,680
Interest expense and similar charges		(1,301,845)	(612,490)
Net interest income	2	1,140,884	982,190
Fee and commission income		313,844	271,119
Commission expense		(21,399)	(22,495)
Net fee and commission income	3	292,445	248,624
Dividend income	4	52,907	59,608
Gains less losses on financial transactions	5	121,626	(3,324)
Other income	6	15,015	27,010
		189,548	83,294
Total income		1,622,877	1,314,108
Staff costs	7	(368,852)	(336,377)
General administrative expenses	8	(276,333)	(241,185)
Depreciation and amortization expenses	19,20,21	(40,467)	(37,177)
Other expenses		(1,686)	(426)
Total expenses		(687,338)	(615,165)
Impairment losses and provisions to cover credit risk	9	(219,505)	(231,536)
Profit before tax		716,034	467,407
Income tax	10.1	(139,839)	(89,537)
		576,195	377,870
Tax on reserves (Law 3513/06 article 10)	10.2	(73,902)	-
Profit after tax		502,293	377,870
Earnings per share:	11		
Basic earnings per share (€)		1.28	0.94
Diluted earnings per share (€)		1.28	0.94

The attached notes (pages 10 to 63) form an integral part of these financial statements.

Balance Sheet

(Thousands of Euro)

	Note	31.12.2006	31.12.2005
ASSETS			
Cash and balances with Central Banks	12	1,477,675	1,621,172
Due from banks	13	6,184,088	5,673,393
Securities held for trading	14	346,207	153,587
Derivative financial assets	15	254,566	139,114
Loans and advances to customers	16	28,237,691	24,201,139
Investment securities			
- Available-for-sale	17	7,462,388	7,561,491
Investments in subsidiaries, associates and joint ventures	18	1,593,550	1,481,979
Investment property	19	42,006	43,245
Property, plant and equipment	20	544,636	529,511
Goodwill and other intangible assets	21	42,104	33,016
Deferred tax assets	22	261,363	177,936
Other assets	23	229,825	143,414
		46,676,099	41,758,997
Non-current assets held for sale	24	92,513	90,249
Total Assets		46,768,612	41,849,246
LIABILITIES			
Due to banks	25	7,222,117	8,600,366
Derivative financial liabilities	15	226,223	140,632
Due to customers	26	20,372,543	19,301,646
Debt securities in issue and other borrowed funds	27	15,148,320	10,665,761
Liabilities for current income tax and other taxes	28	110,102	87,699
Deferred tax liabilities	22	137,901	19,517
Employee defined benefit obligations	29	513,311	513,797
Other liabilities	30	584,358	566,763
Provisions	31	17,901	1,628
Total Liabilities		44,332,776	39,897,809
EQUITY			
Share capital	32	1,591,286	1,456,018
Share premium	33	127,961	125,685
Reserves	34	207,853	220,423
Retained earnings	35	523,201	337,439
Treasury shares	36	(14,465)	(188,128)
Total Equity		2,435,836	1,951,437
Total Liabilities and Equity		46,768,612	41,849,246

The attached notes (pages 10 to 63) form an integral part of these financial statements.

Statement of changes in equity

	Note	Share capital	Share premium	Reserves	Retained earnings	Treasury shares	Total
Balance 1.1.2005		1,274,272	-	264,835	291,548	(18,638)	1,812,017
Changes in equity for the period 1.1-31.12.2005							
Valuation of available-for-sale securities		-	-	(44,936)	-	-	(44,936)
Transfer to income statement due to sale of available-for-sale securities		-	-	(1,721)	-	-	(1,721)
Other		-	-	-	382	-	382
Net income recognized directly in equity		-	-	(46,657)	382	-	(46,275)
Net income for the period		-	-	-	377,870	-	377,870
Total		-	-	(46,657)	378,252	-	331,595
Purchase of treasury shares		-	-	-	-	(169,490)	(169,490)
Dividends distributed		-	-	-	(174,064)	-	(174,064)
Acquisition of 61.24% of Delta Singular A.E.P. with issuance of 7,564,106 shares	32,33	23,449	125,685	-	-	-	149,134
Capitalization of reserve to round the nominal value of share price to € 5.35	32	562	-	-	(562)	-	-
Increase of share capital from capitalization of reserve and change of nominal value of share to € 5	32	157,735	-	-	(157,735)	-	-
Recognition of share options granted to employees		-	-	2,245	-	-	2,245
Balance 31.12.2005		1,456,018	125,685	220,423	337,439	(188,128)	1,951,437

The attached notes (pages 10 to 63) form an integral part of these financial statements.

	Note	Share capital	Share premium	Reserves	Retained earnings	Treasury shares	Total
Balance 1.1.2006		1,456,018	125,685	220,423	337,439	(188,128)	1,951,437
Changes in equity for the period 1.1-31.12.2006							
Valuation of available-for-sale securities		-	-	(48,428)	-	-	(48,428)
Transfer to income statement due to sales of available-for-sale securities		-	-	(4,804)	-	-	(4,804)
Effect of translation of foreign branches results		-	-	-	(46)	-	(46)
Net income recognized directly in equity		-	-	(53,232)	(46)	-	(53,278)
Net income for the period		-	-	-	502,293	-	502,293
Total		-	-	(53,232)	502,247	-	449,015
Purchase of treasury shares	36	-	-	-	-	(209,730)	(209,730)
Sale of treasury shares	36	-	-	-	92,604	383,393	475,997
Dividends distributed	35	-	-	-	(237,556)	-	(237,556)
Increase of share capital from capitalization of reserve and change of nominal value of share to € 3.90	32	133,954	-	-	(133,954)	-	-
Issue of new shares due to share options exercise of 2003	32	1,314	-	-	-	-	1,314
Share premium from exercised share options	33,34	-	2,276	(2,276)	-	-	-
Reserves appropriation	34	-	-	37,780	(37,780)	-	-
Recognition of share options granted to employees		-	-	5,158	-	-	5,158
Other		-	-	-	201	-	201
Balance 31.12.2006		1,591,286	127,961	207,853	523,201	(14,465)	2,435,836

The attached notes (pages 10 to 63) form an integral part of these financial statements.

Cash flow statement

(Thousands of Euro)

	Note	From 1 January to 31.12.2006	31.12.2005
Cash flows from operating activities			
Profit before tax		716,034	467,407
Adjustments for:			
Depreciation of property, plant and equipment	19,20	27,011	27,277
Amortization of intangible assets	21	13,456	9,900
Impairment losses from loans and provisions		225,950	234,456
Other adjustments		5,157	2,245
(Gains)/losses from investing activities		(160,987)	(65,093)
(Gains)/losses from financing activities		72,092	81,032
		898,713	757,224
Net (increase)/decrease in assets relating to operating activities:			
Due from banks		(756,600)	(465,147)
Securities held for trading and derivative financial assets		(308,072)	36,368
Loans and advances to customers		(4,304,132)	(4,522,304)
Other assets		(87,399)	(45,995)
Net increase/(decrease) in liabilities relating to operating activities			
Due to banks		(1,380,192)	6,789,394
Derivative financial liabilities		85,591	(88,358)
Due to customers		5,579,149	2,638,636
Other liabilities		12,017	(1,210)
Net cash from operating activities before taxes		(260,925)	5,098,608
Income taxes paid and other taxes		(156,379)	(115,114)
Net cash flows from operating activities		(417,304)	4,983,494
Cash flows from investing activities			
Acquisitions of subsidiaries, associates and joint ventures		(12,468)	(259,108)
Proceeds from sale of investments (subsidiaries and associates)		17,678	6,955
Dividends received	4	52,907	59,608
Purchase of property, plant and equipment	19,20,21,24	(81,018)	(47,144)
Merger of Belgrade branch with Alpha Bank Srbija A.D.		(48,125)	-
Disposal of property, plant and equipment		10,492	292
Net (increase)/decrease in investment securities		61,823	(5,375,394)
Net cash flows from investing activities		1,289	(5,614,791)
Cash flows from financing activities			
Exercise of share options		1,314	-
(Purchases)/sales of treasury shares	36	266,267	(169,490)
Dividends paid		(234,989)	(170,591)
Proceeds from the issue of loans		-	805,000
Repayment of loans		(93,153)	(143,009)
Net cash flows from financing activities		(60,561)	321,910
Effect of exchange rate fluctuations on cash and cash equivalents		1,028	1,320
Net increase/(decrease) in cash and cash equivalents		(475,548)	(308,067)
Cash and cash equivalents at beginning of the period	12	5,083,955	5,392,022
Cash and cash equivalents at end of the period	12	4,608,407	5,083,955

The attached notes (pages 10 to 63) form an integral part of these financial statements.

Notes to the Financial Statements

1. Accounting principles applied

1.1 Basis of presentation

These financial statements relate to the fiscal year 1 January 2006 to 31 December 2006 and they have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union with Regulation 1606/2002 of the European Parliament and the Council of the European Union on 19 July 2002.

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

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

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

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

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

The accounting principles, applied by the Bank in the financial statements as at 31 December 2006, are the same as those applied in the financial statements for the year ended 31 December 2005 after taking into consideration and the new standards, amendments and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union which are effective for annual periods beginning on or after 1.1.2006:

Amendment to IAS 19, «Employee Benefits» (Regulation 1910/8.11.2005)

The amendment of IAS 19 introduces the option of an alternative recognition approach for actuarial gains and losses of defined benefit plans.

It allows the total recognition of actuarial gains and losses directly to equity. It also clarifies the way the entities must include defined benefit obligations to their financial statements and it imposes the disclosure of additional information.
The Bank has not changed the accounting principles relating to the recognition of defined benefit obligations.

Amendment to IAS 39, Fair Value option (Regulation 1864/15.11.2005)

According to the above amendment, under certain circumstances the entity has the ability to designate financial instruments upon initial recognition, to be measured at fair value, with changes in fair value recognized in profit and loss (fair value option).
The Bank did not apply the above option in the present financial statements.

Amendment to IAS 39, Recognition and Measurement of financial instruments (Regulation 2106/21.12.2005)

According to this amendment, entities are permitted to designate under certain circumstances, forecast intragroup transactions denominated in foreign currency as a hedged instrument in consolidated financial statements.

The above amendment did not have a significant impact on Bank's financial statements.

Amendment to IAS 39 and IFRS 4, Financial Guarantee Contracts (Regulation 108/27.1.2006)

The main objective of these amendments is to ensure that the issuers of financial guarantee contracts include the obligations on their balance sheet. Particularly, the issuer of such a contract must initially recognize it at its fair value (except if it is considered as an insurance contract) and subsequently to measure it at the higher of:

(i) the amount determined in accordance with IAS 37 relating to provisions and

(ii) the amount initially recognized, reduced by the amount that has been already recognized as revenue, according to IAS 18, for revenue recognition.

These amendments did not have a significant impact on Bank's financial statements.

Amendment to IAS 21, concerning the effects of exchange prices variation (Regulation 708/8.5.2006)

This amendment allows the recognition of the foreign exchange differences in equity. These exchange differences result from monetary assets, which are part of the net investment in foreign operations, even if these monetary assets are denominated in a currency that is different from the functional currency of the counterparties of the Group.

This amendment did not have a significant impact on Bank's financial statements

Amendment to IFRS 1 "First Time Adoption of International Financial Reporting Standards" and Amendment to IFRS 6 "Exploration and Evaluation of Mineral Resources" effective for annual periods beginning on or after 1.1.2006 (Regulation 108/2006)

The above amendments are not relevant to the Bank's activities.

Interpretation 4 *«Determining whether an Arrangement contains a Lease», (Regulation 1910/8.11.2005)*

Interpretation 5 *«Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds» (Regulation 1910/8.11.2005).*

Interpretation 6 *«Liabilities arising from participating in a Specific Market – Waste Electrical and Electronic Equipment» (Regulation 108/27.1.2006)*

The adoption of interpretations 4, 5 and 6 did not result in a substantial impact on the Bank's financial statements.

In addition to the above the International Accounting Standards Board (IASB) issued the following standards and interpretations which the European Union adopted and were effective for annual periods beginning on or after 1.1.2006:

Interpretation 7 «Applying the restatement Approach Under IAS 29 Financial Reporting in Hyperinflationary Economies» (Regulation 708/2006)

Is effective for annual periods beginning on or after 1.3.2006 and its adoption will not have a substantial impact on the Bank's financial statements.

Interpretation 8 and 9 *«Scope of IFRS 2» and «Reassessment of embedded derivatives» (Regulation 1329/8.9.2006)*

Are effective for annual periods beginning on 1.5.2006 and 1.6.2006 respectively and their adoption will not have a substantial impact on Bank's financial statements.

International Financial Reporting Standard 7 « Financial instruments: Disclosures», (Regulation 108/2006)

IFRS 7 and the amendments that it imposes on other standards are effective for annual periods beginning on or after 1.1.2007 and they are expected to affect significantly the disclosure requirements concerning financial instruments.

Amendment to IAS 1 «Presentation of Financial Statements – Capital Disclosure (effective for annual periods beginning on or after 1.1.2007) (Regulation 108/2006)

This amendment requires additional disclosures both quantitative and qualitative relating to the management of the Bank's capital.

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

International Financial Reporting Standard 8 «Operating segments» Effective for annual periods on or after 1.1.2009.

This standard replaces the IAS 14 "Segment Reporting". Its adoption by the European Union and the Bank will have a significant impact on the Bank's disclosures about operating segments.

Interpretation 10 «Interim Financial Reporting and Impairment» Effective for annual periods beginning on or after 1.11.2006

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

The adoption of this interpretation will not have an impact on Bank's accounting principles.

Interpretations 11 and 12 «Group and Treasury Shares Transactions» Effective for annual periods on or after 1.3.2007 and «Service Concession Arrangements» Effective for annual periods on or after 1.1.2008

The Bank is examining whether there will be an impact from the adoption of the above interpretations.

1.2 Segment reporting

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

a. the primary reporting format are the following business segments:

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

b. the following geographical segments are the secondary reporting format:

- Greece
- Other countries

Detailed information relating to business and geographical segments is presented in note 38.

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 country of incorporation of the Bank. Items included in the financial statements of each of the foreign branches are measured at the functional currency of each branch which is the currency of the country of incorporation or the currency of the primary economic environment in which the branch operates or the currency used for the majority of transactions held.

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

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

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

b. Translation of foreign operations

The results and financial position of all the foreign branches that have a functional currency that is different from the presentation currency of Bank's financial statements are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated to Euro at the closing rate at the date of that balance sheet.
The comparative figures presented are translated to Euro at the closing rates at the respective dates of the comparative balance sheet.
(ii) Income and expenses for each income statement are translated to Euro at average exchange rates applicable for each period presented.

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

1.4 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents consist of:

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

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

1.5 Classification and measurement of financial assets

The Bank classifies its financial assets in the following categories:

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

For each of the above classifications the following is applicable:

a) Loans and receivables

Included in this category are:

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

Loans and receivables are carried at amortized cost.

b) Held-to-maturity

Held-to-maturity investments are financial assets that the Bank has the positive intention and ability to hold to maturity.

This category is carried at amortized cost. The Bank has not included any financial assets in this category.

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

Financial assets included in this category are those:

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

This classification is used when:

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

d) Available-for-sale

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

The Bank has included in this category:

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

This category is measured at fair value. Changes in fair value are recognized directly in equity until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity is transferred 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. When a subsequent event cause the amount of impairment loss on an available-for-sale debt security to decrease, the impairment loss is reversed through profit or loss.
However, the impairment losses for available-for-sale shares and mutual funds are not reversed.

The measurement principles noted above are not applicable when a particular financial asset is a hedged item, in which case the principles set out in note 1.6 are followed.

1.6 Derivative financial instruments and hedge accounting

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

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

Derivatives are entered into for either hedging or trading purposes and they are measured at fair value irrespective of the purpose for which they have been transacted. In the cases were certain derivatives embedded in other financial instruments, such as bonds, loans, deposits, borrowed funds etc are not carried at fair value through profit or loss then are treated as separate derivatives when their economic characteristics and risks 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 embedded in financial instruments that have been designated at fair value through profit or loss, the changes in fair value of the derivatives are included in the fair value change of the combined instrument and recognized in gains less losses on financial transactions.

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

In addition the 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, and that the effectiveness of the hedge is monitored on an ongoing basis and the above are repeated at each balance sheet date.

We emphasize the following:

a. Synthetic Swaps

The Bank, in order to increase the return on deposits to selected customers, uses synthetic swaps. This involves the conversion of a Euro deposit to JPY with a simultaneous forward purchase of JPY to cover the foreign exchange exposure.
The result arising from the forward foreign exchange is recognized as interest expense, foreign exchange differences and other gains less losses on financial transactions.

b. FX Swaps

These types of Swaps are entered into primarily to hedge the exposures arising from customer loans and deposits. As there is no documentation to support hedge accounting they are accounted for as trading instruments. The result arising from these derivatives is recognized as interest, foreign exchange differences, in order to match with the interest element resulting from the deposits and loans, and other gains less losses on financial transactions.

Hedge accounting

Hedge accounting sets out valuation rules to offset the effects on the gain or loss from changes in the fair value of a hedging instrument and a hedged item which would not be achieved if the normal measurement principles were followed.

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

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

(a) Fair value hedge

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

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

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

(b) Cash flow hedge

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

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

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

(c) Hedges of net investment in a foreign operation

The Bank hedges foreign exchange risks arising from investment in foreign operations.

Hedge accounting of net investment in foreign operation is similar to cash flow hedge accounting. Upon disposal of the foreign operation the cumulative gain or losses recognized in equity are reversed and recognized in profit or loss.

1.7 Investments in subsidiaries, associates and joint ventures

This caption includes Bank's investments in subsidiaries, associates and joint ventures.

Investments in subsidiaries, associates and joint ventures are stated at cost, plus any expenses directly attributable to the acquisition.

Dividends received by the Bank, relating to past-acquisition profits are recorded in the income statement, whereas dividend income from pre-acquisition profits are considered as a return of capital and recorded as a reduction of the cost of the investment.

Dividends receivable are recognized when the amounts have been approved by the responsible body of the entity.

1.8 Property, plant and equipment

This caption includes: land, buildings for use by the branches or for administrative purposes, additions and improvements of leased fixed assets and equipment. Property, plant and equipment are stated at cost less accumulated depreciation. The historical cost includes costs relating to the acquisition of property and equipment.

Subsequent expenditure is capitalized or recognized as a separate asset only when it increases future economic benefits. Expenditure on repairs and maintenance is recognized in the income statement as an expense as incurred.

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

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, however, it is reviewed periodically 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 the income statement.

Gains and losses from the sale of property and equipment are recognized in the income statement.

1.9 Investment property

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

Investment property is initially recognized at cost, which includes all related acquisition costs. Subsequent to initial recognition investment property is stated at cost less accumulated depreciation and impairment losses.

All costs for repairs and maintenance are recognized in the income statement as incurred.

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

1.10 Goodwill and other intangible assets

The Bank has included in this category mainly software, which is carried at cost less accumulated amortization. Amortization is charged over the estimated useful life, which the Bank has estimated between 3 to 4 years. For intangible assets no residual value is estimated. Expenditure incurred to maintain the software programs is recognized in the income statement as incurred.

All intangible assets are subject to impairment test.

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 loans are subject to the same impairment testing as applied to customer loans and advances as described in note 1.12. The Bank for the periods presented in the financial statements is not entered in finance leases as a lessor.

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 own-used 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 and the Bank is not expected to obtain ownership by the end of the lease, in which case the asset is depreciated over the term of the lease.

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

ii. Operating leases:

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

1.12 Impairment losses on loans and advances

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

Specifically, the steps performed are the following:

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

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

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

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

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

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

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

More specifically the separation point for the Bank is the amount of € 1 million.

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

c. Establishment of groups of assets with similar risk characteristics

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

i. the borrowers’ industry (construction, tourism etc.) for commercial loans.
ii. the type of loan (consumer, credit cards, mortgage etc.) for retail loans.

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

d. Methodology in determining future cash flows from impaired loans

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

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

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

e. Interest income recognition

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

f. Impairment recognition

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

g. Recoveries

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

1.13 Deferred taxation

Deferred taxation is the tax that will be paid, or for which relief will be obtained in the future resulting from the different period that certain items are recognized for financial reporting and tax purposes.
Deferred tax is provided for temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are provided based on the expected manner of realization or settlement using 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, taking into consideration the enacted tax rates at balance sheet date.

Current and deferred tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity in which case it is recognized in equity.

1.14 Non-current assets held for sale

Non-current assets or disposal groups comprise assets mainly from auctions, and liabilities that are expected to be recovered primarily through sale and therefore these are classified as held for sale.

Before their classification as held for sale, the assets included in this category are measured in accordance with the applicable standards.

Assets held for sale are carried at the lower of their carrying amount and fair value less cost to sell.

Any losses arising from the above is recorded in the income statement. The above losses which can be reversed in the future, are allocated to assets in the disposal group that are within the scope of the measurement requirements of IFRS 5. The impairment losses on a disposal group first are allocated to goodwill and then to remaining assets and liabilities on a pro-rata basis.

Property in this category are not depreciated, however, they are reviewed for impairment at each reporting date.

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

1.15 Financial liabilities

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

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

i) This category includes financial liabilities held for trading:

- when the financial liability is acquired or repurchased in the short term to take advantage of short-term market fluctuations;
- they are derivatives which are not used for hedging purposes.

ii) In addition in this category the Bank includes financial liabilities which are measured at initial recognition, at fair value through profit or loss in accordance to the principles set in note 1.5 (point c(ii)).

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

The derivatives and the liabilities arising from derivatives which are used for hedging purposes are presented in derivatives liabilities and valuation principles are set out in note 1.6.

At present no financial liabilities have been classified as fair value through profit or loss.

b) Financial liabilities carried at amortized cost.

The liabilities which are classified in this category are measured at amortized cost using the effective interest method. Liabilities to credit institutions and customers, debt issued and other loan liabilities are classified in this category.

In case that financial liabilities included in this category are used for hedging purposes the accounting principles applied are set out in note 1.6.

1.16 Employee benefits

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

A defined contribution plan is where the Bank pays fixed contributions into a separate entity. 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 liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets together with adjustments for unrecognized actuarial gains or losses and past service costs.

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

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

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

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

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

1.17 Share options granted to employees

The Bank rewards the performance of its executives and managers by granting share options. The share options are exercised after the expiration of three years from the grant date.

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

1.18 Provisions

A provision is recognized when the Bank has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. The provisions recognition is done on the present value of the expenditures expected to be required to settle the obligation. Provisions are measured by discounting the expected future cash flows at a rate that 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. However, future events that may affect the amount required to settle the obligation, for which a provision has been recognized, are taken into account when sufficient objective evidence exists that they will occur. Reimbursements from third parties relating to a portion of or all of the estimated cash outflow are recognized as assets, only when it is virtually certain that they will be received. The expense recognized in the income statement relating to the provision may be presented net of the amount of the reimbursement.

1.19 Sale and repurchase agreements

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.

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 accounting policy of the category that they have been classified and are presented as investments. The proceeds from the sale of the securities are reported as liabilities to either banks or customers. The difference between the sales price and the repurchase price is recognized on an accrual basis as interest.

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

1.20 Equity

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

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

In this category is recorded the difference between the nominal value of the shares issued and their acquisition price in cases of share capital increase.

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

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

1.21 Interest income and expense

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

The recognition of interest income and expense is performed on the accrual basis using the effective interest rate method.

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

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

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

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

1.22 Fee and commission income

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

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

1.23 Comparatives

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

Income Statement

2. Net interest income

	From 1 January to	
	31.12.2006	31.12.2005
Due from banks	124,882	137,882
Securities	265,601	117,020
Loans and advances to customers	1,746,774	1,327,411
Due to banks	(215,847)	(98,306)
Due to customers	(258,793)	(179,242)
Debt securities in issue and other borrowed funds	(442,580)	(265,747)
Other	(79,153)	(56,828)
Total	1,140,884	982,190

3. Net fee and commission income

	From 1 January to	
	31.12.2006	31.12.2005
Loans	55,707	44,411
Letters of guarantee	33,686	31,872
Imports-Exports	17,673	18,979
Credit Cards	44,861	37,312
Fund transfers	59,438	61,405
Mutual funds	43,205	31,162
Management and advisory fees	6,572	6,919
Other	31,303	16,564
Total	292,445	248,624

4. Dividend income

	From 1 January to	
	31.12.2006	31.12.2005
Subsidiaries and associates	51,076	57,829
Available-for-sale shares	1,831	1,779
Total	52,907	59,608

5. Gains less losses on financial transactions

	From 1 January to	
	31.12.2006	31.12.2005
Foreign exchange differences	16,964	4,756
Bonds	(26,896)	(13,874)
Shares	125,986	4,357
Other financial instruments	5,572	1,437
Other	121,626	(3,324)

Gains from shares include an amount of € 80 million, from the sale of Alpha Insurance A.E., a subsidiary, to Alpha Group Investments Ltd, also a subsidiary, and an amount of € 26 million from the sale of EXAE shares.

6. Other income

	From 1 January to	
	31.12.2006	31.12.2005
Rental income	2,999	2,760
Sale of property, plant and equipment	3,387	5,998
Insurance indemnities	408	1,655
Secondment of personnel to group companies	2,226	2,273
Goodwill from merger with Delta Singular A.E.P.	-	7,695
Other	5,995	6,629
Total	15,015	27,010

7. Staff costs

	From 1 January to	
	31.12.2006	31.12.2005
Wages and salaries	232,352	207,673
Social Security contributions	68,812	65,744
Expenses of defined benefit plans	46,000	44,164
Other	21,688	18,796
Total	368,852	336,377

As at 31.12.2006 staff costs include € 5,158 (31.12.2005: € 2,245) that relate to share options granted to employees based on the valuation as calculated on the grant date.

The total employees of the Bank as at 31.12.2006 were 7,184 (31.12.2005: 7,173) of which 6,782 (31.12.2005: 6,949) are employed in Greece and 402 (31.12.2005: 224) are employed abroad.

Defined contribution plans

a) All the employees of the Bank receive their main pension from the Social Insurance Fund (IKA).

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

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

Defined benefit plans

Details of defined benefit plans are described in note 29.

8. General administrative expenses

	From 1 January to	
	31.12.2006	31.12.2005
Rent of buildings	23,552	21,357
Rent and maintenance of EDP equipment	16,740	14,652
EDP expenses	36,059	30,643
Marketing and advertisement expenses	27,365	23,446
Telecommunications and postage	20,704	17,761
Third party fees	19,394	17,740
Consultants fees	9,970	7,212
Contribution to Deposit Guarantee Fund	10,405	9,684
Insurance	7,408	8,860
Consumables	4,951	4,264
Electricity	4,971	4,534
Taxes (VAT, real estate etc)	31,065	27,492
Repairs of buildings and equipment	4,139	4,081
Cleaning fees	2,258	2,256
Security	4,702	4,387
Transportation	3,552	3,595
Agency fees	6,382	5,565
Other	42,716	33,656
Total	276,333	241,185

9. Impairment losses and provisions to cover credit risk

	From 1 January to	
	31.12.2006	31.12.2005
Impairment losses on loans and advances to customers	209,171	234,582
Provisions to cover credit risk relating to off balance sheet items	14,946	-
Recoveries	(4,612)	(3,046)
Total	219,505	231,536

10.1. Income tax

In accordance with Greek tax law the profits of entities in Greece are taxed at a rate of 32% for 2005, 29% for 2006, and 25% in 2007 thereafter.

In addition, in accordance with article 9 of Law 2992/2002, the tax rate for entities that have concluded mergers is reduced by 10% and 5%. This reduced rate is applicable on the profits declared for the first and second fiscal year after the completion of the merger respectively, on the condition that the entities were not related from 1.1.1997 up to 20.3.2002. For entities that were related up to 31.12.1996 the reduction of the tax rate amounts to 5% for each year.

Based on the above, the 2005 profit of the Bank was taxed at the rate of 22% and for the 2006 profit at the rate of 24% because the merger with Delta Singular A.E.P. on 8.4.2005, a listed company, was not related with the Bank before 1.1.1997.

It should be noted that as all profits have been taxed, the distribution of dividends to shareholders are free of tax.

The income tax expense is analyzed as follows:

	From 1 January to	
	31.12.2006	31.12.2005
Current tax	94,318	75,366
Additional taxes arising from tax audits	10,563	-
Deferred tax	34,958	14,171
Total	139,839	89,537

The increased income tax in 2006 is due to the higher profits in 2006, the increase in the tax rates and the additional taxes assessed by the tax authorities following their audit of the fiscal year 2003 up to and including 2005.

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

	From 1 January to	
	31.12.2006	31.12.2005
Depreciation and write-offs of fixed assets	9,262	11,726
Loans and advances to customers	7,379	(229)
Employee defined benefit obligations	461	1,099
Valuation of derivatives	11,568	(4,949)
Financial instruments effective rate	1,201	1,830
Valuation of debt security in issue due to fair value hedge	2,839	4,714
Other temporary differences	2,248	(20)
Total	34,958	14,171

Reconciliation of effective and current tax rate:

		31.12.2006		31.12.2005
Profit before tax		716,034		467,407
Income tax	24%	171,848	22%	102,830
Increase/(decrease) due to:				
Additional tax from rental income from fixed assets	0.04%	253	0.05%	249
Non taxable income	(6.68%)	(47,829)	(3.53%)	(16,483)
Non deductible expenses	0.78%	5,577	0.61%	2,829
Part of profit relating to non taxable income	(0.87%)	(6,260)	(1.42%)	(6,639)
Part of profit relating to distributable income	0.76%	5,439	1.13%	5,301
Effect of tax rates used for current and deferred tax	0.19%	1,398	0.36%	1,700
Other temporary differences	(0.16%)	(1,150)	(0.05%)	(250)
Additional taxes from tax audit	1.48%	10,563		-
Income tax	19.53%	139,839	19.16%	89,537

10.2. Tax on reserves (Law 3513/2006 article 10)

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

In accordance with article 10 of Law 3513/2006 these reserves, formed until 31.12.2005 by banks established in Greece and by branches of foreign banks operating in Greece, were subject to taxation.

The tax rate was 15% on profits that were not subject to tax and 10% on profits that were previously subject to tax at the source.

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

11. Earnings per share

Basic earnings per share:

Basic earnings per share is calculated by dividing the profit after tax for the period by the weighted average number of ordinary shares outstanding, after deducting own shares held, during the period.

	From 1 January to	
	31.12.2006	31.12.2005
Profit attributable to shareholders	502,293	377,870
Weighted average number of outstanding ordinary shares	393,188,211	400,869,413
Basic earnings per share (in € per share)	1.28	0.94

Basic earnings per share excluding tax on reserves:

	From 1 January to	
	31.12.2006	31.12.2005
Profit attributable to shareholders	576,195	377,870
Weighted average number of outstanding ordinary shares	393,188,211	400,869,413
Basic earnings per share (in € per share)	1.47	0.94

Diluted earnings per share:

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Bank has a single category of dilutive potential ordinary shares resulting from a share options program.

For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Bank's shares) based on the monetary value of the subscription rights attached to outstanding share options.

The weighted average number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	From 1 January to	
	31.12.2006	31.12.2005
Profit attributable to shareholders	502,293	377,870
Weighted average number of outstanding ordinary shares	393,188,211	400,869,413
Adjustment for share options	731,705	550,066
Weighted average number of outstanding ordinary shares for diluted earnings per share	393,919,916	401,419,479
Diluted earnings per share (in € per share)	1.28	0.94

Diluted earnings per share excluding tax on reserves:

	From 1 January to	
	31.12.2006	31.12.2005
Profit attributable to shareholders	576,195	377,870
Weighted average number of outstanding ordinary shares	393,188,211	400,869,413
Adjustment for share options	731,705	550,066
Weighted average number of outstanding ordinary shares for diluted earnings per share	393,919,916	401,419,479
Diluted earnings per share (in € per share)	1.46	0.94

Basic and diluted earnings per share relating to 2005 have been restated for comparison purposes to take into account the decision of the ordinary General Shareholders Meeting on 18.4.2006 to issue new shares by capitalizing reserves. The bonus shares were issued on 3.5.2006.

Assets

12. Cash and balances with Central Banks

	31.12.2006	31.12.2005
Cash	317,964	271,373
Cheques receivable	62,572	40,734
Balances with Central Banks	1,097,139	1,309,065
Total	1,477,675	1,621,172
Of which mandatory deposits with Central Banks:	608,453	821,890

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 deposits with the Central Bank equal to 2% of total customer deposits.

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

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

	31.12.2006	31.12.2005
Cash and balances with Central Banks	869,222	799,282
Sale and repurchase agreements (Reverse Repos)	395,604	2,148,476
Short-term placements with other banks	3,343,581	2,136,197
Total	4,608,407	5,083,955

Due to the merger of Belgrade Branch with Alpha Bank Srbija A.D. (note 43, paragraph e) on May 2006, cash and cash equivalents where reduced by € 48,125.

13. Due from banks

	31.12.2006	31.12.2005
Placements with other banks	4,875,032	2,827,305
Sale and repurchase agreements (Reverse Repos)	395,604	2,148,476
Loans to financial institutions	913,452	697,612
Total	6,184,088	5,673,393

14. Securities held for trading

	31.12.2006	31.12.2005
Government bonds	182,557	87,606
Other debt securities		
- Listed	80,510	65,981
- Non-listed	53,414	-
Shares		
- Listed	29,726	-
Total	346,207	153,587

15. Derivatives financial instruments (assets and liabilities)

	31 December 2006		
	Contract nominal amount	Fair value	
		Assets	Liabilities
Derivatives held for trading			
a. Foreign exchange derivatives			
Currency forwards	772,506	7,169	5,410
Currency swaps	1,651,405	17,636	10,102
Cross currency swaps	533,026	67,005	61,398
Currency options	254,115	1,722	1,202
Currency options embedded in retail products	1,745	6	-
Total non-listed	3,212,797	93,538	78,112
b. Interest rate derivatives			
Interest rate swaps	9,699,100	113,333	85,735
Interest rate options (caps)	220,399	1,322	711
Total non-listed	9,919,499	114,655	86,446
Futures	450,704	1	317
Options	100,000	4	-
Total listed	550,704	5	317
c. Stock derivatives			
Equity swaps	25,427	847	-
Total non-listed	25,427	847	-
d. Index derivatives			
Futures	4,930	-	44
Total listed	4,930	-	44
Derivatives for hedging			
a. Foreign exchange derivatives			
Currency swaps	72,917	-	2,603
Cross currency swaps	191,168	-	39,541
Total non-listed	264,085	-	42,144
b. Interest rate derivatives			
Interest rate swaps	1,660,127	45,521	19,160
Total non-listed	1,660,127	45,521	19,160
Grand Total	15,637,569	254,566	226,223

	31 December 2005		
	Contract nominal amount	Fair value	
		Assets	Liabilities
Derivatives held for trading			
a. Foreign exchange derivatives			
Currency forwards	560,420	2,430	3,218
Currency swaps	932,453	5,191	4,980
Cross currency swaps	619,050	58,032	53,996
Currency options	296,363	1,910	1,946
Currency options embedded in retail products	24,191	57	-
Total non-listed	2,432,477	67,620	64,140
b. Interest rate derivatives			
Interest rate swaps	3,445,229	67,059	45,059
Interest rate options (caps)	27,801	149	166
Total non-listed	3,473,030	67,208	45,225
Options	153,477	35	161
Total listed	153,477	35	161
c. Index derivatives			
Options	34,036	178	-
Total listed	34,036	178	-
Derivatives for hedging			
a. Interest rate derivatives			
Cross currency swaps	217,786	-	14,931
Total non-listed	217,786	-	14,931
b. Interest rate derivatives			
Interest rate swaps	1,257,708	4,073	16,175
Total non-listed	1,257,708	4,073	16,175
Grand Total	7,568,514	139,114	140,632

16. Loans and advances to customers

	31.12.2006	31.12.2005
Individuals:		
Mortgages	8,176,640	6,616,104
Consumer	2,169,009	1,736,453
Credit cards	905,689	863,798
Other	130,605	161,195
	11,381,943	9,377,550
Companies:		
Corporate loans	17,443,652	15,440,322
Other receivables	151,423	206,244
	17,595,075	15,646,566
Less:		
Allowance for impairment losses *	(739,327)	(822,977)
Total	28,237,691	24,201,139

Allowance for impairment losses

Balance 1.1.2005	621,120
Exchange differences	(186)
Provision for loan impairment (note 9)	234,582
Provision from merger with the former Delta Singular A.E.	7,566
Loans written-off during the period	(40,105)
Balance 31.12.2005	822,977
Exchange differences	(178)
Provision for loan impairment (note 9)	209,171
Decrease due to merger of Belgrade Branch with Alpha Bank Srbija A.D. (note 43, paragraph e)	(3,180)
Unwinding of the discount	71,650
Loans written-off during the period	(361,113)
Balance 31.12.2006	739,327

* In addition to the allowance for impairment losses, an additional provision of € 14,946 has been recorded to cover credit risk relating to off balance sheet items. The total provision recorded to cover credit risk amounts to € 754,273.

17. Investment securities

Available for sale	31.12.2006	31.12.2005
Government bonds	6,016,005	6,250,254
Other debt securities:		
- Listed	1,320,834	1,193,535
- Non-listed	25,072	9,021
Shares:		
- Listed	46,286	68,656
- Non-listed	11,063	4,128
Other variable yield securities	43,128	35,897
Total	7,462,388	7,561,491

18. Investments in subsidiaries, associates and joint ventures

	1.1-31.12.2006	1.1-31.12.2005
Subsidiaries		
Opening balance	1,471,394	1,221,616
Additions(1)	198,178	258,622
Disposals(2)	(83,876)	(6,749)
Valuation of subsidiaries due to fair value hedge (4)	2,108	-
Impairment	-	(340)
Transfer to non-current assets held for sale	-	(1,755)
Closing balance	1,587,804	1,471,394
Associates		
Opening balance	10,463	110,082
Additions	144	977
Disposals(3)	(4,983)	(100,336)
Impairment	-	(260)
Closing balance	5,624	10,463
Joint Ventures		
Opening balance	122	50
Additions	-	72
Disposals	-	-
Impairment	-	-
Closing balance	122	122
Grand Total	1,593,550	1,481,979

Additions represent share purchases, participation in share capital increases and acquisitions of shares from mergers.

Disposals represent sales of shares, return of capital and proceeds arising from the liquidation of companies.

(1) The following amounts are included:
- Purchases of Ionian Hotel Enterprises A.E. shares € 3,983
- Purchases of Alpha Astika Akinita A.E. shares € 6,043
- Purchases of Alpha Leasing A.E. shares € 1,204
- Increase in the investment in Jubanka A.D. by € 24,351 from the merger with Bank's Belgrade branch. Since 9.10.2006 Jubanka A.D has been renamed to Alpha Bank Srbija A.D.
- Purchases of Alpha Group Investments Ltd shares € 160,705 (note 43, paragraph i)
- Purchases of Alpha Insurance Cyprus shares € 1,831
- Purchase of Kafe Alpha A.E. shares € 59 (note 43, paragraph l)
- Purchases of Alpha Insurance A.E. shares € 2

(2) The following amounts are included:
- € 80,445 sale of Alpha Insurance A.E. shares to Alpha Group Investments Ltd (note 43, paragraph i)
- € 3,371 sale of Alpha Private Investment Services AEPEY to the subsidiary Alpha Bank London (note 43, paragraph a)
- € 59 sale of Kafe Mazi A.E. to subsidiary Ionian Hotel Enterprises A.E. (note 43, paragraph h).

(3) It includes an amount of:
- Sale of Lesvos Tourist Company A.E. shares € 436 (note 43 paragraph c)
- Sale of ICAP A.E. shares € 3,665 (note 43, paragraph m)
- Liquidation of Gaiognomon A.E. € 140 (note 43, paragraph k)
- € 742 from the capital repayment from A.L.C. Novelle Investments Ltd.

(4) From second quarter of the year the Bank uses FX SWAPS to hedge the foreign exchange risk of its investment in Alpha Bank London.

Summary Financial information
Subsidiaries, associates and joint ventures

a. Subsidiaries

Name	Country of incorporation	Balance 31.12.2006 Assets	Equity	Liabilities	Turnover 1.1-31.12.2006	Profit/(loss) before tax 1.1-31.12.2006	Ownership interest % 31.12.2006
BANKS							
1. Alpha Bank London Ltd	United Kingdom	738,741	95,274	643,467	31,897	4,029	100.00
2. Alpha Bank Ltd	Cyprus	3,425,195	244,764	3,180,430	184,446	43,881	100.00
3. Alpha Bank Romania S.A.	Romania	2,111,916	217,511	1,894,405	129,222	28,784	99.44
4. Alpha Bank AD Skopje	FYROM	86,288	25,777	60,511	6,691	3,193	100.00
5. Alpha Bank Srbija A.D.	Serbia	484,646	127,981	356,665	36,289	(4,248)	100.00
LEASING/ FACTORING COMPANIES							
1. Alpha Leasing A.E.	Greece	1,027,682	275,753	751,929	55,006	11,812	99.67
2. Alpha Leasing Romania S.A.	Romania	82,278	11,216	71,062	12,726	2,370	62.94
3. ABC Factors AE	Greece	481,428	60,348	421,080	25,863	8,405	100.00
INVESTMENT BANKING							
1. Alpha Finance A.X.E.P.E.Y.	Greece	81,191	51,920	29,271	53,812	14,934	99.62
2. Alpha Finance US Corporation	USA	816	695	121	1,004	(417)	100.00
3. Alpha Finance Romania S.A.	Romania	12,834	2,212	10,622	1,425	(11)	45.68
4. Alpha Ventures	Greece	28,932	28,668	264	1,371	389	99.42
5. Alpha Group Investments LTD	Cyprus	160,702	160,696	6	-	(6)	100.00
ASSET MANAGEMENT							
1. Alpha Asset Management A.E.D.A.K.	Greece	55,189	43,410	11,779	66,341	15,438	85.21
INSURANCE							
1. Alpha Insurance Agents A.E.	Greece	6,154	5,494	660	6,531	6,498	100.00
2. Alpha Insurance Limited	Cyprus	48,753	6,702	42,051	6,189	2,116	17.95
OTHER COMPANIES							
1. Alpha Astika Akinita A.E.	Greece	113,066	108,615	4,451	16,477	8,455	67.30
2. Alpha Group Jersey Ltd	Jersey	933,071	342	932,729	53,232	166	100.00
3. Ionian Hotel Enterprises A.E.	Greece	245,734	103,654	142,080	48,227	2,287	93.25
4. Ionian Holding A.E.	Greece	344,567	344,510	57	3,062	2,915	100.00
5. Oceanos A.T.O.E.E.	Greece	22,222	18,079	4,143	1,487	850	100.00
6. Alpha Credit Group Plc	United Kingdom	15,208,411	11,814	15,196,597	443,770	16,175	100.00
7. Messana Holdings S.A	Luxemburg	78	71	7	5	(16)	99.00
8. Evremethea A.E.	Greece	1,647	322	1,325	2,360	161	100.00
9. Kafe Alpha A.E.	Greece	59	59	-	-	-	99.00

b. Associates

Name	Country of incorporation	Equity	Profit/(loss) before tax 1.1-31.12.2006	Ownership interest % 31.12.2006
1. A.L.C. Novelle Investments Ltd	Cyprus	12,021	(1,105)	33.33
2. Evisak A.E.	Greece	2,915	161	27.00
3. AEDEP Thessalias and Stereas Ellados	Greece	147	-	50.00

c. Joint Ventures

1. Cardlink A.E.	Greece	191	108	50.00
2. APE Fixed Assets A.E.	Greece	23	(12)	60.10
3. APE Commercial Property A.E.	Greece	(458)	(489)	60.10

Where amounts are not mentioned the balances are immaterial.

19. Investment property

	Land and Building
Balance 1.1.2005	
Cost	49,520
Accumulated depreciation	(5,973)
Net book value 1.1.2005	43,547
1.1.2005-31.12.2005	
Net book value 1.1.2005	43,547
Additions	143
Additions from merger with Delta Singular A.E.P.	36,546
Accumulated depreciation from merger with Delta Singular A.E.P.	(2,940)
Reclassification to "non-current assets held for sale"	(33,463)
a) Cost	(36,591)
b) Accumulated depreciation	3,128
Depreciation charge for the period	(588)
Net book value 31.12.2005	43,245
Balance 31.12.2005	
Cost	49,618
Accumulated depreciation	(6,373)
1.1.2006-31.12.2006	
Net book value 1.1.2006	43,245
Additions	47
Disposals	(884)
a) Cost	(1,216)
b) Accumulated depreciation	332
Depreciation charge for the period	(402)
Net book value 31.12.2006	42,006
Balance 31.12.2006	
Cost	48,449
Accumulated depreciation	(6,443)

The fair value of investment property as calculated by Alpha Astika Akinita A.E. does not differ from the respective carrying amount.

20. Property, plant and equipment

	Land and Building	Leased equipment	Equipment	Total
Balance 1.1.2005				
Cost	638,891	8,406	221,442	868,739
Accumulated depreciation	(143,739)	(8,292)	(188,860)	(340,891)
Net book value 1.1.2005	495,152	114	32,582	527,848
1.1.2005 -31.12.2005				
Net book value 1.1.2005	495,152	114	32,582	527,848
Additions	8,691	-	18,742	27,433
Additions from merger with Delta Singular A.E.P.		800	2,093	2,893
Accumulated depreciation from merger with Delta Singular A.E.P.		(270)	(1,902)	(2,172)
Foreign exchange differences	(120)	-	(11)	(131)
a) Cost	(115)	-	(14)	(129)
b) Accumulated depreciation	(5)	-	3	(2)
Disposals	(503)	-	(871)	(1,374)
a) Cost	(1,337)	-	(3,886)	(5,223)
b) Accumulated depreciation	834	-	3,015	3,849
Reclassification from "non-current assets held for sale"	1,703	-	-	1,703
a) Cost	1,928	-	-	1,928
b) Accumulated depreciation	(225)	-	-	(225)
Transfer to other category	(5)	-	5	-
a) Cost	(319)	(7,996)	8,315	-
b) Accumulated depreciation	314	7,996	(8,310)	-
Depreciation charge for the period	(12,093)	(324)	(14,272)	(26,689)
Net book value 31.12.2005	492,825	320	36,366	529,511
Balance 31.12.2005				
Cost	647,739	1,210	246,692	895,641
Accumulated depreciation	(154,914)	(890)	(210,326)	(366,130)
1.1.2006-31.12.2006				
Net book value 1.1.2006	492,825	320	36,366	529,511
Additions	24,613	-	25,100	49,713
Foreign exchange differences	(21)	-	(5)	(26)
a) Cost	(30)	-	(17)	(47)
b) Accumulated depreciation	9	-	12	21
Disposals [1]	(7,450)	-	(571)	(8,021)
a) Cost	(8,371)	-	(2,543)	(10,914)
b) Accumulated depreciation	921	-	1,972	2,893
Transfer	-	-	-	-
a) Cost	-	(68)	68	-
b) Accumulated depreciation	-	68	(68)	-
Depreciation charge for the period[2]	(12,634)	(120)	(13,787)	(26,541)
Net book value 31.12.2006	497,333	200	47,103	544,636
Balance 31.12.2006				
Cost	663,951	1,142	269,300	934,393
Accumulated Depreciation	(166,618)	(942)	(222,197)	(389,757)

(1) Disposals include an amount of € 6,134 relating to property, plant and equipment of the Belgrade Branch which merged in May 2006 with Alpha Bank Srbija A.D.

(2) For the reason mentioned above, depreciation charge for the period does not include depreciation for 1.1 – 31.5.2006 of the Belgrade Branch amounting to € 68.

As at 31.12.2006 all the above fixed assets were examined for impairment which confirmed that their values remain unimpaired.

21. Goodwill and other intangible assets

Only software is included in this category.

Balance 1.1.2005	
Cost	83,954
Accumulated amortization	(60,845)
Net book value 1.1.2005	23,109
1.1.2005-31.12.2005	
Net book value 1.1.2005	23,109
Additions	19,568
Additions from merger with Delta Singular A.E.P.	620
Accumulated amortization from merger with Delta Singular A.E.P.	(381)
Amortization charge for the period	(9,900)
Net book value 31.12.2005	33,016
Balance 31.12.2005	
Cost	104,142
Accumulated amortization	(71,126)
1.1.2006-31.12.2006	
Net book value 1.1.2006	33,016
Additions	22,646
Foreign exchange differences	(3)
a) Cost	(4)
b) Accumulated amortization	1
Disposals	(99)
a) Cost	(113)
b) Accumulated amortization	14
Amortization charge for the period	(13,456)
Net book value 31.12.2006	42,104
Balance 31.12.2006	
Cost	126,671
Accumulated amortization	(84,567)

22. Deferred tax assets and liabilities

	31.12.2006	31.12.2005
Deferred tax assets	261,363	177,936
Deferred tax liabilities	(137,901)	(19,517)
Total	123,462	158,419

	1.1.2006 -31.12.2006					
		Recognized in				
		Income statement		Equity		
	Balance 1.1.2006	Assets	Liabilities	Assets	Liabilities	Balance 31.12.2006
Depreciation	24,958	143	(9,405)	-	-	15,696
Loans and advances to customers	2,107	45,751	(53,131)	-	-	(5,273)
Valuation of derivative financial instruments	5,378	10,920	(22,489)	-	-	(6,191)
Other provisions	87	550	(2,797)	-	-	(2,160)
Effective interest rate of financial instruments	4,350	4,825	(6,026)	-	-	3,149
Employee defined benefit obligations	126,486	696	(1,156)	-	-	126,026
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(4,947)	20,542	(23,380)	-	-	(7,785)
Total	158,419	83,427	(118,384)	-	-	123,462

	1.1.2005 -31.12.2005					
		Recognized in				
		Income statement		Equity		
	Balance 1.1.2005	Assets	Liabilities	Assets	Liabilities	Balance 31.12.2005
Depreciation	36,297	-	(11,726)	387	-	24,958
Loans and advances to customers	238	5,387	(5,158)	1,640	-	2,107
Valuation of derivative financial instruments	429	8,771	(3,822)	-	-	5,378
Other provisions	88	54	(34)	-	(21)	87
Effective interest rate of financial instruments	6,180	167	(1,997)	-	-	4,350
Employee defined benefit obligations	127,585	118	(1,217)	-	-	126,486
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(233)	1,012	(5,726)	-	-	(4,947)
Total	170,584	15,509	(29,680)	2,027	(21)	158,419

23. Other assets

	31.12.2006	31.12.2005
Prepaid expenses	8,912	3,762
Accrued income	3,436	2,930
Tax advances and withholding taxes	159,506	88,507
Employee advances	7,601	8,027
Other	50,370	40,188
Total	229,825	143,414

24. Non-current assets held for sale

a. Fixed Assets

	Land and Building	Office equipment	Total
1.1.2005-31.12.2005			
Balance 1.1.2005	32,002	617	32,619
Additions	9,006	20	9,026
Additions from merger with Delta Singular A.E.P.	21,175	-	21,175
Disposals	(6,034)	(52)	(6,086)
Reclassification to "property, plant and equipment"	(1,703)	-	(1,703)
Reclassification from "investment property"	33,463	-	33,463
Balance 31.12.2005	87,909	585	88,494
1.1.2006-31.12.2006			
Balance 1.1.2006	87,909	585	88,494
Additions	8,057	555	8,612
Disposals	(4,042)	(551)	(4,593)
Blaance 31.12.2006	91,924	589	92,513

b. Investments

Balance 31.12.2005	1,755
1.1.2006-31.12.2006	
Balance 1.1.2006	1,755
Disposals (note 43, paragraph b)	(1,755)
Balance 31.12.2006	-

Liabilities

25. Due to Banks

	31.12.2006	31.12.2005
Current accounts	90,143	55,718
Term accounts	1,897,154	1,711,658
Sale and repurchase agreements (Repos)	5,234,820	6,832,990
Total	7,222,117	8,600,366

26. Due to Customers

	31.12.2006	31.12.2005
Current accounts	5,655,696	5,481,435
Savings accounts	9,588,327	9,652,069
Term deposits:		
- Synthetic swaps	414,796	357,627
- Other	4,150,358	2,887,928
Sale and repurchase agreements (Repos)	376,118	738,018
	20,185,295	19,117,077
Cheques payable	187,248	184,569
Total	20,372,543	19,301,646

27. Debt securities in issue and other borrowed funds

The Bank to effectively fund its activities has significantly broadened its funding sources so as to ensure:

i) cheaper funding
ii) long-term funding
iii) strengthening of the capital adequacy ratio

As a result the Bank has issued:

i) Senior debt securities
ii) Subordinated debt securities

These securities are subordinated, because the holders in case of a compulsory payment are satisfied after the owners of common debt securities.

Their maturity is 10 years, with the right of first redemption after 5 years. These bonds are considered own funds for regulatory purposes.

iii) Hybrid securities with or without interest step-up clause.
These securities are referred to as hybrid securities because they combine characteristics of debt and equity. They are perpetual securities and are offered for long-term borrowing. They can be redeemed after the expiration of 10 years.

	31.12.2006	31.12.2005
Senior debt		
Euro due 2006	-	2,519,937
Euro due 2007 callable in 2006	-	7,126
Euro due 2007	1,013,483	901,444
US $ 5 million due 2007	3,718	-
HKD 100 million due 2007	9,853	11,027
Euro due 2008	1,012,316	507,260
US $ 10 million due 2008 callable in 2006	-	8,052
US $ 10 million due 2008 callable in 2007	7,294	-
Euro due 2009	1,886,109	710,405
Euro due 2009 callable in 2007	107,972	-

	31.12.2006	31.12.2005
CZK 1,500 million due 2009	54,423	51,511
US $ 11 million due 2009 callable in 2006	-	8,960
US $ 11 million due 2009 callable in 2007	8,121	-
US $ 5 million due 2009 callable in 2006	-	4,027
US $ 5 million due 2009 callable in 2007	3,693	-
HKD 50 million due 2009	4,913	5,497
Euro due 2010	1,174,227	924,947
Euro due 2010 callable in 2006	-	56,600
Euro due 2010 callable in 2007	2,539,026	2,502,060
US $ 7 million due 2010 callable in 2006	-	5,366
US $ 7 million due 2010 callable in 2007	4,611	-
US $ 50 million due 2010 callable in 2007	38,118	42,521
Euro due 2011	458,117	15,439
CZK 700 million due 2011	25,364	-
Euro due 2011 callable in 2006	-	22,843
Euro due 2011 callable in 2007	21,802	-
Euro due 2011 callable in 2008	4,005,836	-
Euro due 2012	315,821	316,104
Euro due 2012 callable in 2006	-	9,353
Euro due 2012 callable in 2007	55,678	-
Euro due 2013	319,262	19,341
Euro due 2015	12,042	12,360
US $ 3 million due in 2016	2,242	-
Euro due 2021	81,903	-
Total	13,165,944	8,662,180

The majority of senior debt securities bears a Euribor floating rate, with a margin between -10 and +50 basis points, which is connected with bond's start date and maturity date.

Subordinated debt		
Euro due 2012 callable in 2007	326,033	325,817
Euro due 2013 callable in 2008	352,098	351,570
Euro due 2014 callable in 2009	201,648	201,115
JPY 30 billion callable in 2015	181,229	203,706
Total	1,061,008	1,082,208

Subordinated debt securities due in 2012 carry interest at three-month Euribor plus 90 basis points spread, until they are redeemed. If they are not redeemed the spread increases to 220 basis points.

Subordinated debt securities, due in 2013, carry interest at three-month Euribor plus a margin between 65 and 90 basis points, until they are redeemed. If they are not redeemed the spread increases to 195 up to 220 basis points.

Subordinated debt securities, due in 2014, carry interest at three-month Euribor plus 60 basis points spread, until they are redeemed. If they are not redeemed the spread increases to 190 basis points.

The subordinated debt securities in JPY, with the first call option to redeem in 2015, carry a fixed rate of 2.94%.

Hybrid securities		
Euro perpetual callable in 2012	301,485	301,224
Euro perpetual callable in 2015	619,883	620,149
Total	921,368	921,373
Grand total	15,148,320	10,665,761

The interest rate of the hybrid security, with a first redemption option, in 2012 is three-month Euribor plus 265 basis points until the redemption date, which increases to 397.5 basis points in the event that the security is not redeemed.

The interest rate on the hybrid security, with the first redemption option in 2015, carries interest at a fixed rate of 6% for the first five years and thereafter it is determined annually as four times the difference between the 10 CMS and 2 years CMS with a floor of 3.25% and a cap of 10%.

28. Liabilities for current income tax and other taxes

	31.12.2006	31.12.2005
Current income tax	95,653	75,366
Other taxes	14,449	12,333
Total	110,102	87,699

29. Employee defined benefit obligations

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

	Balance sheet 31.12.2006	Income statement 1.1.-31.12.2006 (Note 7)	Balance sheet 31.12.2005	Income statement 1.1.-31.12.2005 (Note 7)
TAP	517,772	45,509	518,749	43,693
TAPILT	(4,461)	491	(4,952)	471
Total	513,311	46,000	513,797	44,164

Balance sheet and income statements amounts are as follows:

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

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

The Fund receives extra contributions from the Bank as its plan assets are not sufficient to meet employee benefits, which are determined by an actuarial study.

The Management of the Bank, on 21.11.2006, in accordance with Law 3371/2005, submitted application in order its employees to joint ETAT. The relevant actuarial valuations to determine the Bank's contribution to the IKA-ETEAM and ETAT funds are in progress. The Bank does not expect that the contribution will be materially different from the amount that is recognized in the financial statements.

Amounts included in balance sheet are as follows:

	31.12.2006	31.12.2005
Present value of defined benefit obligations	733,802	717,448
Fair value of plan assets	(165,051)	(149,392)
	568,751	568,056
Unrecognized actuarial losses	(50,979)	(49,307)
Liability in balance sheet	517,772	518,749

Amounts included in profit and loss are as follows:

	From 1 January to	
	31.12.2006	31.12.2005
Current service cost	13,644	13,100
Interest cost	38,980	37,425
Expected return on plan assets	(7,115)	(6,832)
Total (included in staff costs)	45,509	43,693

The liability arises as follows:

Balance 1.1.2005	522,352
Accrued expense recognized	43,693
Contributions paid	(47,296)
Balance 31.12.2005	518,749
Balance 1.1.2006	518,749
Accrued expense recognized	45,509
Contributions paid	(46,486)
Balance 31.12.2006	517,772

The present value of accrued benefit arises as follows:

	2006	2005
Opening balance	717,448	698,796
Current service cost	13,644	13,100
Interest cost	38,980	37,425
Employees contribution	4,050	4,167
Benefits paid	(40,245)	(35,980)
Expenses	(75)	(60)
Closing balance	733,802	717,448

The fair value of plan assets arises as follows:

	2006	2005
Opening balance	149,392	131,438
Expected return	7,115	6,832
Bank contribution	46,486	47,296
Employees contribution	4,050	4,167
Benefits paid	(40,245)	(35,980)
Expenses	(75)	(60)
Actuarial losses	(1,672)	(4,301)
Closing balance	165,051	149,392

The Funds assets include placements with Alpha Bank of € 3.4 million, receivables from Alpha Bank of € 42.5 million, securities of Alpha Credit Group plc bonds of € 106.8 million and Alpha Bank shares of € 10.8 million.

The principal actuarial assumptions used are the following:

	31.12.2006	31.12.2005
Discount rate	5.5%	5.5%
Expected return on plan assets	5.5%	5.5%
Future salary increases	3.5%	3.5%
Future pension increases	2.5%	2.5%

b) Ionian and Popular Bank Insurance Fund (TAPILT)

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

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

Amounts included in balance sheet are as follows:

	31.12.2006	31.12.2005
Present value of defined benefit obligations	63,458	59,743
Fair value of plan assets	(61,202)	(58,068)
	2,256	1,675
Unrecognized actuarial losses	(6,717)	(6,627)
Liability in balance sheet	(4,461)	(4,952)

Amounts included in profit and loss are as follows:

	From 1 January to	
	31.12.2006	31.12.2005
Current service cost	449	430
Interest cost	2,752	2,641
Expected return on plan assets	(2,766)	(2,654)
Actuarial losses recognized in this fiscal year	56	54
Total (included in staff costs)	491	471

The liability arises as follows:

Balance 1.1.2005	(5,423)
Accrued expense recognized	471
Contributions paid	-
Balance 31.12.2005	(4,952)
Balance 1.1.2006	(4,952)
Accrued expense recognized	491
Contributions paid	-
Balance 31.12.2006	(4,461)

The present value of accrued benefit arises as follows:

	2006	2005
Opening balance	59,743	56,618
Current service cost	449	430
Interest cost	2,752	2,641
Employees contribution	2,442	2,449
Benefits paid	(1,602)	(2,315)
Expenses	(326)	(80)
Closing balance	63,458	59,743

The fair value of plan assets arises as follows:

	2006	2005
Opening balance	58,068	55,641
Expected return	2,766	2,654
Employees contribution	2,442	2,449
Benefits paid	(1,602)	(2,315)
Expenses	(326)	(80)
Actuarial losses	(146)	(281)
Closing balance	61,202	58,068

Fund assets are as follows:

Type of Investment	TAPILT Assets
Fixed assets	761
Shares	4,795
Mutual funds	184
Deposits	55,462
Total	61,202

The fund assets include Alpha Bank shares of € 3.7 million and deposits of € 0.6 million.

The principal actuarial assumptions used are the following:

	31.12.2006	31.12.2005
Discount rate	5%	5%
Expected return on plan assets	5%	5%
Future salary increases	3.5%	3.5%

30. Other liabilities

	31.12.2006	31.12.2005
Suppliers	74,615	74,408
Deferred income	30,495	50,554
Accrued expenses	26,846	24,498
Withholdings in favour of third parties	209,948	179,412
Liabilities from credit cards	207,517	210,984
Other	34,937	26,907
Total	584,358	566,763

31. Provisions

Balance 1.1.2005	2,337
Provisions charged to income statement	426
Provisions used during the period	(1,135)
Balance 31.12.2005	1,628
Provisions to cover credit risk relating to off balance sheet items (note 9)	14,946
Provisions charged to income statement	1,469
Provisions used during the period	(142)
Balance 31.12.2006	17,901

The provision charged for the period is included in "Other Expenses" in income statement.

Equity

32. Share capital

	Number of shares	Paid-in share capital
Opening Balance (1 January 2005)	235,105,567	1,274,272
Acquisition of 61.24% of Delta Singular A.E.P.	7,564,106	23,449
Capitalization of reserve to round the nominal value of the share to € 5.35	-	562
Capitalization of reserve and change of nominal value of shares to € 5	48,533,935	157,735
Balance 31 December 2005	291,203,608	1,456,018
Capitalization of retained earnings and issue of 4 bonus shares for every 10 old shares and decrease of shares nominal value from € 5 to € 3.90	116,481,444	133,954
Exercise of share option of year 2003	336,950	1,314
Balance 31 December 2006	408,022,002	1,591,286

As at 31 December 2006 the total number of ordinary shares is 408,022,002 (31.12.2005: 291,203,608) with a nominal value of € 3.90 each (31.12.2005: € 5.00 each).

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

As at 31.12.2006 the Bank held 801,719 treasury shares. Additional information is set out in note 36.

Further details for Bank's share options granted to employees are presented in note 42.

The second recurring Shareholders' General Meeting held on 6 June 2006 gave the authority to the Board of Directors in accordance with law 2190/1920 article 13 paragraph 1 part b and c to approve a share capital increase up to the amount that it is paid at that date. The above authority applies for the next four years and before the ending period of the term of the Board of Directors.

33. Share premium

Opening Balance (1 January 2005)	-
Acquisition of 61.24% of Delta Singular A.E.P.	125,685
Balance 31 December 2005	125,685
Valuation of exercised share options of year 2003	2,276
Balance 31 December 2006	127,961

34. Reserves

Reserves are analyzed as follows:

	31.12.2006	31.12.2005
Statutory reserve	282,780	245,000
Available-for-sale reserve	(80,917)	(27,685)
Special reserve from share option valuation	5,990	3,108
Total	207,853	220,423

According to the Bank's articles of association (article 25), the Bank is required to transfer 10% of its annual net profit to the ordinary reserve, until the reserve amounts to 50% of the share capital. This reserve can only be used to offset losses.

35. Retained earnings

Included in retained earnings are tax free reserves formed by gains arising on the sale of listed shares and other non-taxable income which the Bank has retained after 1.1.2006. These reserves will not be distributed in the near future therefore no deferred tax has been calculated in accordance with IAS 12.

The tax free reserves which were formed by 31 December 2005, have been subject to tax in 2006 in accordance with Law 3513/2006 (note 10.2) and these reserves may be distributed or capitalized without any further tax liability.

The ordinary General Shareholders' Meeting held on 18 April 2006, approved the distribution of a dividend for 2005 of € 0.84 per share. As at 31.12.2006, the total amount of € 237,556 has been deducted from retained earnings.

According to the Greek Corporate Law the entities are obliged to distribute dividends. A minimum amount equal to 6% of the paid up share capital or 35% of the annual profits whichever is higher must be distributed as dividends after the deduction of the ordinary reserve according to paragraph 2 of article 45 of codified Law 2190/1920.

Under the approval of Shareholders' General Meeting the above can be declined.

Dividends are distributed from Company's after tax profits therefore are not subject to further taxation in the hands of the shareholder.

For the year ended 31 December 2006 the Board of Directors will propose to the shareholders the distribution of a dividend of € 0.75 per share, compared to the restated of € 0.60 of 2005.

36. Treasury shares

The Bank based on the decisions of the Ordinary General Shareholders' Meetings held in prior years, acquired up to 31 December 2005 8,398,426 treasury shares which represented 2.88% of the share capital.

In 2006, based on the decisions of the Ordinary General Shareholders' Meeting held on 18 April 2006, the Bank purchased 10,293,923 treasury shares with a total cost of € 209,730 thousand (€ 20.37 per share). The above treasury shares represent 2.52% of the outstanding share capital compared to the initial approval of Shareholder's meeting for the purchase of up to 3% of Bank's share capital. In addition 3,359,370 treasury shares were acquired by way of the bonus share distribution at the ratio of 4 new for 10 shares.

On 5 December 2006 through the process of an accelerated book build, the Bank completed the placement of 21,250,000 treasury shares representing 5.20% of its issued share capital. The above placement was performed from the treasury share reserve relating to the acquisitions in 2004, 2005 and part of 2006 (until 6.11.2006) with a price of € 22.75 per share. The net of proceeds of the sale amounted to € 475,997.

The profits from the sale of treasury shares amounted to € 92,604 which were recognized directly to retained earnings.

As at 31 December 2006 treasury shares amount to 801,719 with a cost of € 14,465 (€ 18.04 per share).

Treasury shares are analyzed as follows:

Alpha Bank	Number of shares	Cost €	Participation %
Balance 1.1.2006	8,398,426	188,128	
Bonus shares (4/10)	3,359,370	-	
Purchases 1.1-31.12.2006	10,293,923	209,730	
Sales of December 2006	(21,250,000)	(383,393)	
Balance 31.12.2006	801,719	14,465	0.20%

Additional Information

37. Contingent liabilities and commitments

a) Legal issues

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

b) Tax Issues

In December 2006 the tax authorities completed their audit of 2003 and up to and including 2005.

As a result of the audit additional taxes and penalties of € 10,563 for the above three years were assessed.

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 administration purposes. The duration of the lease agreements is initially for 12 years with a renewal option or extension. In accordance with the lease agreements the rent is subject to annual indexation adjustment, usually according to official annual inflation rate.

The policy of the Bank is to renew these contracts.

The minimum future lease payments are:

	31.12.2006	31.12.2005
Less than one year	22,601	20,675
Between one and five years	68,187	60,747
More than five years	41,503	34,941
Total	132,291	116,363

The lease expense for the fiscal year 2006 relating to rental of buildings amounts to € 23,552 (2005: € 21,357) and are included in the General administrative expenses.

- *The Bank as a lessor*

The Bank claims regarding owned buildings rental either to group companies or third parties companies.

The minimum future revenues are:

	31.12.2006	31.12.2005
Less than one year	2,945	2,718
Between one and five years	8,988	9,356
More than five years	4,805	5,202
Total	16,738	17,276

The lease revenue for 2006 amounted to € 2,999 (2005: € 2,760), and is included in Other income.

d) Off balance sheet liabilities

	31.12.2006	31.12.2005
Letters of guarantee	4,325,763	3,627,622
Letters of credit	223,582	212,879
Credit commitments	13,709,879	11,794,929
Guarantees for bonds issued by bank's subsidiaries	15,143,455	10,640,897
Total	33,402,679	26,276,327

e) Assets pledged

	31.12.2006	31.12.2005
Securities linked to reverse repos	-	420,000
Investment securities	585,000	165,000
Total	585,000	585,000

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

38. Segment reporting

a. *Analysis by sector*

Millions of Euro

31.12.2006	Bank	Retail	Corporate Banking	Asset Management/ insurance	Investment Banking/ Treasury	South-Eastern Europe	Other
Net interest income	1,140.9	847.4	229.9	2.9	44.7	16.0	-
Commission	292.4	143.4	83.3	47.0	15.7	3.0	-
Other income	189.5	11.2	2.7	0.9	(14.1)	0.9	187.9
Total income	1,622.8	1,002.0	315.9	50.8	46.3	19.9	187.9
Total expenses	(687.3)	(507.8)	(90.7)	(27.9)	(18.8)	(11.5)	(30.6)
Impairment	(219.5)	(166.0)	(53.5)	-	-	-	-
Profit before tax	716.0	328.2	171.7	22.9	27.5	8.4	157.3
Assets	46,768.6	15,325.5	14,678.5	157.5	14,272.5	406.1	1,928.5
Liabilities	44,332.8	24,699.8	2,276.0	772.2	13,915.9	406.6	2,262.3
Capital expenditure (Notes 19,20,21,24)	81.0	62.7	11.2	3.4	2.3	1.4	-
Depreciation and amortization	40.4	30.0	6.6	0.9	0.4	2.5	-

31.12.2005	Bank	Retail	Corporate Banking	Asset Management/ insurance	Investment Banking/ Treasury	South-Eastern Europe	Other
Net interest income	982.2	711.0	216.2	2.0	39.7	13.3	-
Commission	248.6	119.2	84.3	33.0	9.5	2.6	-
Other income	83.3	10.0	2.2	2.6	(3.5)	1.8	70.2
Total income	1,314.1	840.2	302.7	37.6	45.7	17.7	70.2
Total expenses	(615.2)	(451.2)	(85.0)	(21.1)	(14.0)	(9.4)	(34.5)
Impairment	(231.5)	(139.1)	(92.4)	-	-	-	-
Profit before tax	467.4	249.9	125.3	16.5	31.7	8.3	35.7
Assets	41,849.2	13,881.9	12,220.0	87.9	13,544.6	322.3	1,792.5
Liabilities	39,897.8	22,454.8	1,855.2	478.0	12,673.2	276.9	2,159.7
Capital expenditure (Notes 19,20,21)	47.1	36.6	6.9	1.7	1.1	0.8	-
Depreciation and Amortization	37.2	28.9	5.7	0.6	0.4	1.6	-

i. Retail banking

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

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

ii. Corporate banking

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

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

iii. Asset management/ Insurance

Consists of a wide range of asset management services through the Bank's private banking units.

In addition it is offered a wide range of insurance products to individuals and corporations.

iv. Investment Banking/ Treasury

Includes stock exchange, advisory and brokerage services relating to capital markets, and also investment banking facilities, offered by the Bank. Includes also the activities of the Dealing Room in the interbank market (FX Swaps, Bonds, Futures, IRS, Interbank placements – Loans etc.).

v. South Eastern Europe

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

vi. Other

This segment consists of the Bank's administration section.

b. *Analysis by geographical sector*

Millions of Euro

	31.12.2006		
	Bank	Greece	Other countries
Net interest income	1,140.9	1,122.7	18.2
Commission	292.4	283.0	9.4
Other income	189.5	188.5	1.0
Total income	1,622.8	1,594.2	28.6
Expenses	(687.3)	(673.9)	(13.4)
Impairment	(219.5)	(219.5)	-
Profit before tax	716.0	700.8	15.2
Assets	46,768.6	44,126.4	2,642.2

	Millions of Euro		
	31.12.2005		
	Bank	Greece	Other countries
Net interest income	982.2	967.9	14.3
Commission	248.6	239.8	8.8
Other income	83.3	81.5	1.8
Total income	1,314.1	1,289.2	24.9
Expenses	(615.2)	(603.7)	(11.5)
Impairment	(231.5)	(231.5)	-
Profit before tax	467.4	454.0	13.4
Assets	41,849.2	40,236.1	1,613.1

39. Financial risk management

39.1 Market risk

Market risk is the risk of losses arising from unfavourable developments in interest rates, exchange rates, equity prices and commodities. Losses may also occur from the trading portfolio and the management of assets and liabilities.

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 1 and 10 days, depending on the time required to liquidate the portfolio.

In 2006 a 99% confidence level and a two year observation period was applied.

During 2006 the average Value at Risk for the Bank's trading portfolio for a ten day holding period was € 6.2 million. The maximum and minimum values were € 16 million (17.5.2006) and € 1.3 million (21.6.2006) respectively.

For 31 December 2005 the respective amounts were as follows:

- Average Value at Risk for 10 days, € 18.2 million.
- Maximum and minimum values € 51.7 million (18.11.2005) and € 3 million (23.6.2005) respectively.
- Value at Risk for 10 days in total for the Bank including investments € 13.1 million.

The Value at Risk methodology is complemented with stress tests based on both historical and hypothetical extreme movements of market parameters, in order to estimate the potential size of losses that could arise in extreme conditions.

Within the scope of policy-making for financial risk management by the Assets and Liabilities Management Committee (ALCO), exposure limits and maximum loss (stop loss) for various products of the trading portfolio have been set. In particular the following limits have been set for the following risks:

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

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

Analysis of Assets and Liabilities

Market risk may also arise, apart from the trading portfolio, from the analysis of assets and liabilities loan portfolio and deposits.

The Bank takes on exposures to effects of fluctuations in foreign currency exchange rates. The management of the Bank sets limits on the level of exposure by currency and in total for both overnight and intra-day positions. The total position arises from the net on balance sheet position and derivatives forward position.

Foreign Exchange Position at 31.12.2006

	USD	GBP	CHF	JPY	OTHER F/C	EURO	TOTAL
ASSETS							
Cash and balances with Central Banks	5,806	956	211	27	18,067	1,452,608	1,477,675
Due from banks	1,008,124	1,245	449,365	16,203	(9,853)	4,719,004	6,184,088
Securities held for trading	129,992	-	-	-	-	216,215	346,207
Derivative financial assets	-	-	-	-	-	254,566	254,566
Loans and advances to customers	1,278,103	198,334	157,417	25,168	71,783	26,506,886	28,237,691
Investment Securities							
-Available for sale	408,561	-	-	-	60,548	6,993,279	7,462,388
Investments in subsidiaries, associates and joint ventures	33,081	63,544	-	-	178,272	1,318,653	1,593,550
Investment property	-	-	-	-	-	42,006	42,006
Property, plant and equipment	-	-	-	-	11,730	532,906	544,636
Goodwill and other intangible assets	-	-	-	-	637	41,467	42,104
Deferred tax assets	-	-	-	-	-	261,363	261,363
Other assets	62	2,093	54	2	606	227,008	229,825
Non-current assets held for sale	-	-	-	-	-	92,513	92,513
Total Assets	2,863,729	266,172	607,047	41,400	331,790	42,658,474	46,768,612
LIABILITIES							
Due to banks and customers	2,577,113	300,548	18,216	430,560	472,216	23,796,007	27,594,660
Derivative financial liabilities	-	-	-	-	-	226,223	226,223
Debt securities in issue and other borrowed funds	69,359	-	-	193,069	94,737	14,791,155	15,148,320
Liabilities for current income tax and other taxes	-	16	-	-	33	110,053	110,102
Deferred tax liabilities	-	-	-	-	-	137,901	137,901
Employee defined benefit obligations	-	-	-	-	-	513,311	513,311
Other liabilities	659	591	205	431	395	582,077	584,358
Provisions	-	-	-	-	-	17,901	17,901
Total Liabilities	2,647,131	301,155	18,421	624,060	567,381	40,174,628	44,332,776
Net on-balance sheet position	216,598	(34,983)	588,626	(582,660)	(235,591)	2,483,846	2,435,836
Derivatives forward foreign exchange position	(198,128)	22,557	(591,154)	578,354	245,857	(70,486)	(13,000)
Total foreign exchange position	18,470	(12,426)	(2,528)	(4,306)	10,266	2,413,360	2,422,836
Credit commitments	398	-	-	-	20,140	13,689,341	13,709,879

Foreign Exchange Position at 31.12.2005

	USD	GBP	CHF	JPY	OTHER F/C	EURO	TOTAL
ASSETS							
Cash and balances with Central Banks	8,136	783	115	27	16,806	1,595,305	1,621,172
Due from banks	701,797	36,312	278,747	16,802	16,378	4,623,357	5,673,393
Securities held for trading	2	-	-	-	-	153,585	153,587
Derivative financial assets	-	-	-	-	-	139,114	139,114
Loans and advances to customers	1,301,588	52,454	113,203	46,671	31,215	22,656,008	24,201,139
Investment Securities							
-Available for sale	380,188	-	-	-	58,313	7,122,990	7,561,491
Investments in subsidiaries, associates and joint ventures	34,247	61,436	-	-	178,272	1,208,024	1,481,979
Investment property	-	-	-	-	-	43,245	43,245
Property, plant and equipment	-	-	-	-	11,741	517,770	529,511
Goodwill and other intangible assets	-	-	-	-	447	32,569	33,016
Deferred tax assets	-	-	-	-	-	177,936	177,936
Other assets	4,977	1,829	57	2,347	654	133,550	143,414
Non-current assets held for sale	780	-	-	-	-	89,469	90,249
Total Assets	2,431,715	152,814	392,122	65,847	313,826	38,492,922	41,849,246
LIABILITIES							
Due to banks and customers	2,346,927	248,095	14,232	368,406	241,683	24,682,669	27,902,012
Derivative financial liabilities	-	-	-	-	-	140,632	140,632
Debt securities in issue and other borrowed funds	68,926	-	-	203,706	68,035	10,325,094	10,665,761
Liabilities for current income tax and other taxes	(16)	18	-	-	23	87,674	87,699
Deferred tax liabilities	-	-	-	-	-	19,517	19,517
Employee defined benefit obligations	-	-	-	-	-	513,797	513,797
Other liabilities	6,150	479	214	724	209	558,987	566,763
Provisions	-	-	-	-	-	1,628	1,628
Total Liabilities	2,421,987	248,592	14,446	572,836	309,950	36,329,998	39,897,809
Net on-balance sheet position	9,728	(95,778)	377,676	(506,989)	3,876	2,162,924	1,951,437
Derivatives forward foreign exchange position	(9,747)	157,789	(375,862)	518,858	186,306	(473,633)	3,711
Total foreign exchange position	(19)	62,011	1,814	11,869	190,182	1,689,291	1,955,148
Credit commitments	1,230	-	-	-	14,546	11,779,153	11,794,929

Furthermore, the assets and liabilities, are analyzed with respect to interest rate risk (gap analysis). The assets and liabilities are categorized into time periods, repricing by either contractual in the case of variable interest rate instruments, or by maturity date for fixed rate instruments.

GAP Analysis of Assets and Liabilities is set to the table below:

Interest Rate Risk (Gap Analysis) of 31.12.2006

	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
ASSETS								
Cash and balances with Central Banks	1,109,930	-	-	-	-	-	367,745	1,477,675
Due from banks	4,032,122	734,383	626,925	381,773	402,025	6,860	-	6,184,088
Securities held for trading	18,908	66,261	2,956	52,120	127,957	78,005	-	346,207
Derivative financial assets	254,566	-	-	-	-	-	-	254,566
Loans and advances to customers	18,269,321	3,217,557	2,452,792	875,976	2,855,733	566,312	-	28,237,691
Investment Securities								
- Available-for-sale	3,038	147,032	850,356	499,335	5,374,804	489,053	98,770	7,462,388
Investments in subsidiaries, associates and joint ventures	-	-	-	-	-	-	1,593,550	1,593,550
Investment property	-	-	-	-	-	-	42,006	42,006
Property, plant and equipment	-	-	-	-	-	-	544,636	544,636
Goodwill and other intangible assets	-	-	-	-	-	-	42,104	42,104
Deferred tax assets	-	-	-	-	-	-	261,363	261,363
Other assets	-	-	-	-	-	-	229,825	229,825
Non-current assets held for sale	-	-	-	-	-	-	92,513	92,513
Total Assets	23,687,885	4,165,233	3,933,029	1,809,204	8,760,519	1,140,230	3,272,512	46,768,612
LIABILITIES								
Due to Banks	6,226,294	627,027	352,553	16,107	136	-	-	7,222,117
Derivatives financial liabilities	226,223	-	-	-	-	-	-	226,223
Due to customers	18,276,461	682,260	371,685	272,860	2,640	-	766,637	20,372,543
Debt securities in issue and other borrowed funds	8,054,298	6,946,671	129,631	17,720	-	-	-	15,148,320
Liabilities for current income tax and other taxes	-	-	-	-	-	-	110,102	110,102
Deferred tax liabilities	-	-	-	-	-	-	137,901	137,901
Employee defined benefit obligations	-	-	-	-	-	-	513,311	513,311
Other liabilities	-	-	-	-	-	-	584,358	584,358
Provisions	-	-	-	-	-	-	17,901	17,901
Liabilities related to assets held-for-sale	-	-	-	-	-	-	-	-
Total Liabilities	32,783,276	8,255,958	853,869	306,687	2,776	-	2,130,210	44,332,776
EQUITY								
Share capital	-	-	-	-	-	-	1,591,286	1,591,286
Share premium	-	-	-	-	-	-	127,961	127,961
Reserves	-	-	-	-	-	-	207,853	207,853
Retained earnings	-	-	-	-	-	-	523,201	523,201
Treasury shares	-	-	-	-	-	-	(14,465)	(14,465)
Total Equity	-	-	-	-	-	-	2,435,836	2,435,836
Total Liabilities and Equity	32,783,276	8,255,958	853,869	306,687	2,776	-	4,566,046	46,768,612
GAP	(9,095,391)	(4,090,725)	3,079,160	1,502,517	8,757,743	1,140,230	(1,293,534)	
CUMULATIVE GAP	(9,095,391)	(13,186,116)	(10,106,956)	(8,604,439)	153,304	1,293,534	0	

Interest Rate Risk (Gap Analysis) of 31.12.2005

	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
ASSETS								
Cash and balances with Central Banks	1,317,611	-	-	-	-	-	303,561	1,621,172
Due from Banks	4,836,426	644,131	146,451	46,385	-	-	-	5,673,393
Securities held for trading	65,241	2,387	10,596	28,044	45,804	1,515	-	153,587
Derivative financial assets	139,114	-	-	-	-	-	-	139,114
Loans and advances to customers	16,038,871	2,359,124	2,236,641	1,707,952	1,549,732	223,448	85,371	24,201,139
Investment Securities								
- Available-for-sale	691	182,922	1,512,962	580,468	4,984,523	211,319	88,606	7,561,491
Investments in subsidiaries, associates and joint ventures	-	-	-	-	-	-	1,481,979	1,481,979
Investment property	-	-	-	-	-	-	43,245	43,245
Property, plant and equipment	-	-	-	-	-	-	529,511	529,511
Goodwill and other intangible assets	-	-	-	-	-	-	33,016	33,016
Deferred tax assets	-	-	-	-	-	-	177,936	177,936
Other assets	-	-	-	-	-	-	143,414	143,414
Non-current assets held for sale	-	-	-	-	-	-	90,249	90,249
Total Assets	22,397,954	3,188,564	3,906,650	2,362,849	6,580,059	436,282	2,976,888	41,849,246
LIABILITIES								
Due to Banks	6,971,155	1,496,083	132,996	-	132	-	-	8,600,366
Derivatives financial liabilities	140,632	-	-	-	-	-	-	140,632
Due to customers	18,587,713	476,526	107,844	113,906	15,657	-	-	19,301,646
Debt securities in issue and other borrowed funds	5,864,043	4,676,693	107,280	17,745	-	-	-	10,665,761
Liabilities for current income tax and other taxes	-	-	-	-	-	-	87,699	87,699
Deferred tax liabilities	-	-	-	-	-	-	19,517	19,517
Employee defined benefit obligations	-	-	-	-	-	-	513,797	513,797
Other liabilities	-	-	-	-	-	-	566,763	566,763
Provisions	-						1,628	1,628
Total Liabilities	31,563,543	6,649,302	348,120	131,651	15,789	-	1,189,404	39,897,809
EQUITY								
Share capital	-	-	-	-	-	-	1,456,018	1,456,018
Share premium	-	-	-	-	-	-	125,685	125,685
Reserves	-	-	-	-	-	-	220,423	220,423
Retained earnings	-	-	-	-	-	-	337,439	337,439
Treasury shares	-	-	-	-	-	-	(188,128)	(188,128)
Total Equity	-	-	-	-	-	-	1,951,437	1,951,437
Total Liabilities and Equity	31,563,543	6,649,302	348,120	131,651	15,789	-	3,140,841	41,849,246
GAP	(9,165,589)	(3,460,738)	3,558,530	2,231,198	6,564,270	436,282	(163,953)	
CUMULATIVE GAP	(9,165,589)	(12,626,327)	(9,067,797)	(6,836,599)	(272,329)	163,953	0	

Effective interest rate

	EUR		USD		JPY		GBP	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005	31.12.2006	31.12.2005	31.12.2006	31.12.2005
ASSETS								
Cash and balances with Central Banks	3.11%	1.79%	-	-	-	-	-	-
Due from banks	3.70%	2.38%	5.26%	4.20%	0.48%	-	4.65%	4.60%
Due from customers	6.42%	5.52%	6.13%	4.35%	2.84%	2.28%	-	5.40%
Securities held for trading	5.10%	2.57%	5.22%	-	-	-	-	-
Investment securities	3.45%	3.02%	7.35%	6.65%	-	-	-	-
LIABILITIES								
Due to banks	3.63%	2.41%	5.25%	4.14%	-	-	5.09%	-
Due to customers	1.36%	0.81%	4.48%	2.30%	0.01%	0.01%	4.12%	3.74%
Debt securities in issue and other borrowed funds	3.63%	2.60%	5.35%	4.31%	-	-	-	-

The above currencies cover the 98% of Bank's assets and liabilities.

GAP Analysis allows an immediate calculation of changes in net interest income and the value of assets and liabilities upon application of alternative scenarios, such as changes in market interest rates or changes in the Bank's base interest rates.

39.2 Credit risk

Credit risk is the risk that a counterparty (borrower) will be unable to repay amounts borrowed in full when due. Impairment provisions are provided for losses that have been incurred at the balance sheet date.

Moreover, significant changes in the economy, or state of a particular industry could result in risks that are different from those provided for at the balance sheet date. To manage these risks management has established limits in relation to individual borrowers or groups of borrowers.

The limits established are constantly monitored and are subject to a regular review by the responsible (based on the amount of the limit) approval body. Limits relating to specific credit products, industries and countries are examined and approved by the ALCO and Executive Committee.

The exposure to credit risk is managed by an analysis of the ability of the borrowers to their obligations using internal credit rating systems and methodologies.

As a result the credit limits are adjusted if considered necessary. In addition the above analysis takes into account the interest rate spread and collaterals held.

39.3 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 sight 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.

Cash flows arising from all assets and liabilities are estimated and classified into relevant time periods, depending on when they occur with the exception of assets held for trading and available-for-sale securities. In particular for liquid portfolios they are allocated in the first period using relevant liquidation ratios (haircuts)

The Liquidity Gap Analysis is set to the table below:

Liquidity risk (liquidity gap analysis) of 31.12.2006

	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	TOTAL
ASSETS						
Cash and balances with Central Banks	1,477,675	-	-	-	-	1,477,675
Due from Banks	3,762,698	187,347	468,099	436,630	1,329,314	6,184,088
Securities held for trading						
- Bonds held for trading	328,897	-	-	-	17,310	346,207
- Shares held for trading	-	-	-	-	-	-
Derivative financial assets	254,566	-	-	-	-	254,566
Loans and advances to customers	932,488	2,319,399	2,963,318	4,157,766	17,864,720	28,237,691
Investment Securities						
- Bonds classified in available for sale	6,993,815	-	-	-	368,096	7,361,911
- Shares classified in available for sale	90,430	-	-	-	10,047	100,477
Investments in subsidiaries, associates and joint ventures	-	-	-	-	1,593,550	1,593,550
Investment property	-	-	-	-	42,006	42,006
Property, plant and equipment	-	-	-	-	544,636	544,636
Goodwill and other intangible assets	-	-	-	-	42,104	42,104
Deferred tax assets	-	-	-	-	261,363	261,363
Other assets	2,601	-	14,675	160,812	51,737	229,825
Non-current assets held for sale	-	-	-	-	92,513	92,513
Total Assets	13,843,170	2,506,746	3,446,092	4,755,208	22,217,396	46,768,612
LIABILITIES						
Due to banks	6,072,559	330,524	340,796	15,648	462,590	7,222,117
Derivative financial liabilities	226,223	-	-	-	-	226,223
Due to customers	3,810,826	1,101,488	930,425	1,372,842	13,156,962	20,372,543
Debt securities in issue and other borrowed funds	18,977	519,045	403,537	120,345	14,086,416	15,148,320
Liabilities for current income tax and other taxes	14,547	-	95,555	-	-	110,102
Deferred tax liabilities	-	-	-	-	137,901	137,901
Employee defined benefit obligations	-	-	-	-	513,311	513,311
Other liabilities	391,214	34,705	43,229	65,488	49,722	584,358
Provisions	-	-	-	-	17,901	17,901
Total Liabilities	10,534,346	1,985,762	1,813,542	1,574,323	28,424,803	44,332,776
EQUITY						
Total Equity	-	-	-	-	2,435,836	2,435,836
Total Liabilities and Equity	10,534,346	1,985,762	1,813,542	1,574,323	30,860,639	46,768,612
Liquidity gap	3,308,824	520,984	1,632,550	3,180,885	(8,643,243)	0

Liquidity risk (liquidity gap analysis) of 31.12.2005

	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	1,621,172	-	-	-	-	1,621,172
Due from Banks	4,152,786	219,704	98,885	305,394	896,624	5,673,393
Securities held for trading	145,908	-	-	-	7,679	153,587
Derivative financial assets	139,114	-	-	-	-	139,114
Loans and advances to customers	759,887	1,913,560	2,352,267	3,316,966	15,858,459	24,201,139
Investment Securities	7,177,982	-	-	-	383,509	7,561,491
Investments in subsidiaries, associates and joint ventures	-	-	-	-	1,481,979	1,481,979
Investment property	-	-	-	-	43,245	43,245
Property, plant and equipment	-	-	-	-	529,511	529,511
Goodwill and other intangible assets	-	-	-	-	33,016	33,016
Deferred tax assets	-	-	-	-	177,936	177,936
Other assets	16,955	-	107.945	-	18,514	143,414
Non-current assets held for sale	-	-	-	-	90,249	90,249
Total Assets	14,013,804	2,133,264	2,559,097	3,622,360	19,520,721	41,849,246
LIABILITIES						
Due to banks	6,990,880	1,425,446	132,900	-	51,140	8,600,366
Derivative financial liabilities	140,632	-	-	-	-	140,632
Due to customers	3,389,368	971,146	656,071	1,197,443	13,087,618	19,301,646
Debt securities in issue and other borrowed funds	10,289	543,956	1,005,758	1,010,112	8,095,646	10,665,761
Liabilities for current income tax and other taxes	87,699	-	-	-	-	87,699
Deferred tax liabilities	-	-	-	-	19,517	19,517
Employee defined benefit obligations	3,641	7,282	10,923	21,847	470,104	513,797
Other liabilities	416,571	79,043	17,802	-	53,347	566,763
Provisions	-	-	-	-	1,628	1,628
Total Liabilities	11,039,080	3,026,873	1,823,454	2,229,402	21,779,000	39,897,809
EQUITY						
Total Equity	-	-	-	-	1.951.437	1.951.437
Total Liabilities and Equity	11,039,080	3,026,873	1,823,454	2,229,402	23,730,437	41,849,246
Liquidity gap	2,974,724	(893,609)	735,643	1,392,958	(4,209,716)	0

40. Capital adequacy

The capital adequacy ratio is determined by comparing the Bank's regulatory own funds with the risks that the Bank undertakes (risk weighted assets). Own funds include Tier I capital (share capital, reserves), additional Tier I capital and Tier II capital (subordinated debt and fixed asset revaluation reserves). The risk-weighted assets arise from the credit risk of the investment portfolio and the market risk of the trading portfolio.

The Bank uses all modern methods to manage capital adequacy. It has issued hybrid and subordinated debts which are included on the calculation of regulatory funds. The cost of these debts is lower than share capital and adds value to the shareholders.

The current capital ratios (Tier I ratio and capital adequacy ratio) are much higher than the regulatory limits set by the Bank of Greece directive (4% and 8%, respectively) and the capital base is capable to support the business growth of the Bank in all areas for the next years.

Millions of Euro

	31.12.2006	31.12.2005
Risk-weighted assets from credit risk	30,180	25,659
Risk-weighted assets from market risk	551	569
Total Risk-weighted assets	30,731	26,228
Upper Tier I capital	2,309	1,881
Tier I capital	2,309	1,848
Total Tier I + Tier II capital	4,079	3,485
Upper Tier I ratio	7.5%	7.2%
Tier I ratio	7.5%	7.0%
Capital adequacy ratio Tier I + Tier II	13.3%	13.3%

41. Related-party transactions

A number of banking transactions are entered into with related parties in the normal course of business. These transactions are performed at arms length transaction terms and are approved by Bank's relevant committees.

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

	31.12.2006	31.12.2005
Loans	2,148	3,118
Deposits	29,761	10,960
Letters of guarantee	165	145
Interest and similar income	36	-
Interest and similar expense	749	-

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

I. Subsidiaries

	31.12.2006	31.12.2005
Assets		
Due from banks	1,787,315	1,026,244
Securities held for trading	48,089	40,695
Derivative financial assets	113	477
Loans and advances to customers	1,299,575	942,800
Available-for-sale securities	290,816	441,499
Total	3,425,908	2,451,715
Liabilities		
Due to banks	1,183,878	735,660
Due to customers	466,666	432,265
Derivatives financial liabilities	634	283
Debt securities in issue and other borrowed funds	15,148,320	10,665,761
Other liabilities	4,095	2,734
Total	16,803,593	11,836,703
Income		
Interest and similar income	102,598	58,327
Dividend income	50,921	57,624
Fee and commission income	48,586	31,842
Other income	2,423	2,329
Total	204,528	150,122
Expenses		
Interest expenses and similar charges	489,609	290,372
Commission expense	1,708	3,337
General administrative expenses and other staff costs	20,008	29,528
Total	511,325	323,237
Letters of guarantee and other guarantees	84,063	-

II. Associates

	31.12.2006	31.12.2005
Assets		
Loans and advances to customers	611	1,390
Liabilities		
Due to customers	5	639
Income		
Interest and similar income	89	113
Dividend income	155	205
Fee and commission income	-	23
Other income	578	-
Total	822	341
Expenses		
Interest expenses and similar charges	-	6
General administrative expenses and other staff costs	781	1,184
Total	781	1,190
Letters of guarantee	-	1,353

c. The Board of Directors fees for 2006 amount to € 5,622 (31.12.2005: € 3,817). The increase is due to changes in the Bank's management as at 22 February 2005 and the appointment of two new Executive General Managers as at 16 May 2006.

42. Share options granted to employees

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

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

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

I. The share capital increases approved by Ordinary Shareholders' General Meetings of 30 March 2004, 19 April 2005 and 18 April 2006 and
II. The share option exercise as at 1 December 2006 are as follows:

	2006		2005	
	Average exercise price per share	Share options remaining	Average exercise price per share	Share options remaining
1 January	5.00	523,222	5.00	557,431
Granted	3.90	521,027	-	-
Cancelled	3.90	(21,979)	5.00	(18,857)
Exercised	3.90	(336,950)	-	-
Adjusted	3.90	218,504	5.00	(15,352)
31 December	3.90	903,824	5.00	523,222

The number of the outstanding share options on 31 December 2006 resulted in 903,824 (31 December 2005 : 523,222) with the remaining average weighted duration of 18 months (31 December 2005 : 17 months) and exercise price € 3.90 (31 December 2005: € 5).

The average weighted fair value per option was determined using the Black & Scholes valuation model. The significant inputs into the model are the share price, exercise price, dividend yield, discount rate and volatility. Volatility, that is the standard deviation of expected share price variations, is measured based on statistical analysis of daily share prices over the last 12 months.

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

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

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

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

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

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

43. Acquisitions, mergers and disposals of subsidiaries and associates

a) On 1 February 2006 the Bank transferred 2,178,000 shares of Alpha Private Investment Services AEPEY representing 99% of the company's share capital to another subsidiary Alpha Bank London Ltd for € 3.4 million. This transfer was made in accordance with the Group's reorganization and did not have any affect on the Group results.

b) The legal transfer of Alpha Insurance Romania S.A. shares to third parties was completed on 16 February 2006 for € 1.7 million. The sales agreement was signed on 11 October 2005. The assets of Alpha Insurance Romania S.A. amounted € 1.7 million, were presented as at 31 December 2005 in "non-current assets held-for-sale" and therefore no gain or loss resulted from this transaction.

c) On 24 February 2006 the total shares of Lesvos Tourist Company A.E. or 24.99% of the company's total share capital was sold to third parties for € 2 million, resulting in a profit of € 1.6 million.

d) The legal procedure of the merger by absorption of the subsidiary Alpha Equity Fund by Alpha Ventures, which is also a subsidiary, became effective on 31 May 2006, when the relevant decision of the Greek Ministry of Development was published. The Bank has a 100% ownership interest in the new entity.

e) On 31 May 2006 the merger by absorption of the Bank's Belgrade branch by Jubanka a.d. Beograd, a bank acquired in 2005 was completed. On 9 October 2006 the bank was renamed to Alpha Bank Srbija A.D. As a result of the above mentioned merger the bank's participation increased by € 24,351 thousand.

f) On 14 June 2006 the sale of the Bank's interest in Geosynthesis A.E. of 20% of its share capital for € 13.8 thousand was completed. The profit on the sale amounted to € 13.8 thousand.

g) The legal procedure of the merger by absorption of the subsidiary Alpha Asset Management AEPEY by Alpha Mutual Fund Management A.E., which is also a subsidiary, became effective on 19 September 2006, when the relevant decision of the Greek Ministry of Development was published. The new company was renamed to Alpha Asset Management AEDAK. The Bank has a 100% ownership interest.

h) On 12 October 2006, the Bank transferred 100% of its participation of its subsidiary "Kafe Mazi A.E." to "Ionian Hotel Enterprises A.E." which is also a subsidiary for € 59 thousand. "Kafe Mazi" was renamed to "Tourist Resort A.E." and is intended to undertake the Hilton Rhodes hotel activities sector, in order to begin the process of its separation from "Ionian Hotel Enterprises A.E." as of date 31 October 2006.

i) On 18 October 2006, the Bank acquired 100% of the Cyprus company "Alpha Group Investments Ltd", which will be used as a holding company for the Group's development strategy in South Eastern Europe. The Bank transferred its ownership interest and exchanged its shares of Alpha Insurance A.E. with Alpha Group Investments Ltd.

j) On 2 November 2006, the Bank filed with the Hellenic Capital Market Commission and the Board of Directors of Alpha Leasing A.E. a voluntary public tender offer for the Company's shares in accordance with Law 3461/2006. The consideration amount offered was € 6.50 per share. As of the date of the voluntary public tender offer the shares which the Bank is bound to acquire are 137,088 representing 0.35% of Company's share capital.
The acceptance period started on 24 November 2006 and ended on 22 December 2006. During the acceptance period, the shareholders who accepted the tender offer, offered 2,418 shares representing 0.006% of the total paid in share capital and voting rights of the company.

k) On 13 December 2006 Gaiognomon A.E. was liquidated and from the liquidation the Bank received the amount of € 239 thousand and a profit of € 99 thousand resulted.

l) On 15 December 2006 the relevant decision of the Greek Ministry of Development for the foundation of Kafe Alpha A.E., a company of restaurant-buffet (and confectionary) services with share capital of € 59 thousand was registered. The Bank has 100% direct and indirect ownership interest in the company.

m) On 21 December 2006 the total participation interest to ICAP A.E. was sold to third parties representing 26.96% of its share capital at the price of € 8.4 million. The sale resulted a profit of € 4.7 million.

44. Other significant issues

a) On 16 October 2006, the Bank announced that it has signed an agreement for the sale of 99.56% shares of its subsidiary Alpha Insurance A.E. to AXA, an insurance company which is the worldwide leader in financial protection.

   Alpha Bank and AXA have also signed a long-term exclusive bancassurance agreement for the distribution of AXA insurance products through Alpha Bank's extensive branch network. Under the agreement, Alpha Bank will distribute the products and AXA will originate and underwrite them.

   The completion of the transaction is expected after the regulatory approvals from supervising authorities.

b) On 23 November 2006 Alpha Bank announced that an agreement has been reached with Anadolu Group to create a strong franchise in the Turkish financial sector. The bank targets a network of over 100 branches over the medium term, concentrated mainly on the largest cities.

   The transaction is valued at USD 492.5 million. Alpha Bank will ultimately contribute a cash consideration equal to half of the said amount. The two parties will jointly establish a fifty-fifty holding company whose assets consist of the shares currently owned by the Anadolu Group in both Abank and Alease (Alternatiflease), that is 94% and 95% stakes respectively. The holding company will also own, indirectly, 100% of the brokerage firm Alternatif Yatirim, 45% of the listed closed-end investment fund Alternatif Yatirim Ortkaligi, as well as the head offices of the bank and the brokerage company, situated in premium locations of Istanbul. Furthermore, the parties will launch a voluntary public offer for the acquisition of the minority shares of Abank and Alease with the same terms as those accrued to the majority shareholders, following closing of the transaction. The parties have also agreed equal representation in the Board of Directors and joint decision making in all matters of strategic importance.

The completion of the transaction is expected in the first quarter of 2007.

45. Events after the balance sheet date

No significant events have occurred after the date of Bank's financial statements.

Athens, 27 February 2007

The Chairman of the Board of Directors	The Managing Director	The Executive Director	Group Financial Reporting Officer
Yannis S. Costopoulos I.D. No. X 661480	Demetrios P. Mantzounis I.D. No. I 166670	Marinos S. Yannopoulos I.D. No. N 308546	George N. Kontos I.D. No. AB 522299

The above financial statements, which consist of 63 pages, are the financial statements that we refer to in our auditor's report dated 27 February 2006.

Athens, 27 February 2007

KPMG Kyriacou Certified Auditors A.E.

Marios T. Kyriacou Certified Auditor Accountant AM SOEL 11121	Nick E. Vouniseas Certified Auditor Accountant AM SOEL 18701