ALPHA BANK

GROUP 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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KPMG Kyriacou
Certified Auditors AE
3 Stratigou Tombra Street
Aghia Paraskevi
GR - 153 42 Athens Greece

Στρατηγού Τόμπρα 3
153 42 Αγία Παρασκευή
Ελλάς
ΑΡΜΑΕ29527/01ΑΤ/Β/93/162/96

Telephone Τηλ: +30 210 60 62 100
Fax Φαξ: +30 210 60 62 111
Internet www.kpmg.gr
e-mail postmaster@kpmg.gr

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 consolidated financial statements (the "Financial Statements") of ALPHA BANK A.E. (the "Bank") which consists of the consolidated balance sheet as at 31 December 2006, and the consolidated 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 consolidated financial position of the Bank as of 31 December 2006, and of its consolidated financial performance and its consolidated 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 30 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.

Report on Other Legal and Regulatory Requirements

The Board of Director's report is consistent with the accompanying Financial Statements.

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

The Alpha Bank Group, which includes companies in Greece and abroad, offers services such as:

- Corporate and retail banking
- Investment banking and brokerage services
- Insurance services
- Real estate management
- Hotel activities

The parent company of the Group is ALPHA BANK A.E. which operates under the brand name of ALPHA BANK. Its registered office is 40 Stadiou Street, Athens and it is listed as a societe anonyme, with register 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 the 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 January 30, 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 the London Stock Exchange in the form of international certificates (GDR's) and its shares are also 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 5-70) have been approved by the Board of Directors on 27 February 2007.

F I N A N C I A L S T A T E M E N T S A S A T 3 1 . 1 2 . 2 0 0 6

Consolidated income statement

(Thousands of Euro)

	Note	From 1 January to 31.12.2006	31.12.2005
Interest and similar income		2,699,217	1,822,884
Interest expense and similar charges		(1,281,601)	(604,490)
Net interest income	2	1,417,616	1,218,394
Fee and commission income		434,093	378,408
Commission expense		(33,985)	(26,093)
Net fee and commission income	3	400,108	352,315
Dividend income	4	2,700	2,580
Gains less losses on financial transactions	5	55,496	25,248
Other income	6	66,655	90,115
		124,851	117,943
Total income		1,942,575	1,688,652
Staff costs	7	(476,085)	(432,157)
General administrative expenses	8	(345,292)	(301,647)
Depreciation and amortization expenses	20,21,22,11	(62,648)	(59,561)
Other expenses	32	(3,431)	(5,108)
Total expenses		(887,456)	(798,473)
Impairment losses and provisions to cover credit risk	9	(253,954)	(254,873)
Share of profit/(loss) of associates	19	(408)	(1,165)
Profit before tax		800,757	634,141
Income tax	10.1	(175,427)	(132,071)
		625,330	502,070
Tax on reserves (article 10 Law 3513/06)	10.2	(73,902)	-
Profit after tax from continuing operations		551,428	502,070
Profit after tax from discontinued operations	11	2,687	3,800
Profit after tax		554,115	505,870
Attributable to equity holders of the Bank		551,987	502,174
Attributable to minority interests		2,128	3,696
Earnings per share:	12		
From continuing and discontinued operations			
Basic earnings per share (€)		1.40	1.25
Diluted earnings per share (€)		1.40	1.25
From continuing operations			
Basic earnings per share (€)		1.40	1.24
Diluted earnings per share (€)		1.39	1.24

Note: The 2005 income statement has been restated due to the adoption of IFRS 5 for the presentation of discontinued operations (note 47).

The attached notes (pages 10 to 70) form an integral part of these financial statements.

Consolidated balance sheet

(Thousands of Euro)

	Note	31.12.2006	31.12.2005
ASSETS			
Cash and balances with Central Banks	13	2,675,702	2,202,382
Due from banks	14	4,636,712	4,775,229
Securities held for trading	15	305,991	122,638
Derivative financial assets	16	245,676	138,997
Loans and advances to customers	17	32,223,034	27,356,543
Investment securities			
-Available for sale	18	7,552,602	7,745,062
Investments in associates	19	4,091	11,389
Investment property	20	31,518	29,550
Property, plant and equipment	21	935,996	937,973
Goodwill and other intangible assets	22	117,138	107,436
Deferred tax assets	23	276,973	202,519
Other assets	24	309,840	285,258
		49,315,273	43,914,976
Non-current assets held for sale	25	484,387	92,070
Total Assets		49,799,660	44,007,046
LIABILITIES			
Due to banks	26	6,686,526	8,128,599
Derivative financial liabilities	16	224,576	140,236
Due to customers	27	23,573,908	21,644,804
Debt securities in issue and other borrowed funds	28	13,789,253	9,192,626
Liabilities for current income tax and other taxes	29	129,077	128,202
Deferred tax liabilities	23	140,208	23,857
Employee defined benefit obligations	30	548,584	561,748
Other liabilities	31	675,003	743,372
Provisions	32	65,263	317,871
		45 832 398	40 881 315
Liabilities related to non-current-assets held for sale	25	353,595	3,047
Total Liabilities		46,185,993	40,884,362
EQUITY			
Equity attributable to equity holders of the Bank			
Share Capital	33	1,591,286	1,456,018
Share premium	34	127,961	125,685
Reserves	35	351,697	324,297
Amounts recognized directly in equity relating to non-current assets held for sale	35	(2,576)	-
Retained earnings	36	686,018	506,985
Treasury shares	37	(14,653)	(188,316)
		2,739,733	2,224,669
Minority interest		44,280	53,069
Hybrid securities	38	829,654	844,946
Total Equity		3,613,667	3,122,684
Total Liabilities and Equity		49,799,660	44,007,046

The attached notes (pages 10 to 70) form an integral part of these financial statements.

Consolidated statement of changes in equity

(Thousands of Euro)

	Note	Share capital	Share premium	Fair value reserve and other reserves	Retained earnings	Treasury shares	Total	Minority interest	Hybrid securities	Total equity
Balance 1.1.2005		1,274,272	-	365,095	366,091	(18,873)	1,986,585	63,508	297,353	2,347,446
Changes in equity for the period 1.1-31.12.2005										
Movement in the available for sale securities reserve	35			(38,562)			(38,562)			(38,562)
Transfer to income statement due to sales of available for sale securities	35			(3,982)			(3,982)			(3,982)
Currency translation differences of foreign subsidiaries	35			(1,949)			(1,949)			(1,949)
Other					(853)		(853)			(853)
Net income recognized directly in equity				(44,493)	(853)		(45,346)			(45,346)
Net income for the period					502,174		502,174	3,696		505,870
Total		-	-	(44,493)	501,321		456,828	3,696		460,524
Merger of ex-Delta Singular A.E.P.	33,34	23,449	125,685				149,134			149,134
Capitalization of reserve to round the nominal value of share to € 5,35	33	562			(562)		-			-
Share capital increase from capitalization of reserve and change of nominal value of share to € 5	33	157,735			(157,735)		-			-
Issue of hybrid securities	38								588,000	588,000
Acquisition of new subsidiary and change of participating interests in subsidiaries					(12,801)		(12,801)	(12,651)		(25,452)
(Purchase)/sales of treasury shares and hybrid securities	37,38					(169,443)	(169,443)		(40,407)	(209,850)
Recognition of share options granted to employees	35			2,245			2,245			2,245
Dividends distributed to equity holders of the Bank and minority interest					(174,064)		(174,064)	(1,484)		(175,548)
Dividends paid to hybrid securities holders					(13,815)		(13,815)			(13,815)
Reserves appropriation	35			1,450	(1,450)		-			-
Balance 31.12.2005		1,456,018	125,685	324,297	506,985	(188,316)	2,224,669	53,069	844,946	3,122,684

The attached notes (pages 10 to 70) form an integral part of these financial statements.

	Note	Share capital	Share premium	Fair value reserve and other reserves	Retained earnings	Treasury shares	Total	Minority interest	Hybrid securities	Total equity
Balance 1.1.2006		1,456,018	125,685	324,297	506,985	(188,316)	2,224,669	53,069	844,946	3,122,684
Changes in equity for the period 1.1-31.12.2006										
Movement in the available for sale securities reserve	35			(48,776)			(48,776)			(48,776)
Transfer to income statement due to sales of available for sale securities	35			(6,665)			(6,665)			(6,665)
Currency translation differences of foreign subsidiaries	35			31,909			31,909			31,909
Other					(1,049)		(1,049)			(1,049)
Net income recognized directly in equity				(23,532)	(1,049)		(24,581)			(24,581)
Net income for the period					551,987		551,987	2,128		554,115
Total		-	-	(23,532)	550,938		527,406	2,128		529,534
Share capital increase from the capitalization of reserve and change of nominal value of share to € 3.9	33	133,954			(133,954)		-			-
Change of participating interests in subsidiaries					(513)		(513)	(9,492)		(10,005)
(Purchase)/sales of treasury shares and hybrid securities	37,38				96,598	173,663	270,261		(15,292)	254,969
Issue of new shares due to share options exercise	33	1,314					1,314			1,314
Share premium from exercised share options	34		2,276	(2,276)			-			-
Recognition of share options granted to employees	35			5,158			5,158			5,158
Dividends distributed to equity holders of the Bank and minority interest					(237,556)		(237,556)	(1,425)		(238,981)
Dividends paid to hybrid securities holders					(51,006)		(51,006)			(51,006)
Reserves appropriation	35			45,474	(45,474)		-			-
Balance 31.12.2006		1,591,286	127,961	349,121	686,018	(14,653)	2,739,733	44,280	829,654	3,613,667

The attached notes (pages 10 to 70) form an integral part of these financial statements.

Consolidated 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 from continuing operations		800,757	634,141
Adjustments for:			
Depreciation of property, plant and equipment	20,21	43,543	43,978
Amortization of intangible assets	22	19,105	15,583
Impairment losses from loans and provisions		264,332	271,851
Other adjustments		5,157	2,245
(Gains)/losses from investing activities		(28,489)	(18,661)
(Gains)/losses from financing activities		89,552	35,548
Share of (profit)/loss of associates	19	408	1,165
		1,194,365	985,850
Net (increase)/decrease in assets relating to operating activities:			
Due from banks		(1,426,869)	108,777
Securities held for trading and derivative financial assets		(290,032)	72,100
Loans and advances to customers		(5,209,213)	(5,085,581)
Other assets		(86,348)	(46,408)
Net increase/(decrease) in liabilities relating to operating activities			
Due to banks		(1,442,073)	6,578,688
Derivative financial liabilities		84,340	(88,709)
Due to customers		6,512,073	3,400,158
Other liabilities		(77,045)	44,737
Net cash from operating activities before taxes		(740,802)	5,969,612
Income taxes paid and other taxes		(202,328)	(158,401)
Net cash flows from continuing operating activities		(943,130)	5,811,211
Cash flows from investing activities			
Acquisitions of subsidiaries and associates		(11,376)	(220,176)
Proceeds from sale of investments in subsidiaries and associates		13,167	6,749
Dividends received	4	2,700	2,580
Purchase of property, plant and equipment	20,21,22,25	(118,648)	(55,680)
Disposal of property, plant and equipment		13,168	9,558
Net (increase)/decrease in investment securities		(14,569)	(5,760,268)
Net cash flows from continuing investing activities		(115,558)	(6,017,237)
Cash flows from financing activities			
Exercise of share options		1,314	-
Dividends paid		(236,371)	(171,887)
(Purchase)/Sale of treasury shares		266,267	(169,490)
Proceeds from the issue of loans		13,658	121,969
Repayment of loans		(40,056)	(21,733)
Proceeds from the issue of hybrid securities		-	547,593
Purchase of hybrid securities		(19,286)	-
Dividends paid to hybrid securities holders		(51,006)	(13,815)
Net cash flows from continuing financing activities		(65,480)	292,637
Effect of exchange rate fluctuations on cash and cash equivalents		31,909	(1,949)
Net increase/(decrease) in cash and cash equivalents from continuing operations		(1,092,259)	84,662
Net cash flows from discontinued operating activities		762	16,204
Net cash flows from discontinued investing activities		1,514	(3,436)
Net cash flows from discontinued finance activities		-	-
Net increase/(decrease) in cash and cash equivalents from discontinued activites		2,276	12,768
Cash and cash equivalents at beginning of the period	13	5,665,814	5,568,384
Cash and cash equivalents at end of the period	13	4,575,831	5,665,814

Note: The 2005 cash flow statement has been restated due to the adoption of IFRS 5 for the presentation of discontinued operation (note 47).

The attached notes (pages 10 to 70) form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1. Accounting principles applied

1.1 Basis of presentation

These consolidated 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 were measured at fair value:

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

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

The estimates and judgments applied in the preparation of these 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 and in any future period affected.

The accounting policies applied by the Group in the consolidated financial statements as at 31 December 2006, are the same as those applied in the consolidated financial statements for the year ended 31 December 2005 after taking into consideration note 1.15 and 1.24 which were applied in the current year due to the presentation of discontinued operations and the following 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 Group 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 Group 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.

As at 31.12.2006, no forecast intragroup transaction had occurred which could be recognized as a hedged instrument.

Amendment to IAS 39 and IFRS, 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.

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

Amendment IFRS 1 «First Time Adoption of International Financial Reporting Standards» and « Amendment IFRS 6» Exploration and Evaluation of Mineral Resources (effective for annual periods beginning on or after 1.1.2006)

The above amendments are not relevant to the Group’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 Group’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 after 1.3.2006 and its adoption will not have a substantial impact on the Group’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 Group’s financial statements.

International Financial Reporting Standard 7 « Financial instruments: Disclosures», (Regulation 108/2006) as well as the changes that it has imposed to other standards.

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)

This amendment requires additional disclosures both quantitative and qualitative relating to the management of the Group'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 Group will have an significant impact on the Group'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 Group'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 Group is examining whether there will be an impact from the adoption of the above interpretations.

1.2 Basis of consolidation

The consolidated financial statements include the parent company Alpha Bank, its subsidiaries, associates and joint ventures.

a. Subsidiaries

Subsidiaries are entities controlled, directly or indirectly, by the Bank. The financial statements of subsidiaries are included in the consolidated financial statements from that date that control commences until the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. When the cost of acquisition exceeds the fair value of the Group's share of the identifiable net assets acquired the excess is recorded as goodwill, which is tested for impairment annually. If the cost of acquisition is less than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

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

Sales of interests in subsidiaries that do not result in a loss of control for the Group, is considered as a transaction between related Group equity parties and the gain or loss arising from the sale is recognized directly to retained earnings.

Special purpose entities are consolidated when the substance of the relationship between the Bank and the entity indicates that the entity is controlled by the Bank.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies of the Group.

b. Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding, directly or indirectly, of between 20% and 50% of the voting rights.

Investments in associates are accounted for by the equity method of accounting.

The Group's share of the associates post-acquisition profits or losses is recognized separately in the income statement.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies of the Group.

c. Joint ventures

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

The consolidated financial statements include the Group's share of the joint venture under the proportionate consolidation method.

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

Details of the entities and the Group's ownership interest of subsidiaries and joint ventures is provided in note 40, and for associates in note 19.

1.3 Segment reporting

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

a. the primary reporting format are the following business segments:
- Retail
- Corporate
- Asset Management and Insurance
- Investment Banking and Treasury
- South Eastern Europe
- Other

b. the geographical segments are the secondary reporting format:
- Greece
- Other Countries

Detailed information relating to business and geographical segments are presented in note 41.

1.4 Transactions in foreign currency and translation of foreign operations

a. Transactions in foreign currency

The consolidated financial statements are presented in Euro, which is the functional currency and the currency of the country of incorporation of the Bank. Items included in the financial statements of each of the Group's companies are measured at the functional currency of each entity which is the currency of the country of incorporation or the currency of the primary economic environment in which the company 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 group entities that have a functional currency that is different from the presentation currency of the Group 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.

1.5 Cash and cash equivalents

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

a. Cash on hand.
b. Non-restricted placements with Central banks.
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 consolidated financial statements.

1.6 Classification and measurement of financial assets

The Group 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. Direct 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 Group has the positive intention and ability to hold to maturity.

This category is carried at amortized cost. The Group 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 Group 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 Group, at initial recognition, designates these financial assets as 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 Group 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 1.7 are followed.

1.7 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 as 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 Group'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 Group uses derivatives for trading purposes to exploit short-term market fluctuations, within the Group risk level set by the Asset-Liability Committee (ALCO). Valuation differences arising from these derivatives are recognized in gains less losses on financial transactions.

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

We emphasize the following:

a. *Synthetic Swaps*

   The parent company (Alpha Bank), in order to increase the return on deposits to selected customers uses synthetic swaps. This involves the conversion of a Euro deposit to JPY with a simultaneous forward purchase of JPY to cover the foreign exchange exposure.

   The result arising from the forward 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 expense and 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 Group uses interest rate swaps (IRS's) to hedge risks relating to borrowings, bonds, loans and fixed rate term deposits.

(b) *Cash flow hedge*
A cash flow hedge changes the cash flows of a financial instrument 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 Group uses foreign exchange derivatives or borrowing to hedge 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.

1.8 Property, plant and equipment

This caption includes: land, buildings (owned and leased) 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: 20 to 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 right to use of land for an indefinite period that is held by Alpha Real Estate D.O.O. Beograd, a subsidiary of the Group, is recorded as land and is not depreciated.

The residual value of property and equipment and their useful lives are periodically reviewed and adjusted if necessary at each reporting date.
Property plant and equipment are reviewed at each reporting date to determine whether there is an indication of impairment and if they are impaired the carrying amount is adjusted to its recoverable amount with the difference recorded in the income statement.

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

1.9 Investment property

The Group 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

- *Goodwill*
  Goodwill represents the difference between the cost of an acquisition and the fair value of the net identifiable assets acquired.

  Goodwill arising from acquisitions after 1/1/2004 is recorded to "Goodwill and other intangible assets". Goodwill on acquisitions of associates is included in "Investment in associates".

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

  Negative goodwill is recognized in the income statement.

- *Other intangible assets*
  The Group has included in this caption:

  a) Intangible assets (deposit base, relationships with customers and brand name) which were recognized from the acquisition of the Jubanka a.d. Beograd (currently Alpha Bank Srbija A.D.) in accordance with IFRS 3. These intangible assets are carried at cost less accumulated amortization. The amortization is charged over the estimated useful life of each asset which is as follows:
     - Deposit base and customer relationships: 6 years
     - Brand name: 2 years

  b) Software is carried at cost less amortization. Amortization is charged over the estimated useful life, which the Group has defined from three to four years. Expenditure incurred to maintain software programs is recognized in the income statement.

  Intangible assets are carried at cost less accumulated amortization except for these assets that have an indefinite useful life and are not amortized. All intangible assets are subject to impairment test.

  For intangible assets no residual value is estimated.

1.11 Leases

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

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

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

a) When the Group is the lessor

i. Finance leases:
   For finance leases where the Group is the lessor the aggregate amount of lease payments is recognized as loans and advances.
   The difference between the present value (net investment) of lease payments, and the aggregate amount of lease payments, is recognized as unearned finance income and is deducted from loans and advances.
   The lease rentals received decrease the aggregate amount of lease payments and finance income is recognized on an accrual basis.
   The finance lease loans are subject to the same impairment testing as applied to customer loans and advances as described in note 1.13.

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

b) When the Group is the lessee

i. Finance leases:
For finance leases, where the Group is the lessee, the leased asset is recognized as 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 Group's borrowing rate for similar financing.

Subsequent to initial recognition the leased assets are depreciated over their useful lives unless the duration of the lease is less than the useful life and the Group 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 Group as a lessee does not recognize the leased asset but charges in general administrative expenses, the lease payments on an accrual basis.

1.12 Insurance activities

a) Insurance reserves

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

i. Mathematical reserves
The insurance reserves for the term life contracts (e.g. term, comprehension, investment) are calculated on actuarial principles using the present value of future liabilities less the present value of premiums to be received. The calculations are based on technical assumptions (mortality tables, interest rates) in accordance with the respective supervisory authorities on the date the contract was signed.
If the carrying amount of the insurance reserves is inadequate, the entire deficiency is provided for.

ii. Unearned premiums reserves
Represent part of net premiums earned which cover proportionally the period from the balance sheet date to the termination of the period the net premium covers.

iii. Outstanding claims reserves
Concern liabilities on claims occurred and reported but not yet paid at the balance sheet date. These claims are determined on a case-by-case basis based on existing information (loss adjustors' reports, doctors reports, court decisions etc) at the balance sheet date. Provisions are also determined for claims incurred but not reported at the balance sheet date (IBNR), the calculation of these provisions is based on the estimated average cost of claim.

iv. Reserves for investments held on behalf and at risk of life insurance policy holders
These reserves are accounted for as assets and liabilities at the current value of the associated investments.

b. *Revenue recognition*
Revenues from life and non-life insurance contracts are recognized when they become payable.

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

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

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

i. The individual unit-linked contracts with zero insured capital.
ii. Group pension fund contracts under unit-linked management.
iii. Group contract services provided for which the Group acts as intermediate (e.g.motor assistance and accident care).

e. *Liability adequacy test*
In accordance with IFRS 4 an insurer shall assess at each reporting date whether its recognized insurance reserves are adequate (less deferred acquisition costs and related intangible assets) to cover the risk arising from the insurance contracts. If that assessment shows that the carrying amount of its insurance reserves is inadequate the entire deficiency is recognized in profit or loss.

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

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

1.13 Impairment losses on loans and advances

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

Specifically, the steps performed are the following:

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

The loans and advances with payment of interest or principal overdue by more than 90 days 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 Group has information that indicates that the financial position of the borrower is deteriorating (reduced sales, gross margins, profit etc.) or other events (bankruptcy filing, extra-ordinary events such as floods, fire, etc at the installations of the borrower) which occurred after the date of initial recognition and which are considered to affect the ability of the borrower to adhere to the agreed repayment schedule.

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

b. The criteria 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.

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

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

c. Establishment of groups of assets with similar risk characteristics

In those instances 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 Group 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.

1.14 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.

1.15 Non-current assets held for sale and related liabilities

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

These items consists of property, plant and equipment that the Group has obtained from foreclosures of customer loans, property from Hilton Rhodes Resort of Ionian Hotel Enterprises A.E. for which the procedure of finding a prospective buyer has been initiated, and the total assets of Alpha Insurance A.E. for which the Group has signed a share sale and purchase agreement.

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 the 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.

Non current assets 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.

1.16 Financial liabilities

The Group 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 Group includes financial liabilities which are designated at initial recognition, as at fair value through profit or loss in accordance to the principles set in note 1.6 (point c(ii)).

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

Liabilities arising from both the derivatives held for trading and the derivatives which are used for hedging purposes, are presented in " derivative financial liabilities" and measurement principles are set out in note 1.7.

At present no financial liabilities have been designated, at initial recognition, as at 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 1.7.

1.17 Employee benefits

The Group 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 Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to employee service in current or prior years.

The liability recognized in the consolidated 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 Group pays contributions to publicly or privately administered pension insurance plans, to insurance companies and other funds on a mandatory or voluntary basis. The Group 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.

1.18 Share options granted to employees

The Group 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 Group and the reserve in equity from previously recognized fair value of the exercised options is transferred to share premium.

1.19 Provisions

A provision is recognized when the Group 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 is presented net of any amount of reimbursement.

1.20 Sale and repurchase agreements

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

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

Securities that are sold under agreements to repurchase continue to be recognized in the consolidated balance sheet and are measured in accordance with 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.

1.21 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 companies of the Group is recorded as share premium.
In this category it is also recorded the difference between the nominal value of the shares issued and their acquisition price in cases of share capital increase is also recorded .

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.

1.22 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.

1.23 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.

1.24 Discontinued operations

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

- a major line of Group's business; or
- a geographical area of operations; or
- a subsidiary acquired exclusively with a view to resale.

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

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

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

The comparative financial statements are restated only for the income statement and the cash flow statement. The Group has classified its subsidiary Alpha Insurance A.E. as a discontinued operation, due to its recent share sale and purchase agreement. Alpha Insurance A.E. represents significant line of Asset Management/ Insurance business segment.

1.25 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	116,538	126,744
Securities	261,124	120,200
Loans and advances to customers	1,998,864	1,538,468
Due to banks	(186,538)	(85,568)
Due to customers	(357,421)	(253,825)
Debt securities in issue and other borrowed funds	(352,583)	(195,332)
Other	(62,368)	(32,293)
Total	1,417,616	1,218,394

3. Net fee and commission income

	From 1 January to	
	31.12.2006	31.12.2005
Loans	62,344	52,279
Letters of guarantee	37,530	35,518
Imports-Exports	18,841	19,957
Credit cards	48,130	39,745
Fund transfers	86,101	82,864
Mutual funds	65,155	56,856
Management and advisory fees	4,106	12,964
Other	77,901	52,132
Total	400,108	352,315

4. Dividend income

	From 1 January to	
	31.12.2006	31.12.2005
Available-for-sale shares	2,700	2,580
Total	2,700	2,580

5. Gains less losses on financial transactions

	From 1 January to	
	31.12.2006	31.12.2005
Foreign exchange differences	32,528	25,450
Securities held for trading	4,884	(6,654)
Available-for-sale securities	22,630	4,590
Other financial instruments	(4,546)	1,862
Total	55,496	25,248

6. Other income

	From 1 January to	
	31.12.2006	31.12.2005
Insurance activities	946	6,347
Hotel activities	46,733	41,747
Operating lease income	4,267	3,925
Sale of property, plant and equipment	3,471	7,214
Goodwill from merger with Delta Singular A.E.P.	-	7,695
Other	11,238	23,187
Total	66,655	90,115

Income from insurance activities is analyzed as follows:

	From 1 January to	
	31.12.2006	31.12.2005
Non-life Insurance		
Premiums and other related income	12,592	14,587
Less:	-	
Reinsurance premiums ceded	(2,825)	(587)
Commissions	(1,184)	(1,406)
Claims from policyholders	(9,864)	(8,202)
Reinsurers' participation	3,491	2,153
Net income from non-life insurance	2,210	6,545
Life Insurance		
Premiums and other related income	7,535	6,759
Less:		
Reinsurance premiums ceded	(1,107)	(1,188)
Commissions	(693)	(934)
Claims from policyholders	(7,462)	(5,617)
Reinsurers' participation	463	782
Net income from life insurance	(1,264)	(198)
Total	946	6,347

7. Staff costs

	From 1 January to	
	31.12.2006	31.12.2005
Wages and salaries	319,601	283,605
Social Security contributions	83,449	78,425
Expenses of defined benefit plans (note 30)	51,506	51,852
Other	21,529	18,275
Total	476,085	432,157

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 Group as at 31.12.2006 were 12,069 (31.12.2005: 11,484) of which 8,017 (31.12.2005: 8,204) are employed in Greece and 4,052 (31.12.2005: 3,280) are employed abroad.

Defined contribution plans

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

a) 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.

b) 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 30.

8. General administrative expenses

	From 1 January to	
	31.12.2006	31.12.2005
Rent of buildings	29,232	25,141
Rent and maintenance of EDP equipment	21,524	17,955
EDP expenses	37,607	32,051
Marketing and advertisement expenses	35,095	28,550
Telecommunications and postage	25,930	22,098
Third party fees	35,485	29,762
Consultants fees	11,124	8,309
Contribution to Deposit Guarantee Fund	12,936	11,445
Insurance fees	5,853	8,150
Consumables	6,980	5,943
Electricity	7,822	6,895
Agency fees	6,382	5,565
Taxes (V.A.T. tax of real estate property, etc.)	37,008	32,311
Other	72,314	67,472
Total	345,292	301,647

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	244,631	259,697
Impairment losses on due from banks	(13)	-
Provisions to cover credit risk relating to off balance sheet items	14,946	-
Recoveries	(5,610)	(4,824)
Total	253,954	254,873

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 and 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., a listed company, was not related with the Bank before 1.1.1997.

It should be noted that, due to the fact that 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	129,892	116,613
Additional tax arising from tax audit	10,771	-
Deferred tax	34,764	15,458
Total income tax	175,427	132,071

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 for the Bank, and the years 2000 up to and including 2005 for Alpha Astika Akinita A.E.

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	10,343	13,200
Loans and advances to customers	8,118	30
Employee defined benefit obligations	313	(2,854)
Valuation of derivatives	8,518	(4,497)
Financial instruments effective rate	2,031	2,660
Valuation of debt security in issue due to fair value hedge	3,046	4,315
Carry forward of unused tax losses	402	(495)
Other temporary differences	1,993	3,099
Total	34,764	15,458

Reconciliation of effective and current tax rate

		31.12.2006		31.12.2005
Profit before tax		800,757		634,141
Income tax	23.66%*	189,466	20.84%*	132,180
Increase/(decrease) due to:				
Additional tax from rental income from fixed assets	0.05%	404	0.06%	388
Non taxable income	(4.02%)	(32,179)	(0.45%)	(2,881)
Non deductible expenses	1.16%	9,257	0.55%	3,446
Part of profit relating to non taxable income	(0.87%)	(6,980)	(1.33%)	(8,407)
Part of profit relating to distributable income	0.74%	5,891	0.89%	5,665
Effect of tax rates used for current and deferred tax	0.15%	1,184	0.27%	1,707
Other temporary differences	(0.29%)	(2,238)	0.21%	1,315
Usage of tax losses	(0.02%)	(149)	(0.21%)	(1,342)
Additional tax from tax audit	1.35%	10,771	-	-
Income tax	21.91%	175,427	20.83%	132,071

* The effective current income tax rate is 23.66% for 2006 and 20.84% for 2005, and it represents the weighted average of nominal tax rate based on the nominal income tax rate and the profit before tax of each Groups subsidiary.

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). These 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. Profit after tax from discontinued operations

On 16 October 2006, the Bank announced that it signed an agreement for the sale of 99.57% 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 agreement is subject to regulatory approvals.

The profit after tax of Alpha Insurance A.E. which has been classified as a discontinued operation is analyzed as follows:

	From 1 January to	
	31.12.2006	31.12.2005
Net interest income	5,501	6,551
Net fee and commission income	2,381	1,972
Dividend income	-	60
Gains less losses on financial transactions	3,904	4,922
Other income	26,970	21,546
Total income	38,756	35,051
Staff costs	(14,624)	(13,967)
General administrative expenses	(10,923)	(8,108)
Depreciation and amortization expenses	(1,727)	(2,927)
Total expenses	(27,274)	(25,002)
Impairment loss and provision to cover credit risk	(1,200)	(1,972)
Profit before taxes	10,282	8,077
Income tax	(7,595)	(4,277)
Profit after taxes	2,687	3,800
Net profit attributable to equity holders of the Bank:	2,645	3,751
Minority interest	42	49
Earnings per share:		
Basic (€ per share)	0.01	0.01
Diluted (€ per share)	0.01	0.01

Income tax for 2006 includes an amount of € 2.4 million, which represents additional taxes assessed by the tax authorities from their audit of the fiscal years 2002 up to and including 2005.

The total employees as at 31.12.2006 were 343 (31.12.2005: 360)

12. Earnings per share

Basic earnings per share:

Basic earnings per share is calculated by dividing the profit after tax for the period attributable to the equity holders of the Bank by the weighted average number of ordinary shares outstanding, after deducting treasury shares held, during the period.

	From 1 January to	
	31.12.2006	31.12.2005
Profit attributable to equity holders of the Bank from continuing and discontinued operations	551,987	502,174
Weighted average number of outstanding ordinary shares	393,178,069	400,859,272
Basic earnings per share from continuing and discontinued operations (in € per share)	1.40	1.25
Profit attributable to equity holders of the Bank from continuing operations	549,342	498,423
Weighted average number of outstanding ordinary shares	393,178,069	400,859,272
Basic earnings per share from continuing operations (in € per share)	1.40	1.24

	From 1 January to	
	31.12.2006	31.12.2005
Profit attributable to equity holders of the Bank from continuing and discontinued operations excluding tax on reserves	625,889	502,174
Weighted average number of outstanding ordinary shares	393,178,069	400,859,272
Basic earnings per share from continuing and discontinued operations excluding tax on reserves (in € per share)	1.59	1.25

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 equity holders of the Bank from continuing and discontinued operations	551,987	502,174
Weighted average number of outstanding ordinary shares	393,178,069	400,859,272
Adjustment for share options	731,705	550,066
Weighted average number of outstanding ordinary shares for diluted earnings per share	393,909,774	401,409,338
Diluted earnings per share from continuing and discontinued operations (in € per share)	1.40	1.25
Profit attributable to equity holders of the Bank from continuing operations	549,342	498,423
Weighted average number of outstanding ordinary shares	393,178,069	400,859,272
Adjustment for share options	731,705	550,066
Weighted average number of outstanding ordinary shares for diluted earnings per share	393,909,774	401,409,338
Diluted earnings per share from continuing operations (in € per share)	1.39	1.24
Profit attributable to equity holders of the Bank from continuing and discontinued operations excluding tax on reserves	625,889	502,174
Weighted average number of outstanding ordinary shares	393,178,069	400,859,272
Adjustment for share options	731,705	550,066
Weighted average number of outstanding ordinary shares for diluted earnings per share	393,909,774	401,409,338
Diluted earnings per share from continuing and discontinued operations excluding tax on reserves (in € per share)	1.59	1.25

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

13. Cash and balances with Central Banks

	31.12.2006	31.12.2005
Cash	364,905	305,144
Cheques receivable	74,649	53,727
Balances with Central Banks	2,236,148	1,843,511
Total	2,675,702	2,202,382
Of which mandatory deposits with Central Banks:	1,435,899	1,202,541

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

	31.12.2006	31.12.2005
Cash and balances with Central Banks	1,239,803	997,602
Sale and repurchase agreements (Reverse Repos)	395,604	2,148,476
Short-term placements with other banks	2,937,316	2,517,497
Cash and cash equivalents from continuing operations	4,572,723	5,663,575
Cash and cash equivalents from discontinued operations	3,108	2,239
Cash and cash equivalents from continuing and discontinued operations	4,575,831	5,665,814

14. Due from banks

	31.12.2006	31.12.2005
Placements with other banks	4,248,790	2,635,460
Sale and repurchase agreements (Reverse Repos)	395,605	2,148,476
Allowance for impairment losses	(7,683)	(8,707)
Total	4,636,712	4,775,229

Allowance for impairment losses

Balance 1.1.2005	-
Provision from Jubanka A.D. Beograd acquisition	8,707
Balance 31.12.2005	8,707
Decrease of impairment losses from due from banks (note 9)	(13)
Foreign exchange differences	(1,011)
Balance 31.12.2006	7,683

15. Securities held for trading

	31.12.2006	31.12.2005
Government bonds	186,753	90,912
Other debt securities		
- Listed	33,084	25,952
- Non-listed	53,414	-
Shares:		
- Listed	32,740	5,774
Total	305,991	122,638

16. 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	769,553	7,139	5,410
Currency swaps	1,564,998	17,636	10,072
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	3,123,437	93,508	78,082
b. Interest rate derivatives			
Interest rate swaps	9,540,482	104,473	84,118
Interest rate options	220,399	1,322	711
Total non-listed	9,760,881	105,795	84,829
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	15,389,591	245,676	224,576

	31 December 2005		
	Contract nominal amount	Fair value	
		Assets	Liabilities
Derivatives held for trading			
a. Foreign Exchange Derivatives			
Currency forwards	557,502	2,394	3,218
Currency swaps	928,696	5,231	4,944
Cross currency swaps	614,987	57,825	53,789
Currency options	296,363	1,910	1,946
Currency options embedded in retail products	24,191	57	-
Total non-listed	2,421,739	67,417	63,897
b. Interest rate derivatives			
Interest rate swaps	3,376,098	67,120	44,435
Interest rate options	27,801	149	166
Total non-listed	3,403,899	67,269	44,601
Options	153,477	35	161
Total listed	153,477	35	161
c. Index and stock derivatives			
Futures	4,624	18	115
Options	34,036	178	-
Total listed	38,660	196	115
Derivatives for hedging			
a. Foreign exchange derivatives			
Cross currency swaps	219,730	-	15,138
Total non-listed	219,730	-	15,138
b. Interest rate derivatives			
Interest rate swaps	1,263,522	4,080	16,324
Total non-listed	1,263,522	4,080	16,324
Grand Total	7,501,027	138,997	140,236

17. Loans and advances to customers

	31.12.2006	31.12.2005
Individuals:		
Mortgages	8,812,267	6,937,685
Consumer	2,445,129	2,029,704
Credit cards	942,025	883,605
Other loans	217,035	193,181
Total	12,416,456	10,044,175
Companies:		
Corporate	18,992,719	16,728,566
Leasing	1,086,745	843,011
Factoring	495,692	386,600
Total	20,575,156	17,958,177
Other receivables	196,492	302,224
Insurance activities:		
Receivables from insurance and re-insurance activities	12,179	92,327
	33,200,283	28,396,903
Less: Allowance for impairment losses	(977,249)	(1,040,360)
Total	32,223,034	27,356,543

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 € 992,195.

The financial lease receivables are analyzed as follows:

	31.12.2006	31.12.2005
Up to 1 year	318,043	299,764
From 1 year up to 5 years	553,620	411,707
More than 5 years	588,952	331,601
	1,460,615	1,043,072
Unearned finance income	(373,870)	(200,061)
Receivables from finance leases	1,086,745	843,011

The net amount of finance leases is analyzed as follows:

	31.12.2006	31.12.2005
Up to 1 year	257,139	260,462
From 1 year up to 5 years	395,356	320,666
More than 5 years	434,250	261,883
Total	1,086,745	843,011

Allowance for impairment losses

Balance 1.1.2005	757,951
Provision from Jubanka A.D. Beograd acquisition	59,654
Exchange differences	2,151
Provision for loan impairment	261,697
Loans written-off during the period	(48,659)
Provision from merger with Delta Singular A.E.P.	7,566
Balance 31.12.2005	1,040,360
Impairment of Assets classified as held-for-sale	(4,847)
Unwinding of the discount	71,650
Exchange differences	(2,642)
Provision for loan impairment (note 9)	244,631
Loans written-off during the period	(371,903)
Balance 31.12.2006	977,249

18. Investment securities

Available-for-sale

	31.12.2006	31.12.2005
Government bonds	6,253,815	6,666,391
Other debt securities:		
- Listed	1,142,097	869,643
- Non-listed	28,897	2,823
Shares:		
- Listed	52,317	73,675
- Non-listed	13,374	12,382
Other variable yield securities	62,102	120,148
Total	7,552,602	7,745,062

19. Investments in associates

	From 1 January to	
	31.12.2006	31.12.2005
Opening balance	11,389	107,363
Acquisitions	104	837
Repayment of capital	(723)	-
Dividends received	(154)	(163)
Sale of Lesvos Tourist Company A.E.	(631)	-
Sale of ICAP A.E.	(5,332)	-
Liquidation of Gaiognomon A.E.	(140)	-
Reduction of ownership interest in Propindex A.E.	(14)	-
Merger with Delta Singular A.E.P.		(96,524)
Impairment		(105)
Share of profit/ (loss)	(408)	(19)
Closing balance	4,091	11,389

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

	Name	Country of incorporation	Group's ownership interest % 31.12.2006	31.12.2005
a.	Lesvos Tourist Company A.E. [1]	Greece	-	24.99
b.	Evisak A.E.	Greece	27.00	27.00
c.	Icap A.E. [2]	Greece	-	26.96
d.	Gaiognomon A.E. [3]	Greece	-	20.00
e.	Propindex A.E.[4]	Greece	-	13.82
f.	AEDEP Thessalias & Stereas Ellados [5]	Greece	50.00	50.00
g.	A.L.C. Novelle Investments Ltd	Cyprus	33.33	33.33
h.	Geosynthesis A.E. [6]	Greece	-	20.00

(1) The sale of Lesvos Tourist Company A.E. was completed in February 2006 (note 46, paragraph c)

(2) ICAP A.E. was sold in December 2006 (note 46, paragraph q)

(3) Gaignomon A.E. was liquidated in December 2006 (note 46, paragraph o)

(4) The Company, in which Alpha Astika Akinita A.E., a subsidiary of the Bank, participates, is no longer accounted for under the equity method due to the reduction of Alpha Astika Akinita A.E. ownership interest from 22.58% to 18.42%. The investment has been transferred to investment securities.

(5) The entity is a nonr profit organization.

(6) Geosynthesis A.E. was sold in June 2006 (note 46 paragraph f)

The share of the profit share of the Group on the profit or loss of each associate is set out below:

Company name	Equity (in thousands of €)	Profit/ (loss) after tax	Total (in thousands of €)	Share of profit/loss 1.1-31.12.2006
Evisak A.E.	2,914	114	3,028	10
Icap A.E.	18,256	1,519	19,775	406
Propindex A.E.	61	(6)	55	(1)
AEDEP Thessallias & Stereas Ellados	147	-	147	-
A.L.C. Novelle Investments Ltd	13,675	(1,654)	12,021	(823)
Total	35,053	(27)	35,026	(408)

20. Investment property

	Land and buildings
Balance 1.1.2005	
Cost	30,309
Accumulated depreciation	(2,950)
Net book value 1.1.2005	27,359
1.1.2005-31.12.2005	
Net book value 1.1.2005	27,359
Foreign exchange differences	(439)
Additions	80
Additions from merger with Delta Singular A.E.P (net book value)	33,606
Additions from companies consolidated for first time in 2005 (net book value)	443
Disposals	(6)
a) Cost	(6)
b) Accumulated depreciation	-
Reclassification to "Non-current assets held for sale"	(33,463)
Reclassification from "Property, plant and equipment"	2,519
Depreciation charge for the period	(549)
Net book value 31.12.2005	29,550
Balance 31.12.2005	
Cost	33,061
Accumulated depreciation	(3,511)
1.1.2006-31.12.2006	
Net book value 1.1.2006	29,550
Foreign exchange differences	32
Additions	14
Additions from companies consolidated for first time in 2006	5,342
Disposals	(86)
a) Cost	(86)
b) Accumulated depreciation	-
Reclassification to "Property, plant and equipment"	(1,680)
Reclassification from "Property, plant and equipment"	163
Reclassification to "Non-current assets held for sale"	(1,470)
a) Cost	(1,907)
b) Accumulated depreciation	437
Depreciation charge for the period	(347)
Net book value 31.12.2006	31,518
Balance 31.12.2006	
Cost	34,948
Accumulated depreciation	(3,430)

The fair value of investment property as calculated by Alpha Astika Akininta A.E. using the income method amounts to € 40 million.

21. Property, plant and equipment

	Land and Buildings	Leased equipment	Equipment	Total
Balance 1.1.2005				
Cost	1,050,081	10,219	301,509	1,361,809
Accumulated depreciation	(197,739)	(8,699)	(238,604)	(445,042)
Net book value 1.1.2005	852,342	1,520	62,905	916,767
1.1.2005-31.12.2005				
Net book value 1.1.2005	852,342	1,520	62,905	916,767
Foreign exchange differences	2,188	94	675	2,957
Additions	12,406	344	25,058	37,808
Additions from merger with Delta Singular A.E.P (net book value)	-	530	191	721
Additions from companies consolidated for first time in 2005 (net book value)	26,350	-	7,897	34,247
Disposals	(7,948)	-	(1,124)	(9,072)
a) Cost	(11,690)	(130)	(10,845)	(22,665)
b) Accumulated depreciation	3,742	130	9,721	13,593
Reclassification from "Non-current assets held for sale"	1,703	-	-	1,703
Reclassification from "Land and Buildings" to "Equipment"	(5)	-	5	-
Reclassification to "Non-current assets held for sale"	-	-	(28)	(28)
Reclassification to "Investment property"	(2,519)	-	-	(2,519)
Depreciation charge for the period	(20,141)	(581)	(23,889)	(44,611)
Net book value 31.12.2005	864,376	1,907	71,690	937,973
Balance 31.12.2005				
Cost	1,076,377	3,347	342,984	1,422,708
Accumulated depreciation	(212,001)	(1,440)	(271,294)	(484,735)
1.1.2006-31.12.2006				
Net book value 1.1.2006	864,376	1,907	71,690	937,973
Foreign exchange differences	3,332	119	768	4,219
Additions	36,380	608	39,374	76,362
Disposals	(2,442)	-	(508)	(2,950)
a) Cost	(3,616)	-	(4,406)	(8,022)
b) Accumulated depreciation	1,174	-	3,898	5,072
Reclassification to "Land and building" from "Investment Property"	1,680	-	-	1,680
Reclassification from "Land and building" to "Investment Property"	(163)	-	-	(163)
Other reclassification	-	-	(485)	(485)
a) Cost	-	-	(745)	(745)
b) Accumulated depreciation	-	-	260	260
Reclassification to "non-current assets held for sale"	(34,861)	-	(2,583)	(37,444)
a) Cost	(56,539)	-	(17,397)	(73,936)
b) Accumulated depreciation	21,678	-	14,814	36,492
Depreciation charge for the period	(19,831)	(542)	(22,823)	(43,196)
Net book value 31.12.2006	848,471	2,092	85,433	935,996
Balance 31.12.2006				
Cost	1,058,044	4,055	361,639	1,423,738
Accumulated depreciation	(209,573)	(1,963)	(276,206)	(487,742)

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

22. Goodwill and other intangible assets

	Goodwill	Other intangible	Software	Total
Balance 1.1.2005				
Cost	-	-	108,799	108,799
Accumulated amortization	-	-	(77,938)	(77,938)
Net book value 1.1.2005	-	-	30,861	30,861
1.1.2005-31.12.2005				
Net book value 1.1.2005	-	-	30,861	30,861
Foreign exchange differences	-	-	(295)	(295)
Additions	-	-	21,601	21,601
Additions from merger with Delta Singular A.E.P (net book value)	-	-	239	239
Additions from companies consolidated for first time in 2005 (net book value)	54,022	17,473	918	72,413
a) Cost	57,670	18,572	918	77,160
b) Foreign exchange differences	(3,648)	(1,099)	-	(4,747)
Disposals	-	-	(13)	(13)
a) Cost	-	-	(1,300)	(1,300)
b) Accumulated amortization	-	-	1,287	1,287
Reclassification to "non-current assets held for sale"	-	-	(42)	(42)
a) Cost	-	-	(168)	(168)
b) Accumulated amortization	-	-	126	126
Depreciation charge for the period	-	(3,095)	(14,233)	(17,328)
Net book value 31.12.2005	54,022	14,378	39,036	107,436
Balance 31.12.2005				
Cost	54,022	17,392	130,227	201,641
Accumulated amortization	-	(3,014)	(91,191)	(94,205)
1.1.2006-31.12.2006				
Net book value 1.1.2006	54,022	14,378	39,036	107,436
Foreign exchange differences	4,322	937	(534)	4,725
Additions	-	428	27,890	28,318
Disposals	-	-	(2,702)	(2,702)
a) Cost	-	-	(2,725)	(2,725)
b) Accumulated amortization	-	-	23	23
Other reclassifications	-	-	485	485
a) Cost	-	-	745	745
b) Accumulated amortization	-	-	(260)	(260)
Reclassification to "non-current assets held for sale"	-	-	(2,019)	(2,019)
a) Cost	-	-	(11,549)	(11,549)
b) Accumulated amortization	-	-	9,530	9,530
Depreciation charge for the period	-	(3,334)	(15,771)	(19,105)
Net book value 31.12.2006	58,344	12,409	46,385	117,138
Balance 31.12.2006				
Cost	58,344	18,293	144,745	221,382
Accumulated amortization	-	(5,884)	(98,360)	(104,244)

The annual impairment test performed on the goodwill arising from the acquisition of Alpha Bank Srbija A.D. confirmed that no adjustment to the carrying amount is necessary. Specifically, the value in use and the fair value less costs to sell were determined to be higher than the carrying amount of the subsidiary presented in the consolidated financial statements and therefore no impairment loss exists.

Other intangible assets which were recognized upon acquisition of the above mentioned bank that relate to the deposit base, and customer relationships, their recoverable amount was also estimated to be higher than their carrying amount and no impairment loss was required. The only exception was the brand name which has been changed. The amortization of the brand name corresponds with the introduction of the new brand name therefore no impairment loss is required.

23. Deferred tax assets and liabilities

	31.12.2006	31.12.2005
Deferred tax assets	276,973	202,519
Deferred tax liabilities	(140,208)	(23,857)
Total	136,765	178,662

	1.1.2006 - 31.12.2006						
			Recognized in				
			Income statement		Equity		
	Balance 1.1.2006	Discontinued operations	Assets	Liabilities	Assets	Liabilities	Balance 31.12.2006
Depreciation	25,099	264	418	(10,761)	-	(11)	15,009
Loans and advances	2,231	(25)	17,240	(25,358)	-	-	(5,912)
Valuation of derivative financial instruments	4,926	-	453	(8,971)	-	-	(3,592)
Tax losses carry forward	8,315	(3,001)	212	(614)	76	-	4,988
Other provisions	1,415	-	692	(2,685)	-	(164)	(742)
Effective interest rate of financial instruments	9,607	-	-	(2,031)	-	-	7,576
Employee defined benefit obligations	131,809	(4,192)	165	(478)	-	(80)	127,224
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(4,740)	-	-	(3,046)	-	-	(7,786)
Total	178,662	(6,954)	19,180	(53,944)	76	(255)	136,765

	1.1.2005 -31.12.2005							
				Recognized in				
				Income statement		Equity		
	Balance 1.1.2005	Discontinued operations	Mergers & Acquisitions	Assets	Liabilities	Assets	Liabilities	Balance 31.12.2005
Depreciation	40,530	(7)	(267)	-	(13,200)	-	(1,957)	25,099
Loans and advances	4,592	-	2,043	10,057	(10,087)	1,714	(6,088)	2,231
Valuation of derivative financial instruments	429	-	-	8,571	(4,074)	-	-	4,926
Tax losses carry forward	6,515	-	2,256	495	-	-	(951)	8,315
Other provisions	3,516	-	(33)	1,360	(4,459)	1,404	(373)	1,415
Effective interest rate of financial instruments	12,267	-	-	-	(2,660)	-	-	9,607
Employee defined benefit obligations	128,851	90	7	2,918	(64)	22	(15)	131,809
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(425)	-	-	1,219	(5,534)	-	-	(4,740)
Total	196,275	83	4,006	24,620	(40,078)	3,140	(9,384)	178,662

24. Other assets

	31.12.2006	31.12.2005
Investments on behalf of life insurance policyholders	20,141	63,440
Prepaid expenses	10,387	13,795
Accrued income	3,557	4,698
Tax advances	166,621	108,624
Brokerage fees receivables	19,086	26,482
Other	90,048	68,219
Total	309,840	285,258

25. Non-current assets held-for-sale and related liabilities

a. Fixed Assets

	Land-buildings	Office equipment	Total
1.1.2005-31.12.2005			
Balance 1.1.2005	32,084	617	32,701
Additions	9,008	20	9,028
Additions from companies consolidated for first time in 2005	11	-	11
Additions from merger with Delta Singular A.E.	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	88,004	585	88,589
1.1.2006-31.12.2006			
Balance 1.1.2006	88,004	585	88,589
Additions	8,492	581	9,073
Disposals	(4,053)	(551)	(4,604)
Balance 31.12.2006	92,443	615	93,058

b. Other

1. The Bank and its subsidiaries signed on 11.10.2005 a final sales agreement with National Insurance for the sale of Alpha Insurance Romania S.A. The company's assets of € 3,481 are included in "non-current assets held for sale" while the company's liabilities of € 3,047 are included in "liabilities related to non-current assets held for sale". The transaction was completed on 16 February 2006.
2. On 16 October 2006, the Bank announced that it has signed an agreement for the sale of 99.57% shares of its subsidiary Alpha Insurance A.E. to AXA, as 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.

Company's assets and liabilities as at 31.12.2006 are as follows:

Assets

Cash and balances with Central Banks	29
Due from banks	3,079
Due to customers	93,535
Securities held for trading	
- Available-for-sale	176,566
Investment property	2,185
Property, plant and equipment	5,781
Goodwill and other intangible assets	1,308
Deferred tax assets	4,290
Other assets	69,763
Total	356,536

Liabilities

Liabilities for current income tax and other taxes	11,579
Employee defined benefit obligations	17,916
Other liabilities	28,522
Provisions	294,353
Total	352,370

3. The procedure of finding prospective buyer of Rhodes Hilton Hotel a subsidiary of Ionian Hotel Enterprises A.E. is still in progress.
   The company's assets and liabilities as at 31.12.2006 are as follows:

Assets

Cash and balances with Central Banks	8
Loans and advances to customers	1,432
Property, plant and equipment	30,148
Goodwill and other intangible assets	33
Deferred tax assets	3,001
Other assets	171
Total	34,793

Liabilities

Liabilities for current income tax and other taxes	6
Deferred tax liabilities	262
Employee defined benefit obligations	271
Other liabilities	686
Total	1,225

Liabilities

26. Due to Banks

	31.12.2006	31.12.2005
Current accounts	200,488	100,829
Saving accounts	1,251,219	1,194,780
Sale and repurchase agreements (Repos)	5,234,819	6,832,990
Total	6,686,526	8,128,599

27. Due to customers

	31.12.2006	31.12.2005
Current accounts	6,072,475	5,628,485
Saving accounts	9,710,996	9,731,063
Term deposits	7,236,510	5,387,767
Sale and repurchase agreements (Repos)	366,242	712,617
	23,386,223	21,459,932
Cheques payable	187,685	184,872
Total	23,573,908	21,644,804

28. Debt securities in issue and other borrowed funds

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

a) cheaper funding

b) long-term funding

c) strengthening of the capital adequacy ratio

As a result the Group 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.

	31.12.2006	31.12.2005
Senior debt		
Euro due 2006	-	2,519,937
Euro due 2007 with 1st call option 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 with 1st call option in 2006	-	8,052
US $ 10 million due 2008 with 1st call option in 2007	7,294	-
Euro due 2009	1,886,109	710,405
Euro due 2009 with 1st call option in 2007	107,972	-
CZK 1.500 million due 2009	54,423	51,511
US $ 11 million due 2009 with 1st call option in 2006	-	8,960
US $ 11 million due 2009 with 1st call option in 2007	8,121	-
US $ 5 million due 2009 with 1st call option in 2006	-	4,027
US $ 5 million due 2009 with 1st call option in 2007	3,693	-
HKD 50 million due 2009	4,913	5,497
Euro due 2010	1,174,227	924,947
Euro due 2010 with 1st call option in 2006	-	56,600
Euro due 2010 with 1st call option in 2007	2,539,026	2,502,060
US $ 7 million due 2010 with 1st call option in 2006	-	5,366
US $ 7 million due 2010 with 1st call option in 2007	4,611	-

	31.12.2006	31.12.2005
US $ 50 million due 2010 with 1st call option in 2007	38,118	42,521
Euro due 2011	458,117	15,439
CZK 700 million due 2011	25,364	-
Euro due 2011 with 1st call option in 2006	-	22,843
Euro due 2011 with 1st call option in 2007	21,802	-
Euro due 2011 with 1st call option in 2008	4,005,836	-
Euro due 2012	315,821	316,104
Euro due 2012 with 1st call option in 2006	-	9,353
Euro due 2012 with 1st call option in 2007	55,678	-
Euro due 2013	319,262	19,341
Euro due 2015	12,042	12,360
US $ 3 million due 2016	2,242	-
Euro due 2021	81,903	-
Total	13,165,944	8,662,180
Securities held by the Group	(406,104)	(485,309)
Senior debt total	12,759,840	8,176,871

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

Subordinated debt		
Euro due 2012 with 1st call option in 2007	326,033	325,817
Euro due 2013 with 1st call option in 2008	352,098	351,570
Euro due 2014 with 1st call option in 2009	201,648	201,115
JPY 30 billion with 1st call option in 2015	181,229	203,706
Total	1,061,008	1,082,208
Securities held by the Group	(31,595)	(66,453)
Subordinated debt total	1,029,413	1,015,755
Grand Total	13,789,253	9,192,626

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, carrying a fixed rate of 2.94%.

29. Liabilities for current income tax and other taxes

	31.12.2006	31.12.2005
Current income tax	108,729	104,647
Other taxes	20,348	23,555
Total	129,077	128,202

30. Employee defined benefit obligations

The 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
Alpha Insurance A.E.	-	-	15,773	-
Alpha Bank Cyprus	31,281	4,995	26,611	7,010
Subsidiaries in Greece (Law 2112/1920 compensation)	3,992	511	5,567	678
Total	548,584	51,506	561,748	51,852

Balance sheet and income statements amounts are as follows:

a. Bank

i. Supplementary pension fund (TAP) of former Alpha Credit Bank employees

The supplementary pension fund of the former Alpha Credit Bank (TAP) 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 the balance sheet	517,772	518,749

Amounts included in profit and loss are as follows:

	From 1 January to 31.12.2006	From 1 January to 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%

ii. Ionian and Popular Bank Insurance Fund (TAPILT)

Ionian and Popular Bank Insurance Fund (TAPILT) is responsible for the benefits of retired employees from ex-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 the balances 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 to Alpha Bank 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%

b. Group companies

i. Alpha Bank Cyprus

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

	31.12.2006	31.12.2005
Present value of defined benefit obligations	37,920	33,459
Unrecognized actuarial gains	(6,639)	(6,848)
Recognized liability	31,281	26,611

Amounts included in profit and loss are as follows:

	From 1 January to	
	31.12.2006	31.12.2005
Current service cost	3,192	2,917
Interest cost	1,649	1,435
Net actuarial losses recognized in fiscal year	154	170
Past service cost recognized in fiscal year	-	2,488
Total (included in staff costs)	4,995	7,010

The present value of accrued benefit arises as follows:

	2006	2005
Opening balance	26,611	19.615
Current service cost	3,192	2,917
Interest cost	1,649	1,435
Actuarial losses recognized in fiscal year	154	170
Past service cost recognized in fiscal year	-	2,488
Exchange differences	(237)	245
Benefits paid	(88)	(259)
Closing balance	31,281	26,611

The principal actuarial assumptions used are the following:

	31.12.2006	31.12.2005
Discount rate	5.0%	5.0%
Future salary increases	6.1%	6.1%

ii. Other companies in Greece

The employees of the Greek subsidiaries with indefinite employment contracts receive a lump sum payment on retirement, which is defined by Law 2112/1920. Amounts recognized in the balance sheet are analyzed as follows:

The liability arises as follows:

	31.12.2006	31.12.2005
Recognized liability	3,992	5,567

	From 1 January to	
	31.12.2006	31.12.2005
Expense included in staff costs	511	678

31. Other liabilities

	31.12.2006	31.12.2005
Dividends payable	6,357	3,790
Third parties withholdings	212,705	183,254
Insurance activities	1,371	20,773
Reinsurance activities	-	1,418
Brokerage services	24,421	76,972
Finance leases	187	117
Deferred income	33,193	52,899
Other accrued expenses	32,647	35,313
Liabilities from credit cards	207,517	210,984
Other	156,605	157,852
Total	675,003	743,372

32. Provisions

	31.12.2006	31.12.2005
Insurance reserves	38,885	306,832
Other provisions	26,378	11,039
Total	65,263	317,871

Provisions are analyzed as follows:

a. Insurance provisions

	31.12.2006	31.12.2005
Non-life insurance		
Unearned premiums	4,942	42,469
Outstanding claim reserves	5,882	58,443
Total	10,824	100,912
Life insurance		
Mathematical reserves	6,792	134,744
Outstanding claim reserves	1,128	7,736
Total	7,920	142,480
Reserves for investments held on behalf and at risk of life insurance policy holders	20,141	63,440
Grand total	38,885	306,832

b. Other provisions

Balance 1.1.2005	2,476
Jubanka A.D. Beograd acquisition	10,509
Exchange differences	(687)
Provision expense	5,108
Provisions used during the period	(6,367)
Balance 31.12.2005	11,039
Less impairment from discontinued operations	(48)
Provisions to cover credit risk relating to off balance sheet items	14,946
Decrease of provision for contingent liabilities	(288)
Provisions used during the period	(142)
Exchange differences	871
Balance 31.12.2006	26,378

The provision charge for the period is included in "Other expenses" in the consolidated income statement.

Equity

33. Share capital

	Number of shares	Paid-in 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 shares to € 5.35	-	562
Capitalization of reserve and change of nominal value of share 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.

Further details for Bank's share options granted to employees are presented in note 45.

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.

34. Share premium

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

35. Reserves

Reserves are analyzed as follows:

	31.12.2006	31.12.2005
Statutory reserve	394,499	349,024
Special reserve from share options valuation	5,989	3,108
Available-for-sale reserve	(83,641)	(30,776)
Amounts directly recognized in equity related to assets held for sale	(2,576)	-
Foreign exchange differences reserve from the translation of foreign operations	34,850	2,941
Total	349,121	324,297

36. Retained Earnings

Included in retained earnings are tax free reserves formed from gains arising on the sale of listed shares and other non taxable income which the companies of the Group have retained. 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.

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

37. Treasury shares

The Bank based on the decisions of the Ordinary General Shareholder's meetings held in prior years acquired, 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 Shareholder's 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 shares for 10 shares.

On 5 December 2006 through the process of an accelerated book building, 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 proceeds of the sale amounted to € 475,997.

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

As at 31 December 2006 the treasury shares amount to 801,719 with a cost of € 14,465 (€ 18.04 per share).
In addition to the above, companies of the Group hold the Bank's shares.
The 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 1.1-1.12.2006	10,293,923	209,730	
Sales December 2006	(21,250,000)	(383,393)	
Balance 31.12.2006	801,719	14,465	0.20%
Group companies			
Balance 1.1.2006	7,200	188	
Bonus shares (4/10)	2,880	-	
Balance 31.12.2006	10,080	188	
Total	811,799	14,653	0.20%

38. Hybrid Securities

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

- On 5 December 2002 an amount of € 200 million preferred securities with interest step up clause, which represent Lower Tier 1 capital for the Group.
  These are perpetual securities and may be redeemed by the issuer after the expiration of 10 years. The issuer has the discretion not to pay a dividend on the conditions that the Bank does not pay any dividend to common Shareholders. They carry interest at 3-month Euribor plus a margin of 2.65%. If redemption option is not exercised by the issuer the margin is increased by 1.325% reaching 3.975% in total. The preferred securities are listed on the Luxembourg Stock Exchange.

- On 5 December 2003 an amount of € 100 million preferred securities were issued with the same characteristics as those issued on 5 December 2002.

- On 18 February 2005 amount of € 600 million preferred securities without an interest step up clause, which also represent Lower Tier 1 capital for the Group since they fulfill the requirements of securities with interest step up clause as described above. The expenses of the issue amounted to €12 million. Non-cumulative dividend of preferred securities carry fixed interest at 6% for the first 5 years and thereafter interest is determined based on the formula 4x(CMS10-CMS2) with a ceiling and floor rate of 10% and 3.25% respectively. CMS10 and CMS2 represent the Euribor of interest rate swaps of 10 and 2 years, respectively.

Hybrid securities	31.12.2006	31.12.2005
Euro perpetual with 1st call option in 2012	300,000	300,000
Euro perpetual with 1st call option in 2015	588,000	588,000
Total	888,000	888,000
Securities held from Group companies	(58,346)	(43,054)
Total	829,654	844,946

Additional Information

39. Contingent liabilities and commitments

a) Legal issues

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

There are no pending legal cases or issues in progress which may have a material impact on the financial statements of the other companies of the Group.

b) Tax issues

On December 2006 the Bank's books and records were audited by the tax authorities for the fiscal years from 2003 up to and including 2005. As a result of the audit additional taxes and penalties of € 10,563 were assessed.

During 2006 a tax audit of Alpha Astika Akinita A.E. for the years from 2000 up to and including 2005, Alpha Insurance A.E. for the years from 2002 up to and including 2005, and Ionian Hotel Enterprises A.E. for the years 2003 up to and including 2005 was concluded and the additional taxes assessed amounted to € 2.6 million.

The other entities of the Group have been audited by the tax authorities up to the year ended 31 December 2002.

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

c) Operating leases

The Group's minimum future lease payments are as follows:

	31.12.2006	31.12.2005
- Less than one year	32,792	25,396
- Between one and five years	91,419	73,101
- More than five years	72,612	46,567
Total	196,823	145,064

The minimum future lease revenues are as follows:

- Less than one year	8,377	4,149
- Between one and five years	32,720	15,613
- More than five years	16,077	12,864
Total	57,174	32,626

d) Off balance sheet liabilities

Letters of credit	260,170	234,470
Letters of guarantee	4,580,796	3,749,766
Approved loan agreements and credit limits	14,408,504	12,232,183
Total	19,249,470	16,216,419

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 is pledged as collateral with the Bank of Greece for the participation in the Inter-Europe clearing of payments system on an on going time (TARGET).

40. Group consolidated companies

The consolidated financial statements apart from the parent company Alpha Bank include the following entities:

Name	Country of Incorporation	Group's ownership interest % 31.12.2006	31.12.2005
a. *Subsidiaries*			
Banks			
1.Alpha Bank London Ltd	United Kingdom	100.00	100.00
2.Alpha Bank Ltd	Cyprus	100.00	100.00
3.Alpha Bank Romania S.A.	Romania	99.91	99.91
4.Alpha Bank AD Skopje	FYROM	100.00	100.00
5.Alpha Bank Jersey Ltd	Jersey	100.00	100.00
6.Alpha Bank Srbija A.D. (ex Jubanka A.D. Beograd) *****	Serbia	99.99	99.99
Leasing companies			
1.Alpha Leasing A.E.	Greece	99.67	99.61
2.Alpha Leasing Romania S.A.	Romania	99.93	99.92
3.ABC Factors A.E.	Greece	100.00	100.00
4.Alpha Asset Finance Ltd *	Cyprus	-	100.00
5.Alpha Asset Finance C.I. Ltd	Jersey	100.00	100.00
Investment Banking			
1.Alpha Finance A.X.E.P.E.Y.	Greece	100.00	100.00
2.Alpha Finance US Corporation	U.S.A.	100.00	100.00
3.Alpha Finance Romania S.A.	Romania	99.98	99.98
4.Alpha Advisory Romania S.R.L.	Greece	99.98	99.98
5.Alpha Ventures A.E.	Greece	100.00	100.00
6.Alpha Equity Fund **	Greece	-	100.00
7.AEF European Capital Investments B.V.	Holland	100.00	100.00
8.Alpha Group Investments Ltd	Cyprus	100.00	-
Asset Management			
1.Alpha Asset Management AEDAK (ex Alpha Mutual Fund Management A.E.)	Greece	100.00	100.00
2.Alpha Asset Management A.E.P.E.Y.***	Greece	-	100.00
3.Alpha Private Investment Services A.E.P.E.Y.	Greece	100.00	100.00
4.ABL Independent Financial Advisers Ltd	United Kingdom	100.00	100.00
Insurance			
1.Alpha Insurance A.E.	Greece	99.57	99.56
2.Alpha Insurance Romania S.A.****	Romania	-	99.92
3.Alpha Insurance Agents A.E.	Greece	100.00	100.00
4.Alpha Insurance LTD Cyprus	Cyprus	100.00	99.92
5.Alpha Insurance Brokers S.R.L.	Romania	99.91	-

Name	Country of Incorporation	Group's ownership interest % 31.12.2006	31.12.2005
Other companies			
1.Alpha Astika Akinita A.E.	Greece	67.30	61.21
2.Alpha Group Jersey Ltd	Jersey	100.00	100.00
3.Ionian Hotel Enterprises A.E.	Greece	93.25	90.28
4.Ionian Holdings A.E.	Greece	100.00	100.00
5.Oceanos A.T.O.E.E.	Greece	100.00	100.00
6.Alpha Credit Group Plc	United Kingdom	100.00	100.00
7.Alpha Bank London Nominees Ltd	United Kingdom	100.00	100.00
8.Alpha Trustees Ltd	Cyprus	100.00	100.00
9.Messana Holdings S.A.	Luxemburg	100.00	100.00
10.Flagbright Ltd	United Kingdom	100.00	100.00
11.Tourist Resort A.E.	Greece	93.25	100.00
12.Evremathea A.E.	Greece	100.00	100.00
13.Alpha Real Estate D.O.O. Beograd*****	Serbia	67.30	-
14.Kafe Alpha A.E.******	Greece	100.00	-
15.Alpha Astika Akinita D.O.O.E.L Skopje******	FYROM	67.30	-
b. Joint Ventures			
1.Cardlink A.E.	Greece	50.00	50.00
2.APE Fixed Assets A.E.	Greece	60.10	60.10
3.APE Commercial Property A.E.	Greece	60.10	60.10

* Merger of Alpha Asset Finance Ltd. from Alpha Bank Ltd (note 46, paragraph n).

** Alpha Equity Fund A.E. has been merged through absorption by subsidiary Alpha Ventures A.E. (note 46, paragraph d).

*** Alpha Asset Management A.E.P.E.Y. has been merged through absorption by subsidiary Alpha Mutual Fund Management A.E. and the new company was re-named to Alpha Asset Management A.E.D.A.K. (note 46, paragraph h).

**** The company Alpha Insurance Romania S.A. was sold during the first quarter of 2006 (note 46, paragraph b).

***** The subsidiary Jubanka AD Beograd was re-named on 9 October 2006 to Alpha Bank Srbija A.D. (note 46, paragraph e).

The subsidiaries were fully consolidated and the joint ventures were consolidated under the proportional method.

The Group hedges the net investment risk in its subsidiaries Alpha Bank London Ltd. and Alpha Bank Ltd. through the use of the FX swaps and interbank loans in the functional currency of the above subsidiaries.

41. Segment reporting

a. *Analysis by sector* (amounts in million Euro)

31.12.2006	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Group	Discontinued operation	Group (continuing operation)
Interest income	897.1	278.7	22.6	49.9	172.0	2.8	1,423.1	5.5	1,417.6
Commission	143.9	84.5	88.4	40.1	53.3	(7.7)	402.5	2.4	400.1
Other income	11.7	3.1	35.0	(13.6)	23.1	96.0	155.3	30.9	124.4
Total income	1,052.7	366.3	146.0	76.4	248.4	91.1	1,980.9	38.8	1,942.1
Total expenses	(508.7)	(100.6)	(84.5)	(32.8)	(153.6)	(34.5)	(914.7)	(27.3)	(887.4)
Impairment	(166.1)	(63.1)	(1.2)	-	(24.8)	-	(255.2)	(1.2)	(254.0)
Profit before tax	377.9	202.6	60.3	43.6	70.0	56.6	811.0	10,3	800.7
Assets	15,054.9	14,642.1	2,637.5	12,866.6	4,092.3	506.2	49,799.6	356,5	49,443.1
Liabilities	24,410.8	2,248.3	1,532.7	13,092.6	3,634.4	1,267.2	46,186.0	352,4	45,833.6
Capital expenditures (Note 20,21,22,25)	63.0	11.3	5.1	2.7	35.0	1.5	118.6	-	118.6
Depreciation and amortisation	29.5	6.5	3.8	0.9	15.4	8.4	64.5	1.7	62.8

31.12.2005	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Group	Discontinued operation	Group (continuing operation)
Interest income	753.3	266.1	21.7	45.6	137.5	0.7	1,224.9	6.5	1,218.4
Commission	119.2	87.3	76.9	33.8	43.6	(6.5)	354.3	2.0	352.3
Other income	10.5	2.8	37.1	(2.5)	33.0	62.4	143.3	26.5	116.8
Total income	883.0	356.2	135.7	76.9	214.1	56.6	1,722.5	35,0	1,687.5
Total expenses	(451.8)	(94.1)	(76.3)	(33.0)	(134.8)	(33.5)	(823.5)	(25.0)	(798.5)
Impairment	(139.1)	(97.7)	1.5	(0.3)	(21.1)	(0.1)	(256.8)	(2.0)	(254.8)
Profit before tax	292.1	164.4	60.9	43.6	58.2	23.0	642.2	8.0	634.2
Assets	14,026.5	12,461.8	731.3	12,913.9	3,497.6	375.9	44,007.0	-	44,007.0
Liabilities	21,833.9	1,846.3	947.6	12,013.1	2,996.8	1,246.7	40,884.4	-	40,884.4
Capital expenditures (Note 20,21,22,25)	36.6	7.0	5.0	1.6	80.3	1.3	131.8	-	131.8
Depreciation and amortisation	28.8	6.0	4.5	0.9	14.1	8.2	62.5	2.9	59.6

i. Retail banking
Includes all individuals (retail banking customers) of the Group, professionals, small companies.

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

This sector also includes the leasing products which are offered through Alpha Leasing and factoring services to third parties through ABC Factors.

iii. Asset management / Insurance
Consists of a wide range of asset management services through Group's private banking and Alpha Asset Management A.E.D.A.K.
In addition it is offered a wide range of insurance products to individuals and companies through Alpha Insurance A.E.

iv. Investment Banking/ Treasury
Includes stock exchange, advisory and brokerage services relating to capital markets, and also investment banking facilities, offered either by the Bank or through specialized subsidiaries (Alpha Finance, Alpha Venture capital). 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 and subsidiaries operating in South Eastern Europe.

vi. Other
This segment consist of the non-financial subsidiaries and other foreign subsidiaries excluding those in South Eastern Europe and Bank's administration section.

b. Analysis by geographical sector

(amounts in million Euro)

	31.12.2006				
	Greece	Other countries	Group	Discontinued operation	Group (continuing operation)
Interest income	1,221.1	202.0	1,423.1	5.5	1,417.6
Commission	345.7	56.8	402.5	2.4	400.1
Other income	131.5	23.8	155.3	30.9	124.4
Total income	1,698.3	282.6	1,980.9	38.8	1,942.1
Total Expenses	(748.3)	(166.4)	(914.7)	(27.3)	(887.4)
Impairment	(230.4)	(24.8)	(255.2)	(1.2)	(254.0)
Profit before tax	719.6	91.4	811.0	10.3	800.7
Assets	39,860.3	9,939.3	49,799.6	356.5	49,443.1
	31.12.2005				
Interest income	1,086.3	138.6	1,224.9	6.5	1,218.4
Commission	304.5	49.8	354.3	2.0	352.3
Other income	110.3	33.0	143.3	26.5	116.8
Total income	1,501.1	221.4	1,722.5	35.0	1,687.5
Total Expenses	(686.6)	(136.9)	(823.5)	(25.0)	(798.5)
Impairment	(235.7)	(21.1)	(256.8)	(2.0)	(254.8)
Profit before tax	578.8	63.4	642.2	8.0	634.2
Assets	37,368.0	6,639.0	44,007.0	-	43,915.0

42. Financial risk management

42.1 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 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.

For 2006 it applied a 99% confidence level and a two year observation period.

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 (17.05.2006) 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 (23.06.2005) respectively.
- Value at Risk for 10 days in total for the Bank including investments € 13.1 million.

Positions held by the Group are minimal.

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 method applied for calculating interest rate and foreign exchange risk is the same for the Bank and companies of the Group.

The Group takes on exposures to effects of fluctuations in foreign currency exchange rates. Management 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 as at 31.12.2006 (In thousands of Euro)

	USD	GBP	CHF	JPY	OTHER F/C	EURO	TOTAL
ASSETS							
Cash and balances with Central Banks	103,649	2,028	602	27	490,503	2,078,893	2,675,702
Due from banks	966,224	7,935	14,370	5,314	77,569	3,565,300	4,636,712
Securities held for trading	129,992	-	-	-	7,485	168,514	305,991
Derivative financial assets	-	-	-	-	-	245,676	245,676
Loans and advances to customers	1,352,258	533,227	605,594	37,106	1,419,227	28,275,622	32,223,034
Investment Securities							
-Available-for-sale	433,982	7,012	-	-	296,447	6,815,161	7,552,602
Investments in associates	-	-	-	-	-	4,091	4,091
Investment property	-	-	-	-	5,833	25,685	31,518
Property, plant and equipment	24	4,176	-	-	110,936	820,860	935,996
Goodwill and other intangible assets	-	45	-	-	74,273	42,820	117,138
Deferred tax assets	-	85	-	-	3,821	273,067	276,973
Other assets	157	3,696	54	2	44,963	260,968	309,840
Non-current assets held for sale	-	-	-	-	545	483,842	484,387
Total Assets	2,986,286	558,204	620,620	42,449	2,531,602	43,060,499	49,799,660
LIABILITIES							
Due to banks and customers	2,820,501	496,115	30,094	431,003	2,139,098	24,343,623	30,260,434
Derivative financial liabilities	-	-	-	-	-	224,576	224,576
Debt securities in issue and other borrowed funds	63,344	-	-	192,994	94,733	13,438,182	13,789,253
Liabilities for current income tax and other taxes	-	1,623	-	-	3,206	124,248	129,077
Deferred tax liabilities	-	-	-	-	3,225	136,983	140,208
Employee defined benefit obligations	-	-	-	-	31,281	517,303	548,584
Other liabilities	841	2,677	206	431	28,950	641,898	675,003
Provisions	-	-	-	-	47,309	17,954	65,263
Liabilities related to assets held-for-sale	-	-	-	-	-	353,595	353,595
Total Liabilities	2,884,686	500,415	30,300	624,428	2,347,802	39,798,362	46,185,993
Net on-balance sheet position	101,600	57,789	590,320	(581,979)	183,800	3,262,137	3,613,667
Derivatives forward foreign exchange position	(114,125)	(25,708)	(593,254)	577,724	230,442	(89,772)	(14,693)
Total foreign exchange position	(12,525)	32,081	(2,934)	(4,255)	414,242	3,172,365	3,598,974
Credit commitments	32,219	57,834	-	-	280,348	14,038,103	14,408,504

Foreign Exchange Position as at 31.12.2005 (Thousands of Euro)

	USD	GBP	CHF	JPY	OTHER F/C	EURO	TOTAL
Total Assets	2,596,904	356,953	403,110	67,342	2,189,888	38,392,849	44,007,046
Total Liabilities	(2,627,272)	(425,394)	(17,672)	(572,895)	(1,817,575)	(35,423,554)	(40,884,362)
Net on-balance sheet position	(30,368)	(68,441)	385,438	(505,553)	372,313	2,969,295	3,122,684
Derivatives forward foreign exchange position	(357)	164,163	(380,900)	519,579	184,679	(483,534)	3,630
Total foreign exchange position	(30,725)	95,722	4,538	14,026	556,992	2,485,761	3,126,314
Credit commitments	25,681	52,240	-	-	183,994	11,970,268	12,232,183

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.

Interest Rate Risk (Gap Analysis) as at 31.12.2006

(Thousands of Euro)

	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
ASSETS								
Cash and balances with Central Banks	2,185.352	-	-	-	386	-	489,964	2,675,702
Due from banks	3,592.485	149,947	218,710	262,225	403,406	6,883	3,056	4,636,712
Securities held for trading	109,049	27,232	21,616	26,834	73,041	42,061	6,158	305,991
Derivative financial assets	245,676	-	-	-	-	-	-	245,676
Loans and advances to customers	20,471,077	4,031,162	2,798,777	1,013,802	3,155,190	668,161	84,865	32,223,034
Investment Securities								
- Available-for-sale	62,212	82,644	797,561	392,442	5,602,800	509,804	105,139	7,552,602
Investments in subsidiaries and associates	1	-	-	-	-	-	4,090	4,091
Investment property	-	-	-	-	-	-	31,518	31,518
Property, plant and equipment	-	-	-	-	-	-	935,996	935,996
Goodwill and other intangible assets	-	-	-	-	-	-	117,138	117,138
Deferred tax assets	-	-	-	-	-	-	276,973	276,973
Other assets	-	-	-	-	-	-	309,840	309,840
Non-current assets held-for-sale	-	-	-	-	-	-	484,387	484,387
Total Assets	26,665,852	4,290,985	3,836,664	1,695,303	9,234,823	1,226,909	2,849,124	49,799,660
LIABILITIES AND EQUITY								
LIABILITIES								
Due to banks	5,955,296	451,508	99,265	93,119	85,047	7	2,284	6,686,526
Derivative financial liabilities	224,576	-	-	-	-	-	-	224,576
Due to customers	20,459,351	1,109,864	636,743	523,488	32,634	4,656	807,172	23,573,908
Debt securities in issue and other borrowed funds	7,762,831	5,877,446	131,897	17,079	-	-	-	13,789,253
Liabilities for current income tax and other taxes	-	-	-	-	-	-	129,077	129,077
Deferred tax liabilities	-	-	-	-	-	-	140,208	140,208
Employee defined benefit obligations	-	-	-	-	-	-	548,584	548,584
Other liabilities	-	-	-	-	-	-	675,003	675,003
Provisions	-	-	-	-	-	-	65,263	65,263
Liabilities related to assets held-for-sale	-	700	4,108	1,352	-	-	347,435	353,595
Total Liabilities	34,402,054	7,439,518	872,013	635,038	117,681	4,663	2,715,026	46,185,993

Interest Rate Risk (Gap Analysis) as at 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
EQUITY								
Share capital	-	-	-	-	-	-	1,591,286	1,591,286
Share premium	-	-	-	-	-	-	127,961	127,961
Reserves	-	-	-	-	-	-	351,697	351,697
Retained earnings	-	-	-	-	-	-	686,018	686,018
Treasury shares	-	-	-	-	-	-	(14,653)	(14,653)
Amounts recognized directly in equity related to assets held for sale	-	-	-	-	-	-	(2,576)	(2,576)
Minority interest	-	-	-	-	-	-	44,280	44,280
Hybrid securities	-	829,654	-	-	-	-	-	829,654
Total Equity	-	829,654	-	-	-	-	2,784,013	3,613,667
Total Liabilities and Equity	34,402,054	8,269,172	872,013	635,038	117,681	4,663	5,499,039	49,799,660
GAP	(7,736,202)	(3,978,187)	2,964,651	1,060,265	9,117,142	1,222,246	(2,649,915)	
CUMMULATIVE GAP	(7,736,202)	(11,714,389)	(8,749,738)	(7,689,473)	1,427,669	2,649,915		

Interest Rate Risk (Gap Analysis) as at 31.12.2005 (In thousands of Euro)

	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	1,898,821	-	-	-	-	-	303,561	2,202,382
Due from banks	4,644,484	105,419	25,326	-	-	-	-	4,775,229
Securities held for trading	52,094	1,906	8,461	22,393	36,574	1,210	-	122,638
Derivative financial assets	138,997	-	-	-	-	-	-	138,997
Loans and advances to customers	18,010,955	2,856,059	2,247,377	1,877,724	1,840,915	261,063	262,450	27,356,543
Investment Securities								
- Available for sale	708	187,363	1,549,692	594,560	5,105,533	216,449	90,757	7,745,062
Investments in associates	-	-	-	-	-	-	11,389	11,389
Investment property	-	-	-	-	-	-	29,550	29,550
Property, plant and equipment	-	-	-	-	-	-	937,973	937,973
Goodwill and other intangible assets	-	-	-	-	-	-	107,436	107,436
Deferred tax assets	-	-	-	-	-	-	202,519	202,519
Other assets		-	-	-	-	-	285,258	285,258
Non-current assets held-for-sale	-	-	-	-	-	-	92,070	92,070
Total Assets	24,746,059	3,150,747	3,830,856	2,494,677	6,983,022	478,722	2,322,963	44,007,046
LIABILITIES								
Due to banks	6,796,300	1,306,308	25,991	-	-	-	-	8,128,599
Derivative financial liabilities	140,236	-	-	-	-	-	-	140,236
Due to customers	20,655,313	613,867	163,442	196,561	15,621	-	-	21,644,804
Debt securities in issue and other borrowed funds	5,491,614	3,583,928	100,466	16,618	-	-	-	9,192,626
Liabilities for current income tax and other taxes	-	-	-	-	-	-	128.202	128,202
Deferred tax liabilities	-	-	-	-	-	-	23.857	23,857
Employee defined benefit obligations	-	-	-	-	-	-	561.748	561,748
Other liabilities		-				-	743.372	743,372
Provisions	-	-	-	-	-	-	317.871	317,871
Liabilities related to assets held-for-sale	-	-	-	-	-	-	3.047	3,047
Total liabilities	33,083,463	5,504,103	289,899	213,179	15,621	-	1.778.097	40,884,362

Interest Rate Risk (Gap Analysis) as at 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
Equity								
Equity attributable to equity holders of the Bank								
Share capital	-	-	-	-	-	-	1,456,018	1,456,018
Share premium	-	-	-	-	-	-	125,685	125,685
Reserves	-	-	-	-	-	-	324,297	324,297
Retained earnings	-	-	-	-	-	-	506,985	506,985
Treasury shares	-	-	-	-	-	-	(188,316)	(188,316)
Minority interest	-	-	-	-	-	-	53,069	53,069
Hybrid securities	-	844,946	-	-	-	-	-	844,946
Total equity	-	844,946	-	-	-	-	2,277,738	3,122,684
Total Liabilities and equity	33,083,463	6,349,049	289,899	213,179	15,621	-	4,055,835	44,007,046
GAP	(8,337,404)	(3,198,302)	3,540,957	2,281,498	6,967,401	478,722	(1,732,872)	
CUMMULATIVE GAP	(8,337,404)	(11,535,706)	(7,994,749)	(5,713,251)	1,254,150	1,732,872	-	

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 and Group's base interest rates.

42.2 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.

In the instances of borrowers who have obtained facilities from other Group companies, the total exposure on a Group basis is taken into account in determining the credit risk. In addition Group companies use procedures and credit rating systems adopted to their products.

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.

42.3 Liquidity risk

Liquidity risk relates to the Group's ability to maintain sufficient funds to cover its obligations. To that end, a liquidity GAP analysis is performed.

A substantial portion of the Group's assets is funded with customer deposits and bonds issued by the Group. This type of funding can be divided into 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 number of accounts and type of depositors helps to ensure against unexpected fluctuations. So, such 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 those portfolios which can easily liquidated are allocated in the first period using relevant liquidation ratios (haircuts).

Liquidity risk (liquidity gap analysis) as at 31.12.2006 (Thousands of Euro)

	less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	more than 1 year	Total
ASSETS						
Cash and balances with Central Banks	2,675,702	-	-	-	-	2,675,702
Due from Banks	3,578,766	109,809	212,501	272,127	463,509	4,636,712
Securities held for trading						
- Bonds held for trading	290,691	-	-	-	15,300	305,991
Derivative financial assets	245,676	-	-	-	-	245,676
Loans and advances to customers	1,001,730	2,534,946	3,208,807	4,958,311	20,519,240	32,223,034
Investment securities						
- Bonds classified in available for sale	7,079,518	-	-	-	372,606	7,452,124
- Shares classified in available for sale	90,430	-	-	-	10,048	100,478
Investments in associates	-	-	-	-	4,091	4,091
Investment property	-	-	-	-	31,518	31,518
Property, plant and equipment	-	-	-	-	935,996	935,996
Goodwill and other intangible assets	-	-	-	-	117,138	117,138
Deferred tax assets	-	-	-	-	276,973	276,973
Other assets	4,623	36	19,496	213,160	72,525	309,840
Non-current assets held-for-sale	-	-	-	-	484,387	484,387
Total Assets	14,967,136	2,644,791	3,440,804	5,443,598	23,303,331	49,799,660
LIABILITIES						
Due to banks	6,206,295	83,491	11,101	9,980	375,659	6,686,526
Derivative financial liabilities	224,576	-	-	-	-	224,576
Due to customers	5,170,344	1,500,397	1,143,948	1,527,537	14,231,682	23,573,908
Debt securities in issue and other borrowed funds	18,977	485,873	403,537	120,345	12,760,521	13,789,253
Liabilities for current tax and other taxes	17,054	-	112,023	-	-	129,077
Deferred tax liabilities	-	-	-	-	140,208	140,208
Employee defined benefit obligations	-	-	-	-	548,584	548,584
Other liabilities	447,357	39,114	48,721	73,807	66,004	675,003
Provisions	-	-	-	-	65,263	65,263
Liabilities related to assets held-for-sale	353,595	-	-	-	-	353,595
Total Liabilities	12,438,198	2,108,875	1,719,330	1,731,669	28,187,921	46,185,993
EQUITY						
Total Equity	-	-	-	-	3,613,667	3,613,667
Total Liabilities and Equity	12,438,198	2,108,875	1,719,330	1,731,669	31,801,588	49,799,660
Liquidity gap	2,528,938	535,916	1,721,474	3,711,929	(8,498,257)	

Liquidity risk (liquidity gap analysis) as at 31.12.2005 (Thousands of Euro)

	less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	more than 1 year	Total
ASSETS						
Cash and balances with Central Banks	2,202,382	-	-	-	-	2,202,382
Due from Banks	4,030,210	49,877	94,885	293,394	306,863	4,775,229
Securities held for trading	116,506	-	-	-	6,132	122,638
Derivative financial assets	138,997	-	-	-	-	138,997
Loans and advances to customers	1,021,972	2,076,790	2,523,522	3,591,084	18,143,175	27,356,543
Investment Securities	7,352,375	-	-	-	392,687	7,745,062
Investments in associates	-	-	-	-	11,389	11,389
Investment property	-	-	-	-	29,550	29,550
Property, plant and equipment	-	-	-	-	937,973	937,973
Goodwill and other intangible assets	-	-	-	-	107,436	107,436
Deferred tax assets	-	-	-	-	202,519	202,519
Non-current assets held-for-sale	-	-	-	-	92,070	92,070
Other assets	16,955	-	107,945	-	160,358	285,258
Total Assets	14,879,397	2,126,667	2,726,352	3,884,478	20,390,152	44,007,046
LIABILITIES						
Due to banks	6,842,072	1,208,593	26,925	-	51,009	8,128,599
Derivative financial liabilities	140,236	-	-	-	-	140,236
Due to customers	4,540,743	1,356,089	780,238	1,367,743	13,599,991	21,644,804
Debt securities in issue and other borrowed funds	10,288	511,075	1,005,758	1,010,112	6,655,393	9,192,626
Liabilities for current income tax and other taxes	128,202	-	-	-	-	128,202
Deferred tax liabilities	-	-	-	-	23,857	23,857
Employee defined benefit obligations	3,641	7,282	10,923	21,846	518,056	561,748
Other liabilities	546,151	103,630	23,650	-	69,941	743,372
Provisions	-	-	-	-	317,871	317,871
Liabilities related to assets held-for-sale	3,047	-	-	-	-	3,047
Total LIabilities	12,214,380	3,186,669	1,847,494	2,399,701	21,236,118	40,884,362
EQUITY						
Total Equity	-	-	-	-	3,122,684	3,122,684
Total Liabilities and Equity	12,214,380	3,186,669	1,847,494	2,399,701	24,358,802	44,007,046
Liquidity gap	2,665,017	(1,060,002)	878,858	1,484,777	(3,968,650)	

43. Capital adequacy

The ratios measure capital adequacy by comparing the Group's regulatory own funds with the risks that it undertakes (risk weighted assets). Own funds include Tier I capital (share capital, reserves, minority interest), additional Tier I capital (hybrid debt) 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 Group 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 Group in all areas for the next years.

(In million of Euro)

	31.12.2006	31.12.2005
Risk-weighted assets from credit risk	32,784	27,447
Risk-weighted assets from market risk	782	792
Total risk-weighted assets	33,566	28,239
Upper Tier I capital	2,582	2,211
Tier I capital	3,412	2,947
Total Tier I + Tier II capital	4,315	3,820
Upper Tier I ratio	7.7%	7.8%
Tier I ratio	10.2%	10.4%
Capital adequacy ratio (Tier I + Tier II)	12.9%	13.5%

44. Related-party transactions

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	3,100	5,628
Deposits	31,067	14,854
Letters of guarantee	165	145
Debts securities in issue	15,688	-
Interest income	82	-
Interest expense	1,247	-

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

	31.12.2006	31.12.2005
Assets		
Loans and advances to customers	611	1,390
Total	611	1,390
Liabilities		
Amounts due to customers	5	639
Total	5	639
Letters of guarantee	-	1,353
Total	-	1,353
Income		
Interest and similar income	89	84
General administrative income	-	17
Other income	578	-
Total	667	101
	31.12.2006	31.12.2005
Expenses		
Interest and similar charges	-	5
General administrative expenses	781	688
Total	781	693

c) The Group companies Board of Directors fees for the fiscal year 2006 amount to € 11,298 (31.12.2005: € 8,310). The increase is due to modifications made in the Bank's Management as at 22 February 2005 and the placement of two new Executive General Managers as at 16 May 2006.

45. Share options granted to employees

a) On 11 April 2000 the Shareholders' in 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' in General Meeting approved a new share options 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.

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 proceeding the Board of Directors' decision to grand 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.

46. 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 to 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 € 2.6 million. The sales agreement was signed on 11 October 2005. Group's ownership interest in the company amounted to € 2.2 million. The result from the sale of Alpha Insurance Romania S.A. shares amounted to € 0.4 million and it was presented in assets held for sale in the financial statements of 31.12.2005.

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 € 1.4 million. The Company was consolidated under the equity method.

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 1 June 2006 the bank was renamed Alpha Bank A.D. Beograd and on 9 October 2006 to Alpha Bank Sbrija A.D.

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) Alpha Insurance Brokers S.R.L. was established by Alpha Bank Romania S.A. with the purpose of providing insurance brokerage services and was consolidated for first time in the first semester of 2006.

h) 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.

i) The company Alpha Real Estate D.O.O. Beograd founded by Alpha Astika Akinita A.E. with the purpose of real estate services was consolidated for first time in the nine month period of 2006.

j) 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.

k) 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.

l) During October 2006, Alpha Astika Akinita D.O.O.E.L. Skopje was founded in Skopje with initial capital € 10,000 by Bank's subsidiary Alpha Astika Akinita A.E.

m) 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.

n) On 12 December 2006 the merger by absorption of Alpha Asset Finance Ltd by the Bank's subsidiary Alpha Bank Ltd was completed.

o) On 13 December 2006 Gaiognomon A.E. was liquidated and from the liquidation a profit of € 99 thousand resulted.

p) 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.

q) 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 € 8,39 million. The company was consolidated under the equity method in Group's financial statements. The sale resulted a profit of € 3,0 million.

47. Restatement of prior year balances

Presented below is the restatement of the consolidated income statement, basic earnings per share, and the consolidated cash flow of 2005 due to the adoption of discontinued operation arising from the sale and purchase agreement of Alpha Insurance A.E.

Consolidated income statement

(Thousands of Euro)

	1.1 - 31.12.2005		
	Published amounts	Discontinued operations	Continuing operations
Interest and similar income	1,829,435	6,551	1,822,884
Interest expense and similar charges	(604,490)	-	(604,490)
Net interest income	1,224,945	6,551	1,218,394
Fee and commission income	380,380	1,972	378,408
Commission expense	(26,093)	-	(26,093)
Net fee and commission income	354,287	1,972	352,315
Dividend income	2,640	60	2,580
Gains less losses on financial transactions	30,170	4,922	25,248
Other income	111,661	21,546	90,115
	144,471	26,528	117,943
Total income	1,723,703	35,051	1,688,652
Staff costs	(446,124)	(13,967)	(432,157)
General administrative expenses	(309,755)	(8,108)	(301,647)
Depreciation and amortization expenses	(62,488)	(2,927)	(59,561)
Other expenses	(5,108)	-	(5,108)
Total expenses	(823,475)	(25,002)	(798,473)
Impairment losses and provisions to cover credit risk	(256,845)	(1,972)	(254,873)
Share of profit (loss) of associates	(1,165)	-	(1,165)
Profit before tax	642,218	8,077	634,141
Income tax	(136,348)	(4,277)	(132,071)
Net profit after tax	505,870	3,800	502,070
Attributable to equity holders of the Bank	502,174	3,751	498,423
Attributable to minority interest	3,696	49	3,647
Basic earnings per share:			
Basic (€ per share)	1.76	0.01	1.24
Diluted (€ per share)	1.75	0.01	1.24

Consolidated cash flow statement

(Thousands of Euro)

	1.1. - 31.12.2005		
	Published	Discontinued operations	Continuing operations
Cash flow from operating activities	5,827,415	16,204	5,811,211
Cash flow from investing activities	(6,020,673)	(3,436)	(6,017,237)
Cash flow from financing activities	292,637	-	292,637
Net increase (decrease) in cash and cash equivalents	99,379	12,768	86,611
Effect of exchange rate fluctuations on cash and cash equivalents	(1,949)	-	(1,949)
Total Cash and cash equivalents	97,430	12,768	84,662
Cash and cash equivalents at the beginning of the period	5,568,384	-	-
Cash and cash equivalents at the end of the period	5,665,814	-	-

48. Other significant issues

At 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 in 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(Alternatifbank) 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.

49. Events after the balance sheet date

No significant events have occurred after the date of Group'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. X 661480	Demetrios P. Mantzounis I.D. I 166670	Marinos S. Yannopoulos I.D. N 308546	George N. Kontos I.D. AB 522299

The above financial statements, which consist of 70 pages, are the financial statements that we refer to in our auditor's report dated 27 February 2007.

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