ALPHA BANK

BUSINESS REVIEW 2011

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The Alpha Bank Numismatic Collection, the National Archaeological Museum and the Numismatic Museum joined forces for the first time and organised the exhibition "MYTH AND COINAGE", which was presented concurrently in both Museums, from April 15, 2011 to January 3, 2012.

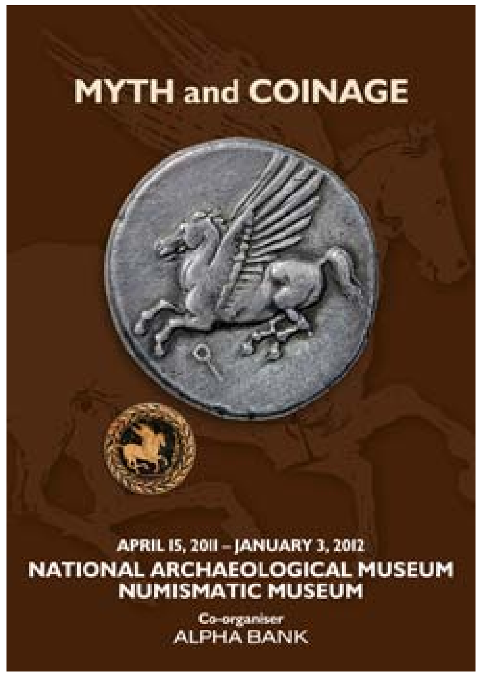
The exhibition was a great success, since approximately 80,000 persons visited it at the National Archaeological Museum and 8,500 at the Numismatic Museum, respectively, while 1,260 children attended the specially designed educational programme "When a coin shall roll, a myth shall unfold".

Thus, it was decided to illustrate the Business Review of the Bank for the year 2011 with coins taken from the Alpha Bank Collection depicting certain of the protagonists of Greek Mythology.

"MYTH AND COINAGE"

The protagonists of the Greek myths inspired all art forms of all ages, from antiquity until the present day. Coins, objects of everyday use that served the needs of people, provided a particularly fertile ground for the Greek myths to be illustrated on and carry their messages and interpretations through the ages.

Ancient Greek mythology, an intellectual heritage of perennial and imperishable value, which fascinates people through the ages while simultaneously contributing to their intellectual fulfillment, was promoted at the exhibition "MYTH AND COINAGE" by 482 ancient coins from the Alpha Bank and the Numismatic Museum Collections, accompanied by 93 vases, sculptures and examples of metalworking from the Collections of the National Archaeological Museum.



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Share

Alpha Bank has been listed on the Athens Stock Exchange since 1925 and is consistently classed as one of the largest listed companies in terms of market capitalisation. During 2011, the price of bank shares fell significantly and exceptionally high fluctuations were recorded as a result of the volatility of and uncertainty surrounding the Greek economy. The Bank's average capitalisation for the year 2011 stood at Euro 1.5 billion compared with Euro 0.3 billion at 31.12.2011.

At the end of 2011, the capitalisation of the Bank represented 1.3% and 8.5% respectively of the capitalisation of the companies in the General and Banking Indexes of the Athens Stock Exchange, while the participation of its share in the FTSE/ASE 20 Index was 2.4%. The Alpha Bank share is listed on major international indexes such as, among others, the FTSE/ATHEX Banks, S&P Europe 350, the FTSE Med 100 and the FTSE4Good.

In addition to being listed on the Greek stock exchange, the shares are also listed on the London Stock Exchange in the form of Global Depository Receipts (GDRs) and are traded over-the-counter on the New York exchange in the form of American Depository Receipts (ADRs).

In July 2011 the second General Meeting of Shareholders decided to reduce the bank's issued and paid-in share capital by reducing the par value of common voting shares and setting up a special reserve fund of equal amount.

Following this reduction, on 31.12.2011, the Bank's share capital stood at Euro 1,100,280,894.40 divided into 534,269,648 common voting shares at a nominal value of Euro 0.30 per share and 200,000,000 non-voting preference shares issued to the Hellenic Republic at a nominal value of Euro 4.70 per share.

The shares in circulation at 31.12.2011 were held by approximately 134,000 private and institutional investors. Specifically, at 31.12.2011, private shareholders held 56% of stock and institutional investors held 35% of stock (10% Greek, 25% foreign).

The share's trading volumes for 2011 amounted on average to approximately 2,660,176 shares, per session, and the average daily value of transactions stood at Euro 7 million.

Key Indicators

(in Euro million)	% Change	2011	2010
BALANCE SHEET			
Total Assets	-11.5%	59,148	66,798
Loans and Advances to Customers (gross)	-3.4%	49,747	51,525
Due to Customers	-23.2%	29,399	38,293
Total Equity	-72.8%	1,417	5,211
PROFIT AND LOSS ACCOUNT			
Operating Income	1.5%	2,284	2,250
Operating Expense	-4.5%	1,096	1,148
Profit before Tax and Impairment Losses	7.8%	1,187	1,101
Impairment Losses	27.8%	1,130	885
Impairment Losses from Greek Goverment Bonds and State guaranteed Loans		3,831	0
Net Profit		-3,810	86
Basic and Diluted Earnings per Share (in Euro)		-7.27	0.05
INDICES			
Net Interest Margin		2.8%	2.7%
Cost to Income Ratio		48.0%	50.5%
Total Capital Adequacy Ratio		5.5%	13.6%
TIER I Capital Adequacy Ratio		4.2%	11.9%
CREDIT RATINGS			
Moody's		Caa2	Ba1
Standard & Poor's		CCC	BB
Fitch Ratings		B-	BBB-

Brief History

The history of Alpha Bank begins in 1879, when John F. Costopoulos founded a commercial firm in Kalamata, which quickly undertook banking activities, especially in the foreign exchange market. In 1918, the banking arm of the J.F. Costopoulos firm was renamed "Bank of Kalamata". In 1924, the Bank's headquarters were moved to Athens and it was renamed "Banque de Crédit Commercial Hellénique". In 1947 it became the "Commercial Credit Bank" then, in 1972, it acquired the name "Credit Bank" and finally, in March 1994, it was renamed "Alpha Credit Bank". Alpha Credit Bank grew greatly. In addition to offering banking services and products, it developed into an integrated Group offering financial services.

In 1999, Alpha Credit Bank bought a 51% stake in the Ionian Bank. On 11 April 2000, the merger with the Ionian Bank was approved through absorption of the former by Alpha Credit Bank. The new, enlarged Bank that emerged operates with the distinctive title "Alpha Bank".

Alpha Bank is based in Athens, at 40 Stadiou Street, and is entered on the Société Anonymes Register with No 6066/06/B/86/05.

Alpha Bank is a modern Group of companies operating in the financial sector and offers a wide range of financial services to individuals and businesses in Greece and abroad. The Group services approximately 4 million customers. In addition to Greece, it conducts business in the markets of Romania, Serbia, Bulgaria, F.Y.R.O.M., Albania, Cyprus and Ukraine, while it is also present in London.

Letter from the Chairman

To
Shareholders, Customers
and Personnel

Greece is currently experiencing one of the most challenging economic crises witnessed in recent years. The constantly accumulating public debt and unsustainable fiscal deficits have led Greece to seek financial support from European partners and the International Monetary Fund.

In terms of key policy, the measures taken, including fiscal adjustment, structural reform and improving competitiveness proved insufficient in many circumstances and failed to lead Greece out of the recession. Despite the progress made, delays and unfair distribution of the burden resulted in an increase in both the economic and the social cost of adjustment and maintained the recession. Fiscal and foreign deficits remain high, there are still major structural flaws in the public sector and, despite the progress made, competitiveness is still lagging, thereby hindering development. The recession has entered its fifth year. In 2011, actual Gross Domestic Product fell by 6.9%, which had a direct impact on household incomes and unemployment, which currently stands at over 20%.

The new loan contract and the restructuring of public debt by impairing Greek bonds have created more favorable conditions and have greatly reduced the amount of outstanding debt, thereby facilitating fiscal adjustment. Greece has been given the opportunity to focus on the recovery of its economy and gradually ease its way out of the recession. Nevertheless, risk remains high and uncertainty prevails. In any case, the Greek economy will be unable to adapt unless the programme for fiscal adjustment and structural reform is followed, joined with development initiatives and gradual improvement of the business and the consumer environment.

The questions surrounding the fiscal adjustment programme and the uncertainty regarding the future of Greece have already cost the country greatly as both have hindered Greece's growth potential, which was evident in March and April 2012, following the approval of the second financial support package and the restructuring of public debt. Thus, there were further deposit withdrawals and new delays were witnessed in implementing national investment plans from the EU restructuring funds and privatization programmes. Furthermore, the momentum of exports dropped and the conditions leading to the loss of a further tourist season were created, raising new obstacles to reviving the Greek economy and reducing unemployment.

However, in order to remedy the delays and mistakes of previous years, Greece must focus on continuing its efforts to restructure its economy within the Euro area with a clear focus and as much consent from the public and political powers as possible. Priority must be given to reforms that aim to improve the business environment, attract foreign investors and strengthen competition of goods and services. These changes involve public administration, justice, education, the tax system and above all a shift in social attitudes and values. Economic recovery cannot be achieved while there is a lack of trust and while businesses and households are overwhelmed by a feeling of uncertainty regarding Greece's future.

Greece has significant comparative advantages in sectors such as tourism, shipping, energy, food products and other sectors such as the financial sector, which has demonstrated its potential and diversity by investing in Southeastern European countries prior to the recession.

The fiscal crisis and prevailing uncertainty exacerbated Greece's economic situation over the last two years. Funding capacity shrank substantially, following the exclusion of Greek banks from the international markets and the constant decline of deposits. Cumulatively, since the end of 2009 when deposit outflows from the banking system began, up until April 2012, the drop in deposits in the private sector is in excess of Euro 72 billion, which accounts for 30% of total deposits or one third of GDP. In April 2012, the annual rate of credit expansion in the private sector stood at -4.7%. This development is attributable to the drop in demand for retail and corporate loans, due to the prolonged recession and investment inactivity, coupled with the restricted liquidity of the banking system. At the end of April 2012, the balance of deposits in the Greek banking system stood at Euro 167 billion and the loan balance to businesses and households was 1.5 times higher (Euro 243 billion).

Sustaining loans to businesses and households at current levels, despite the significantly reduced deposits, is possible thanks to funding from the European Central Bank and Bank of Greece via the Emergency Liquidity Mechanism. It is noted, that state liquidity support measures of the Greek banking sector, are mainly government guarantees used for refinancing from the Eurosystem and are not in cash form that would result in a burden to the public debt therefore to any Greek taxpayer. However, the Euro system cannot constitute a permanent source of funding for the banks or substitute deposits and market activity.

Credit facilities will improve once deposits are recovered by the banking system, which will be a direct result of confidence being restored in response to a more certain economic environment and positive economic prospects. Moreover, absorbing resources from European Restructuring Funds (Euro 14 billion via the NSRF), payment of overdue debts owed to businesses by the Greek State, privatizations that are attractive to foreign investors and relaunching major infrastructure works with the assistance of the European Investment Bank will boost economic activity and reduce unemployment. However, the above can only be accomplished within the EU framework and within the Eurozone.

Strengthening the banking system is a key factor that will improve financial conditions. Banks are called upon to deal with problems and losses caused by the financial crisis. The impact of impaired Government bonds and State guaranteed loans, on the results of the four largest Greek banks stands, at Euro 24.7 billion. Furthermore, due to the prolonged recession, banks are faced with increased difficulties being experienced by households and businesses in servicing their loan obligations.

Capital adequacy ratios for the Greek banking system have been restored through capitalization of banks using European Financial Stability Facility (EFSF) resources. Strengthening capital adequacy will assist banks in performing their key role as intermediaries, by prudently managing deposits and providing financial support to businesses and households, contributing to rapid economic recovery and gradually restoring confidence of the markets and depositors.

Greek banks must be recapitalized in such a way that guarantees the stability of the financial system with maximum private sector involvement, if there is to be any prospect of gradually restoring the Bank's shareholder structure back to the private sector and fully recovering funds spent by the Greek State. A healthy and proactive banking sector, with the versatility and dynamism that only private-sector initiative can offer, is critical to the recovery of the Greek economy and attracting foreign investments.

Alpha Bank continues its efforts to return to its growth course, by trusting in its abilities and staying true to its vision. The most important challenges currently faced by the Bank in terms of its continued smooth business activity is to ensure it has the liquidity needed to finance its activities and maintain its regulatory capital. Furthermore, our policy priorities will continue to focus on intensifying active balance sheet management, prudent management of credit risk and further reducing operating expenses.

The interests of Greece and, by extension, of shareholders, customers and personnel are closely inter-connected with the Bank's traditions and values. In an environment of daily adverse publicity, Alpha Bank will continue to support its customers responsibly and protect shareholders' interests, thereby reinforcing confidence as it has done since the day it was founded. Our competitive advantage in achieving these goals is our personnel to whom I would, once again, like to extend my warmest thanks.

Athens, 29 June 2012

Yannis S. Costopoulos

Letter from the Managing Director - CEO

To
Shareholders, Customers
and Personnel

2011 proved another challenging year for Greece, during which banks faced exceptionally adverse working conditions.

Despite measures taken towards fiscal adjustment and structural reform, the Greek economy remains in recession. The problems caused, to date, by the fiscal adjustment programme, the drop in incomes and the rise in unemployment, are the result of poor political decisions, delays and reluctance to implement the necessary changes. Furthermore, the deterioration of Greece's economy and constant threats of bankruptcy and exclusion from the Eurozone have led to major deposit outflows from the Greek banking system, failure to collect taxes and one-off levies, and delays on the part of businesses and households in making decisions regarding investments and purchases.

Following approval of the second financial support programme for Greece and the successful restructuring of public debt, Greece has been given the opportunity to implement a programme of fiscal adjustment and structural reform, by taking further measures to develop the economy, which is the country's only way out of the recession.

Successful completion of the bank recapitalization programme by using private-sector capital will enable viable Greek banks to restore their capital adequacy ratios, following the losses they suffered due to the impairment of Greek Government bonds. This will restore depositors' confidence in the Greek banking system and will encourage deposit recovery, which, will facilitate lending and benefit the economy as a whole. Part of the capital used for bank recapitalisation (Euro 18 billion) was recently distributed to the four largest banks against future share capital increases. Alpha Bank received only 10.5% of this amount (Euro 1.9 billion), as its capital adequacy requirement are lower than those of its peers.

Alpha Bank took part in the bond exchange programme (PSI+) for its eligible portfolio of bonds and loans issued or guaranteed by the Greek Government totalling Euro 6 billion, of which Euro 3.8 billion in bonds and Euro 2.1. billion in State-guaranteed loans, which were included in the PSI at the last minute. This participation led to Euro 3.8 billion being recorded in losses for the 2011 financial year, after allowing for deferred tax. Despite the significant losses, Alpha Bank was the only one of the four largest Greek banks that managed to retain its positive shareholder equity (Euro 1.4 billion).

The Core Tier I Capital ratio stood at 3.0%, down by 863 basis points and the Capital Adequacy ratio stood at 5.5%. By taking into account the Euro 1.9 billion, granted to the Bank in the form of bonds by the Hellenic Financial Stability Fund, the Core Tier I Capital ratio becomes 7.3% and the Capital Adequacy ratio becomes 9.8%. Both these ratios were among the highest in the sector.

Alpha Bank has submitted a comprehensive business plan to the supervisory authorities, which includes increasing Tier I capital to 9% of risk-weighted assets by the end of September 2012, in order to cover the requirements of the European Banking Authority (EBA). The capital support plan includes a series of organisational restructuring measures, such as deleveraging assets which do not come within the main scope of the bank's activities and efficient liability management, in addition to the new private-sector investment capital and capital from the Hellenic Financial Stability Fund. One of the actions involves the buyback of hybrid and subordinated debt instruments, which was completed successfully in May 2012 and produced a further Euro 333 million which was added to the Core Tier I Capital, boosting the corresponding ratio to 7.9%.

Despite the exceptionally adverse business conditions, which continued throughout 2011, the Bank improved its profit margin. Pre-provisioning income was up by 7.8% on an annual basis, which equals to Euro 1,187.5 million. This performance was the result of increasing the net interest rate margin by 10 basis points compared with 2010, increasing profits from financial transactions and the ongoing successful application of cost-cutting initiatives.

Total operating income increased by 1.5% to Euro 2,283.5 million. The net interest income reached Euro 1,783.7 million, down by 1.9%, due to the Bank's higher cost of funding and decline in loan balances. This outcome was counterbalanced by continuous restructuring of the loan portfolio. Commission income decreased by 11.5% on an annual basis, due to low transaction volumes and drop in new loan disbursements.

Implementation of the rationalization and cost-cutting programme resulted in operating expenses being cut by 4.5% on a Group level and by 6.4% in Greece, surpassing the 3% target. The cost efficiency ratio thereby fell below the 50% level, as it was recorded at 48%. General and administrative expenses were cut by 5.5% on an annual basis and personnel expenses were cut by 2.4%, including departure of retired staff in Greece. In the second year of the three-year cost-cutting programme, 80% of the overall target has already been achieved. Equally impressive results are anticipated over the next few years in this sector following further actions. The new two year collective agreement with the trade union signed in May 2012, coupled with a reduced number of staff following anticipated departures due to retirement equals, approximately, to a 10% reduction in staff costs in Greece on an annual basis.

During 2011, we actively managed our balance sheet in order to contain the impact caused by the outflow of deposits. Group loans and assets were down by 3.4% and 11.5% respectively compared with 2010, which contributed to improving our liquidity and capital adequacy. Our deposit base suffered due to economic uncertainty, reductions in incomes and inflated taxes and one-off levies. At the end of 2011, deposits totalled Euro 29.4 billion, down by 23.2% on an annual basis. In order to face the decline in deposits, we increased borrowing from the Eurosystem by Euro 7.7 billion to Euro 21.9 billion, whereas untapped liquidity from Central banks exceeded Euro 6 billion at the end of December 2011. It should be noted that of all the major Greek banks, Alpha Bank has made least use of the financial mechanisms provided by the European Central Bank and Bank of Greece.

The ongoing crisis of the Greek economy has also affected the quality of the loan portfolio. The non-performing loan ratio stood at 12.9% in 2011. This ratio becomes 13.5% if impairments from state guaranteed loans are included.
In order to counterbalance this deterioration in the loan portfolio, we increased provisions for impairments by 28% to Euro 1,130 million. Thus, the allowance for impairment losses was strengthened to a total of Euro 2.9 billion at the end of December 2011 corresponding to a 45% coverage ratio, which including collateral reaches an adequate 124% ratio.

Bank's priority is to efficiently manage non-performing loans, promptly diagnose customers difficulties and use of all available means (restructuring, arrangements, new collateral etc.) in order to protect the Bank's interests in the best possible way on the one hand and protect the viability of businesses on the other. The Bank continues to support its customers by providing credit facilities throughout this challenging time.

In particular, Alpha Bank actively supported the National Fund for Entrepreneurship and Development (former TEMPME) programme and the JEREMIE programmes which are co-financed by the European Investment Fund during 2011 in order to support small enterprises. 567 loan applications have already been approved via the JEREMIE programme worth Euro 33.6 million.

In 2011, the Bank demonstrated its commitment to the public by donating part of its profits to foundations, associations and organisations, which support persons experiencing financial difficulties or difficulties integrating into society. Furthermore, thanks to its volunteering staff, it continued to invest in education, culture, health and the environment.

Alpha Bank paid particular attention to supporting education and scientific research by organising a number of educational programmes in the form of exhibitions and continued to support universities and educational institutions by sponsoring conferences, open days, and scientific research scholarships.

The Bank also supported art and culture by organising a number of exhibitions and cultural events, the most important of which were: the "Myth and Coinage" anthology exhibition at the National Archaeological Museum in collaboration with the Alpha Bank Numismatic Collection, the "Greek Posters" exhibition in the Alpha Bank Cultural Centre in Nafplion and the "Alpha Bank/History I: Banque de Crédit Commercial Hellénique 1924-1947" exhibition by the Bank's Historical Archives in the exhibition area in the Main Building, which was followed by an exhibition on architect Kostas Manouilidis organised by the Bank's Art Collection Department.

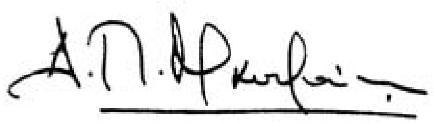
Alpha Bank acknowledges how important maintaining the ecosystem is to the country's development and, in 2011, continued its efforts to save energy and contain carbon dioxide emissions, by encouraging proper use of lights, heating and cooling facilities in its buildings.

In the volunteering sector, it continued its successful "Alpha Bank Group Volunteer Day". This year, 953 volunteers (personnel and their families) took part in community or environmental actions. Moreover, Alpha Bank encouraged its personnel to take part in voluntary work throughout 2011, such as planting trees, clearing forest roads, landscaping outdoor spaces, offering goods etc.

By making the most of our abilities, we decisively continue efforts to strengthen our balance sheet and manage credit risk as the ongoing recession exerts an adverse effect on the quality of our portfolio. Furthermore, our policy focuses on maintaining sufficient liquidity and capital adequacy in order to protect the Bank so that it can rise to these exceptionally challenging conditions and come back stronger on a path of growth as the Greek economy begins to recover.

True to its principle of responsibility, which has distinguished it throughout its history, Alpha Bank aims to be at the forefront of efforts made to support the Greek economy in order to help Greece pull through the recession and recover as part of Europe. It is in Greece's best interests for us to pool all resources and by doing so we are sure to succeed. We owe it to our customers, our shareholders and our personnel.

Athens, 29 June 2012



Demetrios P. Mantzounis

1. The Greek and the International Economy in 2011 and the Outlook for 2012

ZEUS

Father of men and gods, superior and mightiest among them.

Zeus has been the most revered deity in the Greek world and signifies omnipotence and absolute power. Zeus was the youngest son of Cronus and Rhea, brother to Poseidon and Pluton. He is the divinity who rules the world with wisdom and justice, protects the cities and institutions, is aware of the future, rewards virtue and punishes evil. He is represented as a grown, bearded man wearing usually a laurel wreath.

Philip II, Macedonia
Silver tetradrachm, 359-336 BC.
Obverse: Head of Olympian Zeus.
Alpha Bank Numismatic Collection 5482

The Greek and the International Economy in 2011 and the Outlook for 2012

A. The Greek Economy

2011 was the second consecutive year during which Greece registered remarkable fiscal consolidation and progress in structural reforms and in strengthening the international competitiveness of its economy. Regarding fiscal consolidation, the primary deficit of general government was decreased to 2.3% of GDP in 2011, from 4.9% of GDP in 2010 and 10.8% of GDP in 2009. This very significant consolidation in 2011 was accomplished exclusively by a remarkable reduction of the primary expenditure of the general government, from Euro 101.4 billion (44.6% of GDP) in 2010 to Euro 91.2 billion (41.9% of GDP) in 2011, and despite the fall in the revenues of the general government to Euro 86 billion in 2011, from Euro 89.9 billion in 2010. The big drop in the revenues of the general government was the result of the inappropriate tax law in April 2010 on the one hand and the deeper recession and the bout of tax evasion in 2011 on the other. Moreover, during 2011 and particularly during the second semester of 2011, as well as in the first two months of 2012, all the necessary measures were taken for increasing revenues and decreasing the expenditure of the general government in order to continue the fiscal consolidation and achieve a primary surplus of 0.3% of GDP during 2012.

The above-mentioned important fiscal consolidation effort during 2010 and 2011 was accompanied by adopting and applying a wide range of radical structural reforms in the state, in the Public Utilities, in the Local Administration Organisations, in the Social Security Organisations, in Health Care and in core sectors of the economy, the result of which was, to a large extent, the decrease of the primary expenditure of the general government, from Euro 111.8 billion in 2009 to Euro 91.2 billion in 2011. Among the promoted structural reforms is the radical reform of the social security system and the health care system, via the substantial reorganisation and rationalisation of their provisions, as well as the overall reform of the legislative and operation framework of the labour and product markets, particularly of Public Utilities and closed professions. With these reforms an impressive improvement of the international competitiveness of the Greek economy has already been secured based on relative unit labour cost growth by about 15% for 2010-2012, as opposed to a continuous deterioration of competitiveness during 2001-2009. In fact, with the measures taken to reduce the minimum wage in the private sector of the economy, to reinforce flexibility in the labour market and to link the wages with productivity to a greater extent, the Bank of Greece estimates that Greece, by the end of 2013, will have fully recovered from the losses in competitiveness it suffered in the period 2001-2009.

However, despite the above significant achievements, the Greek economy remains in deep recession and crisis. The fiscal consolidation and structural reforms were materialised when the Greek economy was even in deeper recession than previously estimated, with GDP falling at a pace of 6.9% in 2011, despite the impressive improvement of economic activity that took place in the Q3 2011 and despite the satisfactory increase of revenues from tourism and, more generally, exports of goods and services in 2011 (excluding shipping revenues).

The large drop of domestic economic activity in 2011 is mainly due to the following reasons: a. the persistence, throughout the whole year, of the extremely low economic sentiment and b. the explosive increase of the parallel economy. The deterioration of the economic climate in the country was mainly the result of the policies and the repeated interventions from Greece's creditors for immediate imposition of new and extremely painful measures related to the fiscal consolidation and the structural reforms, as well as the result of their negative assessments regarding the prospects of the country exiting the crisis. These interventions lead to extremely stressing practices of applying economic policy and contribute to a constant weakening of the economic climate. They also contribute to a greater administrative disruption than the one that already exists. On the other hand, the assessment of the country as being unable to exit the crisis and, in particular, the constant reference by the creditors themselves to the threat of disorderly default and the exit of the country from the Eurozone inevitably led to a large flight of deposits from the Greek banking system, to the inability of collecting the verified taxes and contributions/levies, to an expansion of the parallel economy and to a postponement of household and enterprises' decisions to consume on durable consumer goods and to invest on housing and business.

In the above-mentioned unfavourable environment for Greece, the Eurogroup meeting of the 21.2.2012 approved the second Financial Support Programme for Greece (FSPII) by the Eurozone and the IMF. The agreement contributes to: a. the implementation of the Exchange Programme of Greek sovereign bonds, equal to Euro 207 billion, in the hands of financial institutions of the private sector (including Greek banks), by reducing their nominal value by 53.5% (PSI+) and b. the coverage, along with the rest of the loan of Euro 110 billion, of the remaining financing needs of the Greek public sector during 2012-2015, but also for the following years to the degree that Greece will not manage to borrow independently from the markets. In general, the FSPII contributes to covering the financial needs of the country until 2015 and basically until 2020, provided that the Medium-Term Fiscal Strategy (MTFS), which has been applied from May 2010, continues and is successfully completed.

On March 9, 2012, the first phase of the Greek public debt restructuring was successfully completed, during which bonds of Euro 172 billion were offered to swap, of which Euro 152 billion were bonds under Greek law (on a total of Euro 177 billion or 85.8%), and Euro 20 billion from other issuers (Greek-state guaranteed bonds by Public Utilities and bonds governed by foreign law).

The activation of the Collective Action Clauses (CACs), in order to achieve the exchange of the remaining Euro 25 billion bonds governed by Greek law entails that bonds worth Euro 197 billion or 95% out of a total of Euro 206 billion will participate in the exchange. It should be noted that this figure is what was targeted so that the debt relief would reduce the financing needs of the Greek government in order to bring the debt towards 120% of the GDP by 2020 without requiring additional funding from our partners in the Eurozone, beyond the Euro 130 billion that has already been agreed on. So, now, the way is open for financing the Greek government as Greece complies with all the prerequisites, including the PSI and all the measures already agreed in the 2nd Memorandum. It also paves the way to restore financial stability which will play a catalytic role in the return of the deposits in the Greek banking system and will stimulate the subsequent financing of businesses and households.

This allows Greece, as a full member of the Eurozone, to accelerate the implementation of the above-mentioned programme, via curtailing irrational spending, corruption and tax-evasion in the public sector, and also to apply radical structural reforms for a substantial and continuous improvement of the legislative and operation framework of the economy, which will materially reinforce the potential growth rate of the Greek economy in the forthcoming years. Achieving further progress in fiscal consolidation and structural reforms with the implementation of the 2nd Memorandum of Understanding (MOU) that was agreed in January-February 2012 is absolutely necessary for Greece to return to a real, dynamic economic growth path and an increase of domestic income and to secure a definitive exit from the crisis. This can be done only with productive work, with better organisation and entrepreneurship and with the utilisation of the significant comparative advantages of the country. With the FSPII, Greece definitively avoids drifting to a disorderly default, i.e. a situation that undermines the premises of every fundamental social and economic institution of the country, leads to an exit from the Eurozone and plunges the purchasing power of Greek incomes and savings.

The 2nd MOU definitely constitutes a necessary but not sufficient condition so that the country timely exits the crisis and the recession. Further growth-oriented initiatives are needed. These should focus on three core sectors: Improvement of the economic climate, Investments and Financing.

The opportunity for the gradual improvement of the economic climate in the country, which had reached a very low rate until February 2012, is provided by the successful completion of the FSPII for Greece and the impending recapitalisation and restoration of the smooth operation of banks. Furthermore, the climate will improve in the forthcoming months by the successful implementation of the Budget of 2012 and the turnaround of the revenues of the general government, as indeed happened in the first quarter of 2012 under relatively adverse financial and political circumstances.

The opportunity for the gradual improvement of the economic climate in the country, which had reached a very low rate until February 2012, is provided by the successful completion of the FSPII for Greece and the impending recapitalisation and restoration of the smooth operation of banks. Furthermore, the climate will improve in the forthcoming months by the successful implementation of the Budget of 2012 and the turnaround of the revenues of the general government, as indeed happened in the first quarter of 2012 under relatively adverse financial and political circumstances.

Restarting investment can be achieved with the acceleration of privatisations, the auctioning of large investment projects (in the energy, tourism, ports, airports sectors, Hellinicon Airport et al.) and the utilisation of Euro 14 billion from the European Structural Funds for infrastructure projects (NSRF), restarting the big highway projects, promoting in general the Public Private Partnerships, with the inflow of foreign direct investment also playing an important part.

Restarting of banking financing, so that Greek businesses and households take advantage of the opportunities in the new environment, can be achieved with the effective recapitalisation of banks, without disruption of their organisational and functional autonomy. Such a development would lead to strengthening domestic depositors' trust in the Greek banking system and a return of bank deposits equal to more than Euro 70 billion that flew from the Greek banking system during the last two years. With the completion of the FSPII for Greece, the return of these savings is a matter of time, now that the risk of default is gone and this may lead to a gradual improvement of bank financing and of the economy in general. Moreover, what can contribute to the recovery of the financing of the economy is setting more realistic capital requirements for banks as the country enters a new path of stability.

Last but not least, an important factor that can act as a catalyst for the timely recovery of the Greek economy already from 2012 is the fact that Greece possesses private and public property of multiple value with respect to the indeed high public debt and the extremely low private debt. Greece can take advantage of this property in order to achieve the growth of its economy in the next few years. It also possesses a dynamic economy with satisfactory economic and social infrastructure and high-quality, well-educated human resources (which today are under-occupied to a large degree, with unemployment among young people estimated at 50%), as well as with strong comparative advantages in sectors such as tourism and summer housing, shipping, energy from Renewable Energy Sources (RES) (the programme "Helios" is already promoted at a fast pace), food and other industrial sectors, the exports of which are already increasing at a fast pace. Progress is also observed regarding the substitution of imports and the services sector in general, with the financial services having shown their potential through their "extroversion", which led to large-scale investments in bank networks in Southeastern Europe before the crisis. These sectors are not threatened by competition; on the contrary, they come out stronger with the growth of low-cost countries, such as China and the countries of Southeastern Europe, which create demand for the products of these sectors or even participate from the supply side in growth via investment in the productive structure of the Greek economy.

Overall, Greece's exit from the crisis presupposes the timely recovery of the economy to a growth path, something that is feasible under the FSPII of Greece and the gradual restoration of confidence following the prevention of a disorderly default and the elimination of any thoughts or perspectives of a Greek exit from the Eurozone. The stabilisation and the subsequent recovery of the economy, combined with the significant measures of fiscal consolidation that have already been adopted, can lead to general government primary surpluses of 4.5% of GDP after 2013, which is necessary for the drastic decrease of the public debt, after PSI+, to a sustainable level by 2020.

The need to service and rapidly reduce the bloated public debt during the following years requires a significant increase of domestic savings (as is actually sought after by the creation of general government primary surpluses) and, more broadly, by achieving positive growth rates for the economy despite the large increase of domestic private and public consumption in 2011. Growth will be based on the significant improvement of competitiveness with the implementation of structural reforms, in particular by fully implementing flexibility in the labour market and fully opening closed professions. The locomotive for increasing domestic production, in the years to follow, will be the big increase of exports and the rapid substitution of imports, particularly in sectors in which Greece has strong comparative advantages, as well as the increase of investments from the extremely low level of 2011, which may come from the intensification of the implementation of the National Strategic Reference Framework (NSRF) 2007-2013 from 2012 onwards. The current account deficit has already been significantly reduced to 8.5% of GDP in 2011, from 9.2% of GDP in 2010, despite the huge increase of the oil balance deficit by Euro 2.5 billion or by 1.2% of GDP. The deficit is expected to further fall to 5.0% of GDP in 2012 and to turn into a surplus after 2014, along with the completion of the fiscal consolidation and reforms programme. Exports of goods were already up to Euro 20.2 billion (9.3% of GDP) in 2011, from Euro 17.1 billion (7.5% of GDP) in 2010. Also remarkable was the increase in receipts from tourism by 9.5% in 2011, as well as from the rest export services by 17.3%.

B. The International Economy

The slowdown in the recovery of the international economy in 2011, from the second quarter, is attributed to a series of unexpected events that led to the worsening of the international economic environment. These events burdened the already fragile (from the chronic structural problems and the internal and external macroeconomic imbalances in many countries) international economic climate. The major unexpected events were the new round of rising international crude oil prices due to uprisings and unrest in countries of North Africa and the Middle East, the serious problems that occurred in the supply chains of international trade and also the domestic recession from natural disasters in Japan (March 2011) and the floods in Southeastern Asia (August 2011), as well as the increasing uncertainty of the growing debt crisis and the deterioration of the financial environment in many countries in the Eurozone, which is largely a continuation of the global economic crisis of 2007-2009.

In the beginning of 2012, the International Monetary Fund (IMF) revised down the forecasts for the growth rate of the world GDP in 2011 and 2012 but returned to more optimistic forecasts in its regular bi-annual report for the world economy on 18.4.2012. According to the last estimates the world GDP grew by 3.9% in 2011, compared to 5.3% in 2010, and is expected to increase by 3.5% in 2012 and 4.1% in 2013. The slowdown was more pronounced in advanced economies (1.6% in 2011, compared to 3.2% in 2010), which were largely affected by the fall in consumer and business confidence that followed the new turbulence in the global financial system, mainly due to the deterioration of the debt crisis with the focus on Greece, but also because of the decline in the growth of world trade after exogenous disasters in Japan and signs of overheating of the rapidly growing economies of many emerging economies, which became apparent in 2011.

The volume of world trade is estimated to have grown by 5.8% in 2011, compared to 12.9% in 2010 and is expected to slow further to 4.0% in 2012 and rebound by 5.6% in 2013. It is noteworthy that in 2010 and 2011 a large increase in oil prices (2010: 27.9% and 2011: 31.9%) and in major non-oil raw materials and goods was recorded (2010: 26.3% and 2011: 17.8%). The IMF currently estimates that there will be an increase in oil prices in 2012 by 10.3% and a drop by 4.1% in 2013 and also a significant fall in prices of particular raw materials and goods by 10.3% in 2012 and by 2.1% in 2013. These developments in oil markets and other raw materials and goods are affected by the expected march of events in the growth of economies globally, discussed below, and by political factors as well, like for example the current crisis in international relations with Iran and the political crisis in Syria.

In the U.S.A., GDP growth slowed to 1.7% in 2011 (from 3.0% in 2010), despite the significant improvements made recently in the labour market and the substantial increase in the net exports of the country, mainly in the second half of 2011. It is noteworthy that the IMF forecasts for U.S.A. GDP growth 2.1% in 2012 and a larger increase of 2.4% in 2013. In 2012, which is an election year in the U.S.A., growth will be supported by the monetary policy of near-zero interest rates (although a new QE programme from the FED is not expected), and by the fiscal policy (since the measures to reduce fiscal deficits are postponed for 2013). However, it now appears that a more resolute policy of fiscal adjustment will be undertaken in the U.S.A. in 2013 (by the new government), seeking to reduce the budget deficit to 5.5% of GDP from an estimated 8.5% in 2012 and 9.0% in 2010. This more restrictive fiscal policy can contribute to the slowing down, instead of the expected acceleration of the GDP growth in 2013, which might also have a negative impact on global GDP. In the current period, stock markets in the U.S.A. anticipate a satisfactory level of economic activity in 2012 with signs of improvement also in real estate. In the household sector, the relative low propensity of savings results in accelerating the growth of private consumption, while fixed capital investment grows at a satisfactory pace. The unemployment rate fell to 8.3% in March 2012 which is the lowest level in the last 3 years. Finally, the deficit of current account decreased slightly to 3% of GDP in 2011, compared to 3.3% of GDP in 2010.

Japan was hit by the biggest earthquake in its history in March 2011, resulting in thousands of casualties and extensive damage in economic and energy infrastructure. The recession in 2011 (GDP contraction of 0.7%, compared with 4.4% in 2010) is mainly attributed to the negative contribution of net exports and private consumption to GDP growth, which overcompensates the positive contribution of private and public investment for the restoration of damages sustained by the country's infrastructure. However, the economic recovery was relatively rapid after the earthquake, mainly because of the highly successful effort of the government to prevent deterioration of the economic climate after the disaster and also by the adjustment of the monetary policy by the Bank of Japan to maintain high levels of liquidity in the economy with continuous quantitative measures. Although Japan suffered after August 2011 by the floods in Thailand as well, the decline in GDP in 2011 was the smallest possible, and is currently forecasted to grow by 2.0% in 2012 and by 1.7% in 2013. In any case, Japan faces great challenges, as the need to reduce large budget deficits (2011: -10.1% of GDP, 2012: -10.0% of GDP) is very importunate since the public debt rose to 229.8% of GDP in 2011 and is expected to rise further to 235.8% of GDP in 2012 and to 249.7% of GDP in 2015. Finally, for the first time after decades, the foreign goods and services balance reported a deficit in 2011, while the biggest deficit in the trade balance during the post-war period was recorded in January 2012. The foreign balance was considerably improved with an increase to exports in the first quarter of 2012, yet it still presents a deficit due to the large increase of imports.

In the Eurozone, GDP growth recorded a small decline to 1.4% in 2011 from 1.9% in 2010. Germany and France recorded GDP growth 3.1% and 1.7% respectively (from 3.6% and 1.4% respectively in 2010) and Spain and Italy reduced growth to 0.7% and 0.4% respectively (from -0.1% and 1.8% respectively in 2010). However, the debt crisis that plagued the Eurozone in 2011 and still continues in the beginning of 2012 and the drastic fiscal adjustment measures to address this crisis in many countries, contributed to the decline in GDP by 0.3% on a quarterly basis in the fourth quarter of 2011. Furthermore, the European Commission estimates that GDP growth in the Eurozone is to decline by 0.3% in 2012 as a whole. The Eurogroup decisions of 20.2.2012 which approved the second package of financial support for Greece by the Eurozone and the IMF and the ECB's policy aiming to ensure unlimited and unrestricted long-term (three year) funding of European banks have contributed to the stabilisation of sovereign bond markets. This development creates new conditions for the improvement of the growth prospects of Eurozone countries, as well as for their final exit from the public debt crisis, with a considerable improvement of the public finances of the countries which were in the heart of the crisis and of Eurozone institutions.

In particular, given the satisfactory development of the U.S. economy and despite the looming slowdown in the growth of emerging economies in 2012, net exports are expected to have a positive impact on GDP growth in the Eurozone for 2012, as they had in 2011. In addition, fixed investment is expected to have a positive contribution to growth in 2012, after rising by 3.3% during 2011, against a decline by 0.8% in 2010. Private and public consumption are expected to present a zero increase in 2012, with a massive drop in the countries applying strict fiscal adjustment programmes, but positive growth in Germany, France and other countries with a surplus balance. The unemployment rate remains high in the Eurozone (2011: 10.1%), although the labour market conditions differ greatly between member-states, where this percentage ranges from 4.2% in Austria to 21.6% in Spain. The budget deficit of the Eurozone fell in 2011 to 4.1% from 6.2% of GDP in 2010 and is expected to decrease further to 3.2% in 2012 under the pressure of the risks posed by the public debt crisis in some economies of the Eurozone. Public debt is estimated to have increased to 88.1% of GDP in 2011, from 85.7% in 2010, while it is expected to increase further to 90.0% in 2012.

In any case, the progress in stabilising European sovereign debt markets during 2012 and the gradual restoration of investor confidence in both the bond markets and growth prospects (and prevention of a new recession) in Europe can lead to a mild economic recovery in the Eurozone by more than 1.0% in 2013.

In emerging and developing economies, economic growth slowed to 6.2% in 2011 from 7.5% in 2010, while it is estimated that the emerging economies of Asia have increased their GDP by 7.9% in 2011 from 9.5% in 2010. Notable is the slowing growth of China to 9.2% in 2011 from 10.4% in 2010 and of India to 7.2% in 2011 from 10.6% in 2010. On the other hand, the Russian economy reported a significant growth (2011: +4.3%, 2010: +4.3%). However, the IMF estimates that slowing growth in emerging countries will be greater in 2012, with GDP increase limited to 5.7% in 2012 and recovering slightly to 6.0% in 2013. This estimate is based on the perspective of a significant drop in domestic demand in the Eurozone, the United Kingdom and other countries seeking to achieve progress in fiscal consolidation or reduce overheating of the domestic economy.

The economies of the countries of Southeastern Europe have entered a cycle of steady development, and most of them achieved an average annual growth rate of GDP in 2011 higher than in 2010 (2011: 5.1%, 2010: 4.5%). In particular, in Romania, GDP rose by 2.5% in 2011 (due to the very good agricultural production), against a fall by 1.3% and 7.1% in 2010 and 2009 respectively, while a continued growth of GDP by 1.5% in 2012 and by 2.2% in 2013 is expected. The country has achieved progress in fiscal adjustment, while a more dynamic recovery of the economy depends on the growth of European economies. A similar recovery occurred in the economy of Bulgaria, with GDP growth of 1.8% in 2011, following a rise by 0.2% in 2010. Moreover, an acceleration of the country's economy by 2.0% is expected in 2012 and 2013, despite the Greek recession which will possibly continue in 2012. Bulgaria has made significant progress in fiscal adjustment, while the foreign balance has already reported a surplus. Notable developments were the significant increase in deposits in 2011 by 13% and the increase in credit to the private sector by 3.9%. In addition, strong growth was achieved in the economies of Serbia (2011: +2.0%, 2010: +1.0%) and F.Y.R.O.M. (2011: +3.3%, 2010: +1.8%). Both countries reported an increase in deposits by 8.2% and 9.0% respectively in 2011. On the other hand, Albania slowed down in 2011 (2011: +1.9%, 2010: +3.3%). Yet, there was a significant increase in deposits by 13.1% in 2011, after rising by 17.5% during 2010. Finally, in Ukraine there was a significant increase in GDP of 5.2% in 2011, after rising by 4.2% in 2010 and falling by 14.5% in 2009. A noteworthy development in this country is the increase of deposits by 36.7% in 2010 and by 21.8% in 2011, following the drop by 14% in 2009.

In general, the recovery of the countries of Southeastern Europe will depend on the growth path of the countries of the European Union. Their development prospects are expected to improve considerably if the decline of GDP in the Eurozone is not extended beyond the first quarter of 2012. Moreover, disruption of the growth of the countries of Southeastern Europe will be significantly reduced if a definitive solution of the sovereign debt crisis is achieved in the Eurozone.

More generally, at a global level, the prevention of a new recession in 2012 and the acceleration of growth in 2013 will be possible if the surplus countries such as Germany, China, Japan, Switzerland, Sweden et al., allow a greater increase of domestic demand in their economies, so as to offset the inevitable decline in domestic demand in the countries which will continue to apply the rigorous fiscal adjustment programmes, including the U.S.A. as of 2013. Regarding the exchange rates of the currencies of the major countries, the expected strengthening of the Euro against the Dollar, the Yen and the British Pound, following the signs of stabilisation in the public debt markets of Europe cannot be a way to address the fiscal and growth problems of the U.S.A., Japan and the United Kingdom, because the appreciation of the Euro does not facilitate the growth of the Eurozone countries facing significant public debt problems. Japan and the United Kingdom cannot build the growth of their economies on the depreciation of the Yen and the British Pound against the Dollar and the Euro. Furthermore, the Dollar cannot improve the competitiveness of U.S. products solely by its depreciation against the Euro. Finally, China and many other countries of Southeastern Asia cannot continue to report huge surpluses in their foreign balance of goods and services. A significant strengthening of domestic demand in their economies and a material appreciation of the real exchange rate of their currencies is needed.

ATHENA

She is the goddess of wisdom, knowledge and war, the greatest of generals and the patron-deity of cities.

Being the daughter of Zeus and Metis (goddess of prudence), Athena is wise and intelligent. She councils heroes and protects them in difficult conditions, she embodies knowledge, victory, family-ties, literature and crafts, all elements needed for a harmonious function of the universe. Athena Parthenos (Virgin), Owl-eyed (Glaukopis), has bright bluish-green eyes and, as the goddess of war, always wears a helmet. She carries a shield, a spear and even the thunderbolt, her father's awe-inspiring weapon.

Philip V, Macedonia
Silver tetradrachm, 221-211 BC.
Reverse: *ΒΑΣΙΛΕΩΣ ΦΙΛΙΠΠΟΥ*. Athena Promachus.
Alpha Bank Numismatic Collection 7572

Business Units

Retail Banking and Small Enterprises

Financing to individuals in Greece was limited during 2011 due to the economic recession and its repercussions on households. Credit expansion to individuals on a yearly basis stood at -3.9% and net loans decreased by Euro 4.5 billion. Consumer credit suffered a major hit, with credit expansion at -6.4% and net loans at Euro -2.2 billion. Deposits recorded a similar trend, with balances decreasing by 17.0% per annum or Euro 35.4 billion compared with 31.12.2010. This decrease is due to a reduction in Sight and Savings deposits, as well as in Term deposits.

On a consolidated level, Alpha Bank's retail loan portfolio stood at Euro 15.7 billion, a 3.7% decrease. In 2011, pre-tax profits from the retail banking sector and small enterprises in Greece were negative at Euro -4.1 million.

Housing Loans

The dire economic climate, which plagued Greece during 2011, had an adverse effect on households which, due to reduced incomes, increased unemployment and prevailing economic uncertainty, were reluctant to undertake long-term financial commitments. As a result, Consumer Confidence Indicators hit an all-time low. The drop in demand coupled with decreased building activity on an individual basis resulted in the mortgage market recording a growth rate of -2.9% at year-end compared with the marginal reduction of 0.3% recorded in 2010.

The lack of demand on the mortgage market resulted in a decrease in mortgage applications and the reduction in household incomes affected the number of mortgages approved and the amounts disbursed. Alpha Bank, which boasts the third-largest market portfolio, managed to maintain its market share and recorded a small decrease of 2% in its mortgage balances which, at year-end, stood at Euro 11.1 billion.

During 2011, the emphasis was placed on upholding the quality of the portfolio by making coordinated efforts to enable customers to adapt to the new market conditions. Providing customised solutions in a bid to facilitate the smooth repayment of loans was the Bank's main priority, which puts its customers' needs first.

To this effect, the Bank promoted the "**Payment Adjustment Plan**", which allows borrowers to adjust their mortgage payments to their current circumstances for a limited period of time. This opportunity was embraced by numerous customers, as it enabled them to continue to pay their instalments on time.

At the same time, the promotion of the specialised product "**Alpha Green Solutions - Energy Saving Home**" continued, supporting financially the property owners who wish to carry out home improvements in order to upgrade their buildings' energy performance.

Furthermore, in the context of its environmental sensitisation policy, the Bank introduced new services for printing and sending out copies of monthly statements, which contributed to the protection of the environment and to the faster and more secure notification of customers (aggregate account statements, Alpha e-statement).

Consumer Loans

There was a substantial decrease in the demand for personal and consumer loans in 2011. At the same time, banks continued their efforts to deleverage their loan portfolios. In 2011, the balance on the Bank's consumer loan portfolio fell by 6.8% (which was consistent with the market trend).

Specifically, in order to improve the management of the revolving loans portfolio, strategic efforts were made to reduce limits by more than 25%.

Therefore, emphasis was placed on promoting special-purpose loans (e.g. loans to purchase a car or specific consumer goods) as, compared to other loans, these "perform" better in terms of repayment.

Car purchases were down further still, with only approximately 100,000 new cars registered (30%). This, coupled with the stricter approval policy, resulted in a sharp fall in new loans (down 60%).

In 2011, the "Exoikonomisi" (Energy Efficiency at Household Buildings) programme, which provides loans to individuals in order to upgrade their buildings' energy performance, became available. This programme is an initiative by the Ministry of Environment, Energy and Climate Change which aims to reduce energy costs of households and strengthen the said market. The programme is funded jointly by the Bank and the Hellenic Fund for Entrepreneurship and Development (E.T.E.A.N. S.A.).

In addition, the "Alpha All in 1" product with mortgage obtained as security was also developed. This product uses customers' property as collateral in order to offer a significantly lower interest rate and longer repayment terms (up to 40 years), while at the same time safeguarding the Bank's interests to a greater extent.

Furthermore, a new "Alpha Facilitation" product was introduced. This restructures overdue debts, making it more feasible for customers to service their loans. This product offers customers who service their restructured loans lower interest rates for the first two years and a substantially reduced monthly instalment, based on their financial capacity. A complementary debt restructuring product is also being designed for customers who are experiencing short-term difficulties in repaying their loans.

It should be noted that the above restructuring products are expected to contribute significantly to reducing overdue debts and to the viability of restructured ones.

Cards

Alpha Bank maintained its leading position in the cards sector of the Greek market. Despite the adverse economic conditions in 2011, Alpha Bank increased its market share in terms of both use of cards and of acquiring, while achieving the lowest rate of debts in arrears in the Greek market.

Alpha Bank is the only issuer and acceptor of cards from all three major international payment systems (American Express, Visa and MasterCard) in Greece and offers a comprehensive range of products (debit cards, charge cards, credit cards, corporate cards, co-branded cards etc.), thereby meeting all modern-day consumer needs.

Alpha Bank holds one of the largest card portfolios in the market, comprising 2.5 million credit and debit cards, representing a market share of approximately 25% and turnover of Euro 2 billion. The outstanding balance at the end of the year stood at Euro 1 billion.

The Bank strengthened its leading position even further in the area of accepting and acquiring card transactions and, with over 100,000 participating businesses, 50,000 of which are equipped with POS terminals at over 130,000 points of sale, currently boasts a market share in excess of 34%. At the same time, the Bank continued to upgrade its network of POS terminals, 90% of which currently support cards with chip technology in accordance with the EMV standard. Furthermore, within the context of a unified network of POS terminals, Cardlink terminals were introduced in new businesses and the transfer of support services (preparing and dispatching terminals, technical support, Help Desk for merchants etc.) to Cardlink had a positive effect on cutting costs.

Particular attention was paid in 2011 to designing and implementing actions to further modernise available services and simultaneously cut operating costs. Specifically, Alpha e statements were introduced during the first quarter of 2011, making Alpha Bank the first Bank in Greece to offer participating businesses direct access to up-to-date transaction statements.

Particular attention was paid in 2011 to developing and improving card loyalty schemes, which are considered to be the most successful in the Greek market.

The Bonus Reward Programme continues to perform exceptionally well and has achieved significantly improved performance indices.

The percentage of redeemed to total points won increased in 2011 to 129%, compared with 92% in 2010, and the number of redemptions increased by 25%. The involvement of BP, which offers the opportunity to reclaim VAT on fuel in 2011, contributed significantly to its success, as did the participation of Hondos Center in the redemption scheme.

Due to the exceptionally adverse economic climate, which led to a sharp drop in consumer spending, the overall use of Bonus cards in businesses was down 5% compared with 2010, against an estimated market trend of -15%. It should be noted that, despite the above reduction, use of Bonus cards in participating businesses increased by an impressive 13% in 2011.

In 2011, the programme reintroduced the major participating business category with two new participants. Vodafone and Hellas on Line have replaced Wind in the telecommunication service provider category meeting customers' needs for mobile, landline and internet services. Furthermore, the programme was boosted by new, smaller participating businesses, including the companies Get it Now, Depolo, Grecotel, Euroiatriki, Optica Metaxas, Skillz, Ta Milelia etc.

The "Membership Rewards" and the "Alpha Bank Visa Gold" reward programmes continued their success in offering Gold card holders high-value products and services, as well as supporting the Community.

The number of points redeemed under the Bank's reward programmes for social benefit purposes was exceptionally high in 2011. A series of new organisations was promoted via the programmes and was very well received by cardholders. The total amount donated to charitable organisations in 2011 was approximately Euro 200,000.

The "Cash Back Programme" of the Dynamic card remains one of the most popular cash back programmes. The redemption rates remained extremely high (95%), confirming customer satisfaction and trust in the programme.

Low cost but highly effective means of communication, such as card statements and modern communication tools e.g. sms, e-mails, the card internet portal (www.alpha.gr/cards) etc. were used to a greater extent in order to advertise offers available under the reward programmes. In July 2011, advertising for the Bonus programme was increased by adding a new Facebook page, which has attracted 6,000 members and approximately 400,000 hits so far.

In 2011, new products were developed in a bid to service market needs and the Bank's customer base more efficiently and to increase transaction security. The new

"**Enter Bonus American Express**" card was the first Enter card to combine the benefits of the Bonus programme, access to a bank account and the security of Chip & Pin technology. This is an innovative product with numerous benefits which aims to broaden the use of cards as a means of payment, rather than cash, in everyday transactions. The "**Alpha Bank Enter MasterCard**" debit card, which replaced all Alpha Bank Maestro cards, uses the same technology.

The main objective for 2012 is again to strengthen the reward programmes still further and to expand the use of cards as a means of payment in everyday transactions, with the emphasis on debit cards. Furthermore, implementation of new innovative applications, such as "contactless" technology cards, will be completed.

The objective in the accepting and acquiring card transactions sector is to defend the Bank's leading position and market share, by focusing on developing and expanding its business with companies involved in online trading, as well as on new card payment sectors, such as automatic fuel vendors.

Small Business Loans

Given the exceptionally adverse economic climate in 2011 and the uncertainty surrounding the future of Greece, the business climate deteriorated, economic activity slumped and many businesses found it impossible to obtain loans. However, Alpha Bank continued to support Small and Medium-sized Enterprises, while focussing on maintaining the quality of its loan portfolio.

In 2011, loans to Small Enterprises (with a credit limit of up to Euro 1 million) were down 6.9%, while loans to Very Small Enterprises (with a credit limit of up to Euro 150,000) were down 1.9%.

In the Small Enterprises and professionals sector, the emphasis was placed on:

- Designing, developing and promoting debt restructuring programmes, with a view to supporting existing debtors more efficiently.
- Optimising the production and management procedure for applications and proposals.
- Collaborating with the Export Credit Insurance Organization, in order to fund exporting businesses as part of the "Extroversion" programme.
- Actively participating in national and EU programmes to support Small and Medium-sized Enterprises.
- Developing new systems to monitor temporary arrears in the small business loans portfolio.

In 2011, the Bank signed a contract with the **Export Credit Insurance Organization** in order to participate in the "**Extroversion**" insurance scheme, which offers loans with favourable terms to exporting businesses in order to improve their liquidity and stimulate their exports. The scheme offers individual exporters insurance from the Export Credit Insurance Organization covering 80% of the risk of default by the importer and the insurance policy is assigned to the Bank. The Bank offers unsecured loans of up to Euro 200,000 per exporter with a low interest rate and favourable repayment terms.

Furthermore, Alpha Bank collaborated with the European Investment Fund and participated in **JEREMIE** (Joint European Resources for Micro to Medium Enterprises), thus establishing its leading role in offering innovative financial instruments.

The objective of JEREMIE is to promote new forms of financial support to stimulate the competitiveness of Greek Micro to Medium Enterprises, which are financed jointly in equal part by Alpha Bank and the National Strategic Reference Framework (NSRF).

Alpha Bank is able to offer enterprises the following three JEREMIE programmes at exceptionally low interest rates, thanks to co-financing under the NSRF:

a. Funded Risk Sharing: loans of up to Euro 100,000 to Small Enterprises up to three (3) years old, in order to cover their investment and growth costs, repayable in up to six (6) years at a variable interest rate capped at 3.95%.

During the second half of 2011, loans of Euro 4.4 million were granted to approximately 100 Small and Medium-sized Enterprises under JEREMIE programmes.

b. Microfinance: Loans of up to Euro 25,000 offered exclusively by Alpha Bank to Very Small Enterprises in all sectors of activity which were incorporated and started trading after 1.1.2005, in order to cover their investment and growth plans. The repayment period for these loans is five (5) years.

c. Information & Communication Technology (ICT): ten-year loans of up to Euro 500,000 to Small and Medium-sized Enterprises which invest in the ICT sector and to ICT companies investing in development and innovation.

Finally, with a view to supporting Small and Micro Enterprises, Alpha Bank continued to participate actively during 2011 in the programmes of the Hellenic Fund for Entrepreneurship and Development (**E.T.E.A.N.**, formerly **T.E.M.P.M.E.**), which offers "Guarantees by T.E.M.P.M.E. S.A. for low interest rate loans to cover purchases of Raw Materials, Goods and Services" and is available until 31.12.2012. By year-end 2011, the number of applications approved had reached 153 and loans worth Euro 9 million were disbursed.

Furthermore, in a bid to provide direct support for all its customers, Alpha Bank introduced two new debt restructuring programmes ("**Alpha Business Support**" and "**Alpha Business Restructuring**"). These new programmes are addressed to existing customers with a business limit of up to Euro 150,000, offering favourable terms such as back-loading, repayment holidays, balloon payments, long repayment terms and grace periods. Loans worth Euro 488 million were restructured under these programmes in 2011 (over double compared with the previous year).

In 2012, Alpha Bank will focus on supporting Small and Medium-sized Enterprises by:

- Further promoting the three JEREMIE programmes and the Hellenic Fund for Entrepreneurship and Development programmes.
- Pro-actively participating in the Export Credit Insurance Organization "Extroversion" programme.
- Close monitoring of restructuring programmes.

Deposit Products

The fiscal and income austerity measures put in place in order to tackle the recession resulted in 2011 in a reduction of disposable income. Furthermore, restrictions on overall credit expansion and the possibility of Greece being declared bankrupt caused savings in Greece to fall by 17% in 2011.

Specifically, increasing uncertainty about the safety of deposits held in banks led Retail Customers to withdraw their savings and invest them abroad in bonds with a high credit rating and to hold their money outside the banking system. Additional direct and indirect taxes also contributed to the decrease in deposits, especially during the third quarter of 2011.

Thus, 2011 ended with a drop in deposits in Greece of Euro 35.4 billion (or 17% on an annual basis), with retail deposits down by Euro 28.5 billion (or 16.4%) and corporate deposits down by Euro 7.2 billion (or 19.2%). Alpha Bank mirrored the market's performance with balances on deposits held in Greece, including retail bonds, declining by Euro 6.2 billion to Euro 23.1 billion.

Interest rates on 12-month+ term deposits remained high, thereby increasing the cost of raising capital and, by extension, putting pressure on net income from interest on bank deposits.

The "**Alpha Monthly Progress**" term deposit, with which the customer "ties down" regularly increasing monthly returns, was the product which made the largest contribution to the retention of term deposits of the Bank. Interest is paid to the customer's account each month, creating a monthly income, while the principal is reinvested automatically each month, offering the customer the opportunity to withdraw it upon maturity without penalty. The "Alpha Monthly Progress" product also caters to customers who wish to invest their capital for more than a 12-month period for better returns.

The torch was passed on to the "**Alpha Plus!**" product, which attracts customers by offering mainly conservative mutual fund portfolios with equity options tailored to each customer's investment profile.

The "**Alpha 1|2|3**" deposit account for children/young people remains one of the oldest and most popular accounts in its category and holds a significant market share, despite efforts made by the competition to penetrate the said sector over recent years. The "Alpha 1|2|3" deposit account continued its successful bonus scheme in 2011. Bonuses for increasing annual balances were awarded to 15,000 customers in 2011 in the form of gifts of an educational character.

The "**Alpha Prime**" Service aims to strengthen relations with Branch Network customers whose deposit products total at least Euro 60,000. With an average of 2.2 joint beneficiaries per contract, the service targets the next generation (women and children), increases customers' confidence and fast-tracks capital retention and attraction, while performing a significant number of cross sales. The Bank currently offers this service through 152 expert consultants in 137 Branches of the Bank.

Against the background of the adverse economic climate, with persistently increasing unemployment and job uncertainty, Alpha Bank recorded an increase in accounts created under the "**Alpha Payroll**" programme and an increase in average balances. It also stopped sending out paper statements to customers registered with Alpha Web Banking.

Southeastern Europe

The economies of Southeastern Europe experienced a slight rebound in 2011. All the countries of the region experienced the adverse impact from the global recession and were forced to take corrective measures so as to improve their balance of payments deficit. The latter combined with a steady influx of foreign capital should lead to a speedy recovery.

The Bank is active in seven countries with different economic and social features and has successfully addressed the challenges posed by the current adverse conditions in the new economic environment. At the end of 2011, the Bank's presence in these regions was supported by a network of 533 Branches and Personnel amounted to 6,550. The branch Network expanded rapidly (mainly between 2006 and 2008) and, as a result, the initial 176 Branches operating in 2005 increased more than three-fold. The expanded Network has enabled the Bank to adapt to the ever-changing conditions and needs of the local markets and has boosted the Group's business considerably.

Romania

Alpha Bank Romania has been active in Romania for 18 years and was the first foreign bank to enter the Romanian market.

Alpha Bank Romania has rapidly expanded its branch Network and established adequate geographical coverage across Romania. Following a rationalisation programme implemented in 2011, the network currently numbers 165 Branches (31.12.2011). There are 2,240 employees working at Alpha Bank Romania.

Considering the dire economic climate and intense competition, Alpha Bank Romania performed exceptionally for yet another year. The Bank continued to expand its business selectively through 2011, due to the adverse long-term economic conditions both in Romania and worldwide. The quality of the portfolio was maintained at satisfactory levels, with only 10.3% of loans in arrears; this was one of the lowest scores for non-performing loans in the Romanian banking sector.

Alpha Bank Romania is the eighth largest bank in Romania based on net worth. 2011 was a slow year for credit growth with total loan balances standing at Euro 3,277 million, reduced in comparison with 2010 by 9,7%, especially in the Wholesale Banking sector. In contrast, the balance on the Bank's solid mortgage portfolio, which holds a 9% market share, was up 7%. Alpha Bank Romania's participation in the "**Prima Casa**" programme contributed to the growth of the mortgage portfolio, as did the fact that it is the only bank which marketed a product offering protection against rising interest rates.

In the deposits sector, the Bank recorded a drop in its deposit base to Euro 1,162 million (-30% compared with the previous year). The "**Alpha Tax Protect**" deposit programme was restructured in order to help retain deposits.

Apart from the restructuring of innovative products (such as Tax Protect, Cosmote co-brand, Instalment Service, Prima Casa Mortgages etc.) and their dynamic marketing, the rationalisation of the Bank's operations was another factor that contributed to its healthy returns, with a view to increasing productivity and limiting operating costs. In fact, operating costs fell by Euro 1.5 million in 2011 while the network was reduced by ten Branches, aiming at greater returns in subsequent years.

Bulgaria

Alpha Bank has been conducting business in Bulgaria for 16 years and has 912 employees staffing a network of 102 Branches. In 2011, the Bank continued to develop its range of products, by providing innovative solutions to retail customers and businesses on both the local and international market, while maintaining the quality of its portfolio.

The global economic crisis, which had major repercussions on Bulgaria's economy and banking sector, coupled with the debt crisis in the Eurozone, had a negative impact on deposits held at Alpha Bank. Deposit balances were down 24% to Euro 361 million.

Adverse market conditions resulted in loan balances falling by 10.8%, to Euro 849 million, with the Bank recording a Loan to Deposit Ratio of 235%, putting Alpha Bank in the 14th place in Bulgaria in terms of assets.

With new products such as the "**Alpha Housing Loan Perfecto**" mortgage in Euro, which has a fixed interest rate for up to 10 years and is offered in conjunction with credit and debit card services and active Web Banking and insurance services, Alpha Bank Bulgaria provides customers with comprehensive, modern-day solutions for all their mortgage needs.

As part of its policy on corporate social responsibility, the Bank staged the "**Alpha Bank Sports Panorama**" in four major towns in 2011, which attracted over 30,000 participants and also sponsored the Museum of Modern Art in Sofia for 2011.

Serbia

The Bank established a presence in Serbia in 2002. 2005 was a landmark year for its development in Serbia, when it acquired Jubanka, Serbia's seventh largest bank, which was renamed Alpha Bank Beograd and then Alpha Bank Srbija. The branch Network now numbers 137 units as 2011 was a year of Network restructuring with mergers and ceases of operation. Alpha Bank Srbija A.D. employs Personnel amounting to 1,485.

Despite the dire economic climate, Alpha Bank Srbija A.D. managed to maintain its market share in the deposits sector, while loan balances fell only slightly.

In fact, deposits were up 2% to Euro 573 million and loan balances were down 13% to Euro 881 million at 31.12.2011. However, retail credit was up 13% in 2011.

The returns for Alpha Bank Srbija A.D. from credit cards were equally impressive, with balances up 11%. The "**MasterCard Hvala**" affinity card was promoted on the Serbian market in cooperation with the Serbian Ministry of Health in order to raise awareness of preventative medicine among cardholders

Cyprus

Alpha Bank started up in Cyprus in 1998, when it acquired Lombard NatWest Bank, which was subsequently renamed Alpha Bank Limited and then Alpha Bank Cyprus Ltd. Over the next 13 years, Alpha Bank Cyprus proved to be a success in all its financial endeavours, classifying as one of the country's largest banks, and also carried out important cultural and social work.

The Bank employs Personnel amounting to 753 and maintains a modern network of 35 Branches and specialised Units covering all cities in Cyprus. It is now selectively renovating and relocating Branches with the aim of bolstering their turnover and reducing operating costs. The branch Network is complemented by efficient alternative channels, ATMs, Web Banking and Mobile Banking. The "**Alpha Express Banking**" service covers all online transactions via the "**Alpha Web Banking**", "**Alpha ATM Banking**" and "**Alpha Wap Banking**" services.

At 2011 year-end, Alpha Bank Cyprus recorded deposits of Euro 2.7 billion (down 26%) and loans totalling Euro 4.6 billion (down 1%), ranking it third in the Cypriot market. For another year, mortgages were the best-performing type of loan. Moreover, within the context of its credit risk management policy, provisions for bad debts were increased, resulting in profits dropping compared with 2010, while operating profits (before impairments) increased by a significant 10%. This was partly due to the reduction in operating costs, which pushed the low Cost to Income Ratio still further down to 30%. This ratio is one of the lowest in the financial sector and highlights the efficiency of Alpha Bank Cyprus Ltd.

In 2011, a consistent strategy was pursued and coordinated efforts were made to attract new customers and maintain existing deposits. This strategy was based on introducing new competitive deposit products, such as term deposits with advance or monthly interest payment. Furthermore, emphasis was placed on promoting cards with the introduction of new loyalty schemes, such as the "**Alpha Higher Plus**" in conjunction with Aegean Airlines which was advertised on television, radio and in print (e.g. in newsletters and leaflets given to customers).

As part of its corporate social responsibility policy, Alpha Bank Cyprus sponsored the "Annual Awareness and Prevention Week" organised by the Cyprus Kidney Patients Association and a Christmas bazaar for the Cypriot Red Cross in every town in Cyprus and also joined the European Road Safety Charter.

At the same time, with the support of Alpha Bank Cyprus in bancassurance, Alpha Insurance in Cyprus provides life and health as well as general insurance cover.

The Alpha Bank Group's solid collaboration with reinsurers, timely payment of claims, meticulously trained staff, professional and exclusive insurance brokers, comprehensive range of constantly updated products and, of course, the reliability of the Alpha Bank Group are all factors that make Alpha Bank Cyprus rise above the competition.

The consistent profits achieved by Alpha Insurance Ltd. during 2011 have improved its solvency even further. The free asset ratio stands at 155% of the minimum solvency margin.

Due to the ongoing recession, total premium revenue was Euro 28.6 million in 2011, a slight fall of 2%.

There are plans to strengthen exclusive partnerships with professional organisations over coming months and this is expected to contribute largely to achieving the Bank's goals. Efforts are being made to promote banking products, apart from insurance products, to members of partner organisations, in cooperation with the corresponding division of Alpha Bank Cyprus Ltd.

Health insurance offered in conjunction with recruitment and employment agencies for foreign nationals continues to be a great success.

Albania

Since it started up in Albania in 1998, Alpha Bank has played a pro-active part in both the growth of the banking sector and the development of the local community. The Bank has financed numerous public works in conjunction with the Albanian Government.

Today, the Bank has 45 Branches in Albania covering all the main towns in the country and is the sixth largest bank in Albania based on assets. Retail banking is supported by 60 ATMs and over 1,100 POS terminals. Alpha Bank in Albania has built up an excellent reputation for the customer service and professional conduct of its Personnel. It has more than 200,000 customers and has issued over 43,000 debit cards and 6,000 credit cards.

The Bank maintains its competitive edge on the market in Albania, boasting a market share of 10% in the loans sector and 7% in the deposits sector. This performance is the result of systematic efforts to provide new, cutting-edge, top-quality products and services. Loans granted in 2011 totalled Euro 396 million and deposits were up 6% to Euro 444 million.

F.Y.R.O.M.

Alpha Bank has been active in F.Y.R.O.M. since 2000, when it acquired Kreditna Banka AD Skopje, which was subsequently renamed Alpha Bank A.D. Skopje. In 2011, the Bank's network comprised 24 Branches and Personnel amounted to 276.

Alpha Bank A.D. Skopje's policy is focused on improving the quality of its portfolio, collecting arrears and achieving a balanced growth rate. Particular emphasis was placed on promoting new products, primarily in order to retain deposits, which essentially have not changed since late 2010.

2011 was a year of selective growth and organisational change for Alpha Bank A.D. Skopje. It invested heavily in modernising its systems and structures and made important improvements to its IT infrastructure. It also completed the installation of the new i-Apply and Qualco systems with a view to improving loan and arrears collection procedures. Finally, since September 2010 it began applying the new organisational structure, thereby ensuring efficient operations and future growth.

Ukraine

In April 2008, Alpha Bank penetrated the Ukrainian market by acquiring 90% of the newly-incorporated Ukrainian Astra Bank OJSC.

At the end of 2011, the Bank had 24 Branches and Personnel amounted to 373.

The main objective in the first phase of operation for JSC Astra Bank is to build up a trustworthy reputation among the Ukrainian public. The "Current account", "Dreamcard Savings" and "Progressive" products, added to the existing range of comprehensive deposit accounts available to individuals, were promoted as part of the drive to improve customer service in 2011.

At 31.12.2011, loan balances and deposits stood at Euro 106 million and Euro 41 million, a 63% and 9% increase respectively.

Medium-sized Enterprises and Large Corporations

Alpha Bank holds a leading position in the Medium-sized Enterprises and Large Corporations financing market, thanks to the high standard of constantly improving customer services and the development of long-term trust-based relationships with this demanding market segment.

The Corporate Banking Division manages and coordinates the Bank's relations with major corporate groups (with turnover in excess of Euro 75 million). Throughout 2011, the Bank, taking into account the extremely adverse conditions surrounding Greek businesses, continued to respond to customers' needs, while at the same time securing its claims and re-pricing its assets, where needed, in line with the new financial circumstances.

Despite the recession, the Corporate Banking Division managed loan balances of Euro 5 billion in Greece, which is proof of the support it enjoys from its customers.

Furthermore, the Bank coordinated the majority of syndicated loans on the market and, with the help of (mainly Greek) participating banks, provided the liquidity which is critical if businesses are to survive, by restructuring their loans, in a bid to support entrepreneurship and viability in what are extremely challenging times for the country.

Naturally, the quality of the lending portfolio has been affected by the relentless recession which is gripping the entire market, resulting in increases in collateral as a means used to offset increased credit risk. Total collateral covers more than 75% of loan balances, which is satisfactory given the quality of the Division's portfolio. Overall, efficient management of risks, collateral and customer rating will safeguard funds under management and contribute to the Bank's capital adequacy. It should be noted that the decrease in businesses' creditworthiness is significantly lower than the market trend resulting in a high percentage of loans remaining within the acceptable, medium and low risk (investment grade) borrower zone.

As regards the medium-sized enterprises business segment, the Commercial Centres Division supervises and coordinates the ten Commercial Centres which service approximately 6,000 enterprises. At the end of 2011, loan balances in this category of customers totalled Euro 5.1 billion.

The Bank's main priority is to manage temporary arrears efficiently, identify problem businesses promptly and use all available means (restructuring, arrangements, new collateral etc.) to help businesses remain viable, while best protecting the Bank's interests. This overall effort is reflected in the aggregate data for the year ending 31.12.2011, which show that the percentage of arrears across the entire loan portfolio is satisfactory. While the cost of liquidity to the Bank remained high, great emphasis was placed on efforts to re-price the loan portfolio, which achieved extremely satisfying results in 2011. These efforts will continue in 2012, in order to ensure businesses can discharge their liabilities.

Shipping Finance

The Bank has been involved in the shipping sector, with a great deal of success, for the last fourteen years. It offers loans and other specialised financial products and services to some of the top names in Greek ocean-going and coastal shipping.

The shipping industry has not remained unscathed by the global recession, with tanker and container carrier freights being significantly reduced. Income from dry cargo carriers is equally strained due to the sluggish performance of the emerging markets of China and India.

New loans granted in the shipping finance sector have decreased substantially, due to the liquidity problems Greek banks are experiencing. The Bank's portfolio, with current loan balances totalling Euro 1.5 billion on 31.12.2011, is still non-delinquent overall and is made up of high-quality customers who we believe will ride out the storm. 47% of loan balances concern financing for dry cargo carriers, 38% tankers, 7% container carriers, 7% coastal shipping companies and 1% tourist vessels.

Leasing

As a result of the exceptionally adverse economic climate, reduced economic activity and strained liquidity, the number of new contracts in the leasing sector has fallen and credit risk and provisions for depreciations on accounts receivable have increased.

In the prevailing dire economic climate, particular attention was paid to cautious exposure to and management of credit risk, control of operating costs and rationalisation of business activities. Efforts were made to actively manage the portfolio of accounts receivable by restructuring existing contracts and providing credit facilities and additional solutions to creditworthy customers in order to help them repay their debts. At the same time the Bank selectively disbursed low-risk loans.

The portfolio of leasing accounts receivable before depreciation fell by 9% to Euro 1,048 million, compared with Euro 1,152 million at the end of 2010.

In 2012, the company's main objective will be to maintain its leading position in the market and follow the same course of business action, while focusing on the effective management of credit risk, operating costs control and the retention of operating profitability. At the same time, it also efficiently supports business activity by drawing on the experience it has accumulated over the years and focusing on applying a cautious pricing policy to sectors of the economy which are expected to grow significantly over the coming years, such as renewable energy sources, eco-technology (with the emphasis on green growth), transport and infrastructure projects.

Factoring

Despite the adverse economic climate, the growth rate in the factoring market in 2011 was on a par with previous years. The lack of liquidity and the high ratio of bad debts combined with the need for banking groups to rationalise lending, were the reasons behind the increased activities in this sector and highlighted its importance for businesses especially during an economic crisis.

The Bank has been providing factoring services, via the Group Company ABC Factors, for the last 17 years. Given the conditions prevalent in 2011, ABC Factors results are considered satisfactory, with EBIT up 25.3% to Euro 16.4 million. Furthermore, it achieved turnover (value of accounts receivable which are subject to factoring) on a par with that recorded in 2010 (Euro 3 billion) whilst restructuring its portfolio and reducing its discounted payments by 17.1%. The company maintained its depreciated receivables at a low 0.6% of the total discounted payments as at 31.12.2011, as a result of the prudent management of credit risk (1.1% arrears).

On 31.12.2011, accounts receivable from customers stood at Euro 434 million, of which 80% comes from domestic factoring. The breakdown of receivables in the relevant sectors is as follows: Industry and Manufacturing (60%), Wholesale and Retail trade (25%), Transport (1%) and Other sectors (12%).

ABC Factors has been a member of the Factors Chain International (FCI) since 1995 and the International Forfaiting Association (I.F.A.) since 2006.

In 2011, ABC Factors also completed the installation and operation of the new commercial factoring application, which contributed to the quality of services provided and helped optimise productivity.

In detail, the services which ABC Factors offers are the following:

- **Domestic Recourse Factoring**

This is aimed at businesses which are based and operate in the domestic market, that have permanent relations with customers and are interested in the provision of a range of services, such as access to immediate financing through the discounted payment of invoiced receivables, evaluations of customers' solvency, and the efficient management and collection of receivables. ABC Factors ensures the adherence to the credit policy which exists between the business and its customers and applies any differentiations only with the agreement of the business.

- **Domestic Non-Recourse Factoring**

The above factoring services are offered in order to ensure the smooth operation of the business concerned. Credit risk insurance is also offered as coverage against customer insolvency.

- **Reverse Factoring**

ABC Factors offers factoring services to suppliers of goods and services, provided that it is requested by the debtors (purchasers), who maintain high levels of creditworthiness and commercial prudence, thus extending the settlement period for the purchasers while converting the sales to cash.

- **Invoice Discounting**

Invoice discounting is aimed, under specific terms and conditions, at businesses that have an organised system for the collection and control of their receivables, and only need to draw liquidity from their discounted payment.

- **Accounts Supervision, Management and Collection of Receivables**

This service is aimed at businesses with no need for liquidity but with a requirement for management, accounts supervision and the collection of their receivables. This enables the business to focus its efforts on expanding sales, simplifying activities and ensuring that its development objectives are not put at risk.

- **Import Factoring**

This is aimed at businesses which import goods or services from abroad. It offers them the possibility of granting credit limits to their foreign suppliers coupled with comprehensive management of payments (collection of amounts invoiced and payment of the suppliers).

- **Export Factoring**

Businesses active in exports are provided with financing through the immediate discounting of receivables from credit sales, and the effective management and prompt collection of the receivables, thus reducing the number of collection days. Full coverage (100%) of the purchasers' credit risk is also provided, together with flexibility in dealing with potential problems arising from the business ethics and law of the countries involved, and legal assistance in disputes over factored receivables.

- **Forfaiting**

Forfaiting is a modern sales development tool that also improves cash liquidity and reduces risk. It is mainly aimed at export orientated businesses, providing them with flexibility in formulating their credit policy without the limitations arising from financing conditions. Moreover, coverage against credit and interest rate/currency risk is also provided.

The adoption of new, composite factoring products, which serve as modern asset management tools for Greek businesses, has created the conditions for further dynamic growth of ABC Factors' operations, both in the Greek and international market.

Asset Management and Insurance

Mutual Funds

Investment uncertainty coupled with the adverse economic conditions also had a negative impact on the Greek mutual funds market, which saw prices of securities and unit redemption fall, thereby reducing funds under management to Euro 5.2 billion. Mutual funds investing in the money markets and in bonds suffered the most, recording a drop of Euro 433 million and Euro 278 million respectively.

Assets under management by Alpha Asset Management A.E.D.A.K. stood at Euro 815 million compared to Euro 1.33 billion as of 31.12.2010, which is consistent with the market trend. Alpha Asset Management A.E.D.A.K. remained in third place in terms of market share, with 15.6%.

Net outflows and the negative impact of market prices are equally to blame for the change in asset-size of Alpha Mutual Funds. Net outflows which totalled Euro 255 million originated mainly from the Alpha Money Market Fund, foreign and domestic bond funds and the Funds of Funds. On the other hand, inflows in the equity funds of developed economies (specifically the "**Alpha Global Blue Chips Foreign Equities Fund**") offset the poor performance of equity funds of Greece due to falling prices.

It is worth noting that the balance between domestic and foreign mutual funds tipped for the first time in favour of foreign mutual funds (52.5% and 47.5% respectively) compared with a ratio of 46% to 54% recorded on 31.12.2010, as a result of redemptions of domestic mutual funds and their underperformance compared with foreign mutual funds.

As far as its product range is concerned, Alpha Asset Management A.E.D.A.K. now offers 27 mutual funds covering a wide range of investment options. The products include eleven equity funds, five balanced funds, one money market fund, one exchange traded fund (ETF), one alternative investments (commodities) fund, four fixed income funds, one structured fund and three structured funds linked with bancassurance plans.

Alpha Mutual Funds performed well in 2011, despite the adverse economic climate, proving once again that their professional management has put them among the best funds in all categories. Specifically, according to data from the Hellenic Fund and Asset Management Association:

- The "**Alpha Global Conservative Foreign Balanced Fund**" achieved first place in its category, with a return of 4.21%.
- The "**Alpha Global Emerging Markets Foreign Bonds Fund**" performed best in its category with a return of 4.60%.
- The "**Alpha Cosmos Stars Global Foreign Balanced Fund of Funds**" achieved first place in its category, with a return of -0.04%.
- The "**Alpha European Government Foreign Bonds Fund**" achieved third place in its category, with a return of 3.18%.

Private Banking

In 1993, Alpha Bank was the first Bank to introduce Private Banking services in Greece providing comprehensive portfolio management and banking services to customers of a high financial standing.

Despite the increased outflows from the banking system and the difficulties experienced in attracting new funds, the Bank attempted to manage customers' concerns and general feeling of uncertainty by guiding them to safer options. Funds as of 31.12.2011 were down by 25% and stood at Euro 2.9 billion. This drop was mainly due to poor share and bond prices.

In 2011, the plan to restructure the Private Banking network and rationalise the customer base, in a bid to create a smaller, more efficient network of robust Centres in geographically strategic locations, the sole purpose of which is to cater to Private Banking customers with portfolios in excess of Euro 300,000, was completed. The newly structured Private Banking network currently comprises 9 Private Banking Centres in Greece (compared with 14 in 2010) with 4 in Attica and 5 in the regions (Thessaloniki, Patra, Volos, Iraklio and Rhodos), while maintaining the London Unit. Moreover, one part of the customer base which was not eligible for Private Banking accounts was transferred to other banking networks such as the Alpha Prime Service and the Retail Investors Division of Alpha Finance. The new operational structure of the Centres and the rationalised customer base has already contributed to the upgrade of the Private Banking services offered and the reduction of operating costs.

Furthermore, in 2011, all customer loan portfolios were reassessed and emphasis was placed on systematically monitoring the balance between outstanding debt and the value of pledges, reducing debit balances (by close to 12%) and increasing collateral.

The Bank's Private Banking customers have access to a flexible framework of services. Thus, in accordance with their needs, they are able to select whatever combination of services they require whether they are for their entire portfolio or for elements thereof.

Within this framework, the following methods of management are available, or a combination of the three:

- **Discretionary Portfolio Management**, where the Bank assumes unrestricted management of the customer's capital.
- **Advisory Investment Management**, where the Bank provides management advice to customers who make the final investment decisions themselves.
- **Execution only**, where the Bank executes the orders of customers who wish to monitor and manage their portfolios themselves.

In order to provide a comprehensive range of portfolio management and investment advice services, the Bank's Private Banking Unit works closely with Alpha Asset Management A.E.D.A.K. in order to formulate an investment strategy.

In full compliance with the MiFID directive the services are offered subject to the specific amount (minimum portfolio size of Euro 300,000) and the investment aims of the customer (capital protection, maximisation of capital gain), as well as the customer's time frame, investment experience, known or estimated cash flows and tax regulations of his/her country of residence.

Our aim is to diversify further customer portfolios both in geographical as well as in sector terms. In this context, we will improve support services with investment options in specific types of products, such as Mutual Funds and foreign shares, in thematic portfolios which focus on specific classes of investments based on geographical area or sector of activity, and in alternative investments.

Insurance

In 2011, the insurance market saw a slump in new contracts with a vast number of existing contracts being surrendered or terminated across all insurance sectors. In the bancassurance sector, the decrease in loans granted by banks and the increase in bad debts caused bancassurance schemes offered in conjunction with bank loans to drop. The only insurance sectors which performed well were the life and health insurance sectors, thanks to the aggressive commercial policy and the constant deterioration in national health care and social services.

In the life insurance sector, Alpha Bank recorded notable increases both in insurance premiums (18%) and commissions (15%), which were mainly due to the new products and policies available on the market. The decrease in general insurance policies was restrained to -4% following efforts to limit the number of contracts terminated.

Alpha Bank offers to Retail customers bancassurance products when making loan applications, to provide protection for:

- Repayment of housing loans ("**Alpha Borrower's Insurance for Mortgage Loans**").
- Mortgaged homes, against fire, earthquakes and other specific risks ("**Alpha Home Insurance**" and "**Alpha Home Construction Insurance**").
- Repayment of consumer loans ("**Alpha Individuals Insurance**", "**Alpha Borrower's Insurance for Revolving Loans**").
- It also offers the "**Alpha Health Care for All**" medical plan which offers outpatient care and additional benefits, such as free check-ups and free visits to doctors. It also ensures that the outstanding balance of credit cards is repaid in case the cardholder loses his/her life.

Corporations are offered the "**Alpha Business Insurance**" plan, which provides cover for premises, equipment and company merchandise against basic perils.

The "**Alpha Entrepreneur Insurance**" plan provides cover for settlement of business loans in case the borrower loses his/her life or becomes disabled, while simultaneously providing the option of an additional cash payment to the insured person or his/her beneficiaries.

Moreover, a new insurance policy was made available in 2011 to Alpha Bank credit card holders, which provides cover for periods of unemployment, temporary inability to work and accident cover. The policy is offered as part of credit card schemes and is provided under a Group Contract with AXA Insurance S.A.

Another important development for Alpha Bank in the bancassurance market, in 2011, was the establishment of the Group Company **AlphaLife Insurance Company S.A.** AlphaLife, which started operating in 2010, is a flexible and dynamically developing company which focuses on the investment-pension products market. Its products are available exclusively via the Branch Network of the Bank.

As part of its efforts to optimise customer services, the Company combines low costs with flexible and efficient operations; these two traits are apparent in both products and pricing, thus providing a competitive advantage.

AlphaLife offers the "**Alpha Prospects**" and "**Alpha Secure**" plans. In return for a one-off payment the "Alpha Prospects" plan provides a guaranteed pay-out on maturity and an "additional investment profits" option. Under this plan, disposable capital is used to make provision for future expenditure (pension top-up, university fees, child's career start) safely and without any investment risk.

The "Alpha Secure" plan provides a guaranteed pay-out on maturity in return for a series of fixed periodic payments and again has an "additional investment profits" option. The "Alpha Secure" plan is used to build up guaranteed capital over time, which can be used as additional income on retirement or to cover future expenditure (e.g. university fees). In 2011 the facility to automatically increase payments by 3% per annum in order to protect savings against inflation and increase the capital amount in the future became available under the "Alpha Secure" plan.

Both plans allow customers to choose how payment is made on maturity. Various payment options are available, such as a one-off payment, a lifetime pension, guaranteed regular payments over a set period of time etc. Promoting the "Alpha Prospects" one-off payment plan proved challenging in the prevailing economic climate. Conversely, premiums paid under the "Alpha Secure" periodic payment plan rose substantially.

Of all the company's existing insurance contracts, only 4% were surrendered or terminated. This figure is extremely low even during periods of economic growth and is proof of the quality of the company's portfolio. AlphaLife has already achieved a profit in its second year of operation despite the slump in new insurance contracts.

Investment Banking and Treasury

Investment Banking and Brokerage Services

In 2011, Investment Banking primarily focused on providing consultancy services to the Public Sector due to the large number of projects put out to tender in order to implement the extensive privatisation programme agreed with the Troika.

Alpha Bank undertook to provide consultancy services to the Greek Government for some of the most important projects such as the privatisation of the Public Gas Corporation (DEPA), the Public Power Corporation (PPC) and the Regency Casino Mont Parnes, the project to realise State-owned assets etc.

Due to the magnitude of the privatisation programme, the Bank expects to be heavily involved, especially as a consultant to interested private-sector investors, in the event that it is re-launched.

Furthermore, the Bank continued to be active in capital markets projects and other acquisitions and mergers. In 2011, it was involved in several significant projects, such as the share capital increases by the Agricultural Bank of Greece and Hellas on Line and provided consultancy services to the Greek Organisation of Football Prognostics (OPAP S.A.) on extending its franchise from the Greek Government for another decade and obtaining an operating licence for 35,000 VLTs etc.

As regards the Greek stock market, 2011 was overshadowed by the fiscal crisis while the constant downgrades to the country's credit rating and diminishing investment confidence led to a financial meltdown, capital flight and a major drop in trading.

This caused the Greek stock market to crash and resulted in extremely low levels of transactions. In 2011, the overall volume of transactions on the Athens Exchange equities market stood at Euro 41.4 billion, which was down by 41.1% compared with 2010. As a result, trading has fallen by 83% consistently since the high recorded in 2007 to levels last recorded in the 1990s.

Total market capitalisation amounted to Euro 27.7 billion on 31.12.2011, down by 49.5% compared with 54.9 billion on 31.12.2010.

At the end of December 2011, foreign institutional investors held 33.4% of all shares (compared with 34.8% in 2010), Greek institutional investors held 6.3% (compared with 6.1% in 2010) and private investors held 21.1% (compared with 20.8% in 2010).

The Bank is active in the brokerage sector via the Group Company Alpha Finance. Its performance was particularly satisfactory in 2011 when one takes into consideration the unfavourable market conditions and the low level of trading.

Its share of the share market stood at 4.94% (2010: 6.45%), dropping Alpha Finance into sixth place in its class compared to fourth place in 2010. This drop is primarily due to the increased activity as Remote Members (RMs) of certain customers and secondly due to the dramatic drop in its presence in foreign investment portfolios, which had always been substantial.

Of the total market share occupied by RMs, approximately 21% corresponds to brokerage companies in Cyprus (2010: 18%). Citi and Credit Suisse benefitted the most in this category with market shares increasing to 4.2% (2010: 1.8%) and 1.5% (2010: 0.5%) respectively. This had a negative impact on Alpha Finance's market share, as these investment firms were our top institutional customers. This, combined with the vertical drop in trading by foreign end-customers (traditionally also a strong point in Alpha Finance's customer base) and the closure of our US office (Alpha Finance US), resulted in our market share decreasing by 1.5%.

The investment services provided both to retail and professional customers are:

- Listing on the Athens Exchange and market making for the first Exchange Traded Fund (ETF) on the Greek market.
- Access to the joint Athens and Cyprus Stock Exchange equities trading platform and access to the Athens Exchange derivatives market.
- Access to equities and derivatives markets abroad.
- The option to conduct transactions on the Athens Exchange with credit provided by Alpha Finance.
- The option for Alpha Finance to act as market maker for equities and derivatives traded on the Athens Exchange.
- The provision of a complete range of online services (Alphatrade) over the telephone or via the website www.alphafinance.gr.
- Timely provision of information in the form of well-documented corporate, sector and macroeconomic financial analyses.
- Integrated transaction clearance and custody services for all domestic and international markets.

The Bank continued to introduce new technologies in order to improve customer services. In 2011 it completed the "Alpha Finance IT System Redesign" project which includes the new Alpha Web Trading electronic trading platform, installed a new system to support back office operations (shares), installed an order forwarding system at the Athens Exchange and the Cyprus Stock Exchange, installed an instruction management system to cover institutional investors' needs, and enhanced the user and application security of online trading (use of tokens).

Alpha Finance still has one of the best teams of analysts and salespersons. The Alpha Finance Analysis and Sales departments achieved very high rankings in the Surveys conducted by Extel, one of the most reputable international rating agencies, for the second year running.

Treasury

In 2011 the Greek economy witnessed the third year of recession and battled through a constantly deteriorating financial crisis while the Greek banking system operated under exceptionally challenging conditions. Alpha Bank relied on efficient management of open positions and low exposure to international markets in order to maintain its reputation as the most reliable and robust Greek bank.

2011 was plagued by a series of downgrades in the credit ratings of the country by the credit rating agencies, capital outflows from the Greek market, a substantial decrease in customer deposits and depreciation of Greek securities which may potentially be used as security by the European Central Bank. However, Alpha Bank relied less on the support mechanisms put in place for the Greek economy and the financing granted by the Eurosystem compared with all the other major Greek banks both in absolute terms and as a percentage of assets. This enabled the Bank to maintain relatively high cash reserves in order to protect depositors, maintain its trading activity and respond to emergencies. For this purpose it took a series of coordinated actions including reducing lending exposure of the Group Units abroad, selectively deleveraging the bond portfolio of the loans and making efforts to strengthen acceptable collateral by valuing assets at Group level.

Specifically, as regards the bond portfolio and within the context of the material efforts made to contain exposure to high-risk investments, the Bank does not hold bonds issued by regional EU countries which found themselves in the firing line of the markets and which suffered major depreciations during 2011. It should be noted that the Hellenic Republic bond portfolio is smaller compared with major domestic competitors.

At the same time, significant financial results were achieved, despite the adverse economic conditions on the international markets. Successful decisions on holding open positions and efficiently hedging market and credit risks which are the product of the debt crisis resulted in an excellent performance which contributed substantially to the Bank's profit margin during a time of exceptional volatility, uncertainty and adverse conditions.

Furthermore, sales of financial products rose significantly year on year as a result of improved response to customer needs in an increasingly volatile market. The constant emphasis placed on improving the quality of services provided and utilising the Bank's sales networks led to an increased customer base and improved the cost of sales. Notable progress was also made in projects for improving sales support functions and systems. Immediate access to and direct negotiation on large corporate deposits and institutional investors' available treasury contributed to the Bank's liquidity in the adverse climate which continued throughout 2011. Excellent collaboration between the Bank's executives and its customers also contributed greatly to maintaining institutional capital in the Bank's deposit base.

The Bank's international markets analysis section was awarded with a distinction for the fifth time in six years, thus ranking the Bank among the top ten credit institutions in the world, for the accuracy of its predictions regarding the main foreign exchange rates in a survey conducted by the Reuters international network. This distinction is the best possible confirmation of its determination to provide a high standard of information services on the changing international markets, by analysing the information available and passing it on as promptly as possible. The open days organised and the efficient methods used to provide corporate customers exclusively with information on a regular basis helped to achieve this objective. Annual open days at which the Wholesale Banking Business Unit's corporate customers can discuss topical issues have been held since 2008. Customers have responded positively to these open days and this has helped to improve customer relations and increase the Bank's turnover.

Successful adaptation, flexibility and conservative management of financial products and services on the international markets were commended in 2011 and strengthened the Bank's position in response to the new challenges presented by the markets which are expected to remain extremely volatile throughout 2012.

Project Finance

The Bank has been conducting business in the Project Finance sector for the past seven years, offering bilateral and syndicated credit facilities for carrying out major independent projects in the energy production, property development and infrastructure development sectors in Greece and abroad.

The deterioration of international market conditions coupled with the challenging domestic economy was not conducive to investments which, by extension, prohibited growth in the Project Finance sector.

The renewable energy sources sector proved to be the exception to the rule. The Bank arranged funding for Wind Parks, while the arrangement of additional funding for Photovoltaic Parks is under way and is expected to be completed within 2012.

At the same time, major infrastructure works in some of which the Bank is heavily involved are expected to be relaunched.

Venture Capital, Equity Financing

Alpha Ventures, established in 1990, is the leading private venture capital company in Greece. It primarily invests in highly attractive Greek businesses and corporations operating in the wider Southeastern Europe region (companies with development potential, high returns, a positive profile in their sector, solid company structure and efficient management).

Investments in small and medium-sized enterprises on the Greek market increased significantly. Most investment opportunities involved companies which were in great need of working capital due to the credit crunch and, more specifically, the lack of funding from the banking system. Given these conditions, it proved difficult to discern where capital was needed due to a genuine lack of liquidity, and where this was a result of internal weaknesses in the companies.

As a result, Alpha Ventures adopted a conservative stance and limited its direct investments to highly selective investment opportunities. On the contrary, investment efforts via the Alpha Taneo Fund (ATF), which is managed by Alpha Ventures Capital Management (AVCM), a subsidiary of

Alpha Ventures, were stepped up. This Fund focuses on small, competitive businesses with much greater growth potential than the markets in which they operate.

The investment strategy continues to focus on companies with predictable cash flows, clear growth potential and a clear liquidation timeline via internal cash flows or sale to a strategic partner or listing on an organised stock market abroad.

Overall, the limited capital available to small and medium-sized enterprises from the usual resources gave rise to an environment with more opportunities but greater risk for investment companies such as Alpha Ventures and Alpha Ventures Capital Management, which is evident from the continuous influx of investment proposals. A number of companies are looking into conducting joint ventures, while others are exploring the possibilities of mergers in order to safeguard their viability and strengthen their competitive edge.

Other Activities

Real Estate Management

The main objective of Alpha Astika Akinita is the management of Alpha Bank's real estate assets and the leasing out of properties. After the new organisational chart of the Alpha Bank Group had been prepared and its new organisational structure put in place, Alpha Astika Akinita began to expand its activities by taking over the management of all the Group's properties in Greece and coordinating and managing activities for properties abroad, especially in the countries of Southeastern Europe where the Group has a presence.

Alpha Astika Akinita covers the entire range of property-related services, including property management. Thanks to its extensive experience and long-standing track record in the real estate sector, the Company can successfully provide a complete range of consultancy services relating to property valuations, development, utilisation and management.

Hotel Enterprises

Ionian Hotel Enterprises was established in 1957 with the aim of constructing, running and operating high-end hotels. It owns the Hilton Athens hotel and has signed a management agreement with the Hilton Hotels Corporation. As a result of a complete renovation in 2004, the hotel now has an attractive ambiance and is very well managed, boasting modern facilities and hi-tech equipment. It offers the full range of hotel facilities expected from a modern service provider.

All basic indicators relating to the Athens hotel sector showed a downward trend for the third consecutive year as a result of the domestic economic crisis and the negative portrayal of the country in the international media. Nonetheless, the Hilton Athens produced satisfactory results in 2011; despite the challenging conditions and fierce competition the Hilton Athens managed to stay ahead of all its competitors in terms of occupancy rates.

Turnover at the Hilton Athens was Euro 30.5 million compared with Euro 31.2 million in 2010. This drop was mainly due to the major decrease in income from the hotel's food and beverage departments. Full year 2011 results were Euro -2.2 million compared with Euro 1.8 million in 2010.

The management made major efforts in 2011 to reduce operating costs both at the hotel and in the Head Office, where staff numbers fell due to retirements and operations were restructured.

3. Operational Systems and Distribution Channels

APOLLO

God of music,
poetry and the art of divination.

Son of Zeus and Leto and twin brother of Artemis, Apollo is considered as the handsomest of all immortals. He signifies youth and beauty and marks the passage from adolescence to adulthood. He was also worshipped as Apollo Archigetes, god of colonisation, patron of forbearers and founders. The god is depicted as a youth, beardless, wearing a laurel wreath and usually with long curly hair reaching his shoulders.

Catane, Sicily
Silver tetradrachm, circa 410 BC.
Obverse: Head of Apollo.
Alpha Bank Numismatic Collection 10442

Operational Systems and Distribution Channels

Operational Systems and IT Projects

Alpha Bank's policy for a constant upgrade of the quality of the services provided, for minimising operational risks and increasing productivity, is supported by an extensive business re-engineering and software applications development programme.

During 2011, the programme has been extended to include a sufficient number of new projects to support operational requirements and upgrade the IT infrastructure, in order to enable the Bank to modernise by adopting new technologies and contemporary methods of operation.

One of the major projects in 2011 involved developing software for liquidity-drawing under Pillar IIIa (E.L.A.) and introducing a credit criteria application into mortgage, personal loans and other products financing systems.

As part of the second stage of the IRB Method Implementation under Basel II, the infrastructure needed to calculate risk parameters (PG, LGD, EAD) and risk-weighted assets for consumer loans and credit cards was completed. It is now possible to calculate risk-weighted assets across the Bank's entire retail portfolio using the IRB Method.

During 2011, records were also created for submitting data on fund transfer, card, cheque transactions to the General Secretariat for Information Systems via DIAS Interbanking Systems S.A.

In order to monitor requests for disputed card transactions electronically, an internal system was put in place in order to organise the competent service and transfer and handle data on disputed transactions from cards issued by Alpha Bank or other banks carried out via the Bank's ATM and POS networks.

In addition, an infrastructure was created and an application was installed to handle loan accounts for products in arrears, such as mortgages and consumer loans, credit cards and loans to Small and Very Small Enterprises. Implementation of a system to manage corporate arrears, record legal proceedings, manage court fees and liquidate collateral is under way.

In addition to the above, a large number of other IT and system upgrade projects were completed, such as applications to better manage and monitor bonds for which the Bank of Greece acts as custodian, to monitor collateral on mortgaged property, to provide support for the General Meetings of Shareholders of the Bank and Subsidiary Companies of the Group, to develop the Bank's business customer cash management services, as well as a data base for paying tax on interest from deposits held by Greek residents at Branches of the Bank located abroad to the Hellenic Republic.

Branches, Alternative Networks and Electronic Services

Branch Network

The Bank's presence both in Greece and in the countries of Southeastern Europe is supported by a strong network of 970 Branches and customer Service Units. Since 2006, the Bank has followed a policy of significant expansion of its presence in both Southeastern Europe and in Greece. Because of the international financial crisis, it was decided in 2009 to suspend the expansion of the Network and implement a streamlining plan in order to improve efficiency and cut costs.

Thus, the network of Alpha Bank Branches at the end of 2011 in Greece numbered 436 Branches and Customer Service units (including Commercial Centres and nine Private Banking customer service points). There are 533 Branches in Southeastern Europe, 39 fewer than at 31.12.2010. Alpha Bank also has a presence in London, with two Branches. The extensive Network, with a presence in urban areas and the wider region, allows the Bank to adapt to the ever-changing circumstances and needs of the market. The focus is now on better utilisation and more efficient operation of the Branch network. At the same time, an extensive programme is being implemented to renovate and relocate Branches, both in Greece and abroad.

Alternative Networks and Electronic Services

With the continued development of alternative networks for the promotion of its products and services, Alpha Bank remains at the forefront in utilising the opportunities provided by new technologies and offers an automated banking service of high quality and reliability.

The confidence of customers in the Bank's alternative networks is evidenced by the continuous growth of their usage. During 2011, the transactions carried out through electronic banking services rose by 8.6% in relation to 2010 and constituted 47% of the Bank's total transactions.

The alternative networks and electronic banking services offered by the Bank are as follows:

Automated Banking Devices

These comprise the Automated Teller Machines (ATMs) and the Automated Cash Transaction Centres (ACTCs) for transactions conducted via cash deposits.

With the first ATM being installed in 1981, Alpha Bank was the first to pave the way for modern banking technology in Greece. The Bank has 816 ATMs (497 installed in Branches and 319 at points outside Branches) which accounted for around 80% of the Bank's cash withdrawal transactions and for transfers of Euro 8.2 billion. The Bank holds the second position in the market based on the average monthly rate of withdrawal transactions per ATM.

In order to provide better services to customers, in 2011 around 120 feasibility studies were carried out concerning requests in connection principally with off-site ATMs (new installations, removals, relocations, replacements, renewals of contracts, and so on). This resulted in the installation of 15 new machines and the removal of another 51.

The network of Automated Cash Transaction Centres comprises 264 units. Cash transactions can be carried out using Automated Cash Transaction Centres either for the purpose of depositing money into accounts or in order to pay bills (e.g. Alpha Bank card bills, mobile telephone bills, utility bills, Internet provider bills, insurance companies bills, gas bills, bills of credit cards issued by other banks). Transactions at Automated Cash Transaction Centres were up by 8.5% compared to 2010, and account for about 43% of credit card payment transactions in cash and 17% of deposit transactions carried out over the counter in the Branches where they are installed. Euro 1 billion was moved via the Bank's Automated Cash Transaction Centres; the average transaction was Euro 307.

In order to provide customers with a better service and reduce queues for cash payments made at Branches, 15 new transactions were added to the ACTCs menu, as a result of which the relevant income more than doubled to Euro 233,158.

In 2011, the first Automated Cash Transaction Centre outside a Branch of the Bank was set up on the premises of the Hellenic Cadastre.

Finally, by continuously upgrading its system for monitoring the operation of ATMs and ACTCs, the Bank seeks to provide the most secure and best possible customer service in order to meet its clients' needs.

Alpha Web Banking

In 1996 Alpha Bank was the first to introduce bank transactions via the Internet and since then banking services have been provided to retail customers and to Small and Medium-sized Enterprises via the Internet. Already, more than 145,000 subscribers use these services, up by 14.8% over the preceding year, whilst around 73 million transactions were carried out, up by 15.5% over 2010.

Alpha Web Banking services have been enhanced with new capabilities, such as cash advances on consumer loans by transferring the amount to a deposit account and the provision of information on personal consumer loans. Also, services to companies have been enhanced with new security features for transactions, following controls and approvals by authorised company personnel (limits - approval levels), and the new "Imports within the European Union" service used for sending remittances in settlement of debts from commercial transactions.

Alpha Web International Trade

Alpha Web International Trade, which began in 2007, allows customers working with the Bank in the import/export business the possibility of monitoring the progress of settlement records, sending electronic requests for settlements and Letters of Credit for imports as well as the necessary electronic supporting documents. As of the end of 2011, 618 companies had joined the service (a 28% increase in subscribers) and 12,658 international trades had been handled electronically.

Alpha Line

Alpha Line provides banking services for enterprises by means of an application which is installed on the customers' computers. The enhanced edition of Alphaline II, provides the opportunity to many users to operate in a network environment. 650 companies have subscribed to this service.

Alpha Mobile Banking

Alpha Mobile Banking provides banking services via a mobile phone. Customers can monitor the balances on their accounts and credit cards, carry out fund transfers and make payments to third parties, make payments on credit cards and pay the bills of companies and organisations. The service was upgraded in 2010 with a special version for mobile phones and other mobile touch-screen devices. The development of technology regarding the connectivity of devices to the Internet and the increased use of smartphones has made services more user-friendly and this is generating interest in this particular service. Already, over 11,622 subscribers use these services, which is a 550% increase on last year, and approximately 1.5 million transactions were carried out, which is a 260% increase compared with 2010.

Alpha Phone Banking and Call Centre

Alpha Phone Banking provides banking services via the telephone, either by use of the automatic system (interactive voice response - IVR) 24 hours a day, or with the assistance of specialised Officers.

In order to carry out banking transactions via the telephone, provide information concerning the products and services of the Bank and support the subscribers of electronic services, the Bank's call centre offers its services daily during continuous hours of operation and processes more than 222,000 calls a month.

E-commerce service

This service gives the customer the opportunity to make purchases securely via the Internet using a credit card. In 2011, 553 new companies joined the service, bringing the number to 2,381, while total turnover reached Euro 98.1 million compared with Euro 78.2 million in 2010.

Mass collections/payments services with electronic file transfer

This service ensures the collection of debts by means of standing order and/or alternative networks and the payment of debts (payroll payments, payment of suppliers). These transactions (interbank and intrabank) reached over 10 million in 2011, up by 2.7% compared with 2010.

Website of the Bank (www.alpha.gr)

Customers and investors obtain information from the website regarding the Bank, the Group Companies, as well as the services offered. The number of visitors now exceeds 610,000 per month, with the total number of visits reaching 19 million per year.

NIKE

The personification of victory.

Nike, as the offspring of the Titan Pallas and Styx, belongs to the first generation of gods. She had three brothers, Cratus (Strength), Zelus (Zeal) and Via (mighty Force). When Zeus prevailed as lord of the gods, Nike and her siblings became his faithful attendants.
Nike is the deity that signifies the desired end in a war, a battle or even an athletic event. She symbolises strength and speed, hence people thought of her as having wings, descending into the battlefield or a stadium to crown the victors.

Terina, Bruttium
Silver stater, 400-390 BC.
Reverse: Nike seated on a pedestal,
carrying a wreath and a dove in her right hand.
Alpha Bank Numismatic Collection 9673

Risk Management

The Board of Directors of the Bank is responsible overall for developing and overseeing the risk management framework. The Risk Management Committee convenes on a monthly basis, reports to the Board of Directors about its activities, and is responsible for supervising and correctly implementing the risk management policy. During 2011 the Committee was heavily involved in the monitoring and analysis of issues regarding the liquidity, market, operational and credit risk of the domestic and foreign loan portfolios.

The risk management framework and its effectiveness are re-examined at regular intervals to keep it in line with best practices and the directives of the Regulatory Authorities. The Risk Division is responsible for directly implementing the risk management framework in accordance with the guidelines provided by the Risk Management Committee.

Other institutions on which risk management relies are the Assets - Liabilities Management Committee (ALCO), the Operational Risk Committee and the Arrears Committee, all of which have a significant contribution in the decision-making process on matters regarding the assumption and management of all kinds of financial risks.

Credit Risk

The Alpha Bank Group pays particular attention to the optimum management of credit risk which could arise from the potential inability of counterparties to fulfil their contractual obligations on the specified repayment dates. Credit risk is among the most important sources of risk for banks, especially in times of prolonged economic recession, and for this reason timely identification and effective handling of this risk are primary goals for the Group and constitute one of its major competitive advantages.

Thus, the Bank constantly performs impairment testing for the value of its loans in line with the general principles and methodology set out in IAS 39 and IFRS 7 either for individual loans or at the portfolio level.

The entire procedure consists of the steps outlined below:

a. Trigger events which could set off an impairment test are specified.

b. Criteria are adopted for individual and portfolio level tests.

c. A specific method is followed to approximate future cash flows from impaired loans.

d. Impaired loans are compounded.

e. Monies are recovered/collected from impaired loans.

Impairment testing primarily focuses on non-performing loans of over 90 days. As a percentage of the portfolio, such loans increased over the course of the year and reached 12.9% at the end of 2011 compared to 8.5% at the end of 2010 as a result of the serious difficulties surrounding the Greek economy. The non-performing loans coverage rate stands at 79% and, despite the anticipated deterioration in the quality of the Bank's portfolio, it remains one of the best among its competitors.

Table 1 shows the turnaround time for loans in the Alpha Bank portfolio on a consolidated basis. The coverage rate of the credit risk with accumulated provisions stood at 45% of non-performing loans. The preventive increase in provisions reflects the Bank's policy in terms of ensuring that provisions adequately cover the eventuality of a further deterioration in credit conditions in Greece and Southeastern Europe.

In order to more effectively manage credit risk, the Alpha Bank Group has developed a specific framework of methodologies and systems to measure such risk. This framework is constantly developing to provide the most up-to-date and effective support to the Business Units to facilitate decision-making and prevent negative impacts on the Group's results.

A key aspect of the way in which we measure credit risk is our counterparty credit risk rating systems which utilise both quantitative and qualitative assessment criteria coupled with transactional behaviour criteria to generate statistically discreet probabilities of borrower default.

Table 1

Analysis of past due amounts

	31.12.2011			
(in Euro thousands)	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Loans and advances to individuals				
Mortgage				
Performing loans	10,457,044			10,457,044
Past due 1 - 90 days		1,998,488		1,998,488
Past due > 90 days			1,729,943	1,729,943
	10,457,044	**1,998,488**	**1,729,943**	**14,185,475**
Credit cards, consumer and other loans				
Performing loans	4,174,653			4,174,653
Past due 1 - 90 days		832,965		832,965
Past due > 90 days			551,018	551,018
	4,174,653	**832,965**	**551,018**	**5,558,636**
Corporate loans				
Performing loans	18,827,102		4,068,601	22,895,703
Past due 1 - 90 daysς		2,522,190	433,370	2,955,560
Past due > 90 days		408,852	3,743,266	4,152,118
	18,827,102	**2,931,042**	**8,245,237**	**30,003,381**
Total portfolio				
Performing loans	33,458,799		4,068,601	37,527,400
Past due 1 - 90 days		5,353,643	433,370	5,787,013
Past due > 90 days		408,852	6,024,227	6,433,079
Total	**33,458,799**	**5,762,495**	**10,526,198**	**49,747.492**

The transition of the Bank and the Group Companies in Greece to the Advanced Calculation Method for Capital Adequacy against credit risk is now fully under way. The Advanced Internal Rating Based Approach will be used to this effect for business loan (with the exception of loans to small enterprises), leasing and factoring portfolios.

The Group Companies operating abroad will gradually be integrated into the Advanced Internal Rating Based Approach in accordance with the regulatory requirements and the strategic priorities which have been set at Group level.

The loan portfolio to Individuals does not come within the scope of this specific project.

The project covers the following areas:

- Definition of default and rating of borrowers: Determination and application of a single definition of default, as well as itemisation and implementation of exposure rating criteria based on regulatory requirements.
- Post-default events: Review and introduction (where necessary) of an event management framework (arrears management procedure) and compilation of historic post-default data in order to assess Loss Given Default (LGD).
- Rating Systems: Tiering and ratification of rating systems used in order to evaluate the relevant risk management parameters (PD and LGD) in accordance with regulatory requirements.
- Collateral Management: Introduction of an integrated framework for managing the Bank's collateral.

In order to harmonise the Bank's procedures with the supervisory framework under Basel II and to manage business credit risk more efficiently, a new model for evaluating potential Loss Given Default by the Bank's existing and potential borrowers was deemed necessary. This model will be introduced in the first quarter of 2012.

Market risk

Market risk is the risk of loss arising from unfavourable changes in the price or the volatility noted on interest rate, foreign exchange, equities and commodities markets. Losses may also arise from the trading book and in relation to Assets - Liabilities management.

The Group's Assets - Liabilities Management Committee (ALCO) is responsible for approving the guidelines,

Table 2

Trading Portfolio

	2011					2010
(in Euro million)	Currency Risk	Interest Rate Risk	Price risk	Cross-correlation Impact	Total	Total
December 31	175.6	269.7	748.9	-262.0	932.2	1,047.9
Average daily Value (annual basis)	146.1	310.3	1,000.3	-405.0	1,051.7	1,401.1
Maximum daily Value (annual basis)	116.7	59.4	1,596.1	-143.7	1,628.5	1,704.8
Minimum daily Value (annual basis)	75.0	258.7	537.9	-183.5	688.1	1,047.9

strategy and organisational structure in terms of market risk management.

1. Trading Book

Market risk for the trading book is measured by calculating the Value at Risk (VaR). The method used to calculate VaR is the historical simulation method. The Bank uses a time frame of one and ten days depending on the time required to liquidate the portfolio. The reliability of the model used is tested using back-testing.

In order to calculate the one-day VaR for the Bank's trading book a volatility horizon of two years was used and a 99% confidence period. **Table 2** shows the data for the trading book in 2011. The following data refer to the Bank. The Group Companies have very low exposure and limits for the trading book and consequently risk exposure is negligible.

During 2011, the VaR calculation system was upgraded in order to provide more functions for analysis and reporting purposes.

In addition to utilising the VaR method to measure the trading book's market risk, the book's behaviour is also tested against hypothetical changes in market parameters (scenarios) and extreme changes in those parameters noted in the past (stress-testing).

In 2008 the Bank of Greece recognised the suitability of the in-house model for market risk calculation and approved use of that model for calculating capital adequacy. As of 31 December 2011 when calculating capital adequacy for general market risk the potential losses sustained by the trading book under extreme conditions have been added as a variable to the VaR calculation (stressed VaR).

As part of the financial risk management policy implemented by the Assets - Liabilities Management Committee (ALCO), exposure and stop loss limits have been set for the various products comprising the Trading Book. Limits have been put in place for the following risks:

- Exchange rate risk for spot and forward exposure.
- Interest rate risk for Bond, Interest Rate Swaps, Interest Futures and interest Options exposure.
- Price risk for equities, Index Futures and Options exposure.
- Credit risk for interbank transactions, Corporate Bonds and developing countries Treasury Bonds.

Exposure for these products is monitored over the course of the day and checked in relation to the coverage percentage and any excesses of the limits set.

2. Assets - Liabilities Analysis

Market risk arising from the structure of assets and liabilities in the Group's loans and deposits portfolio can be divided into exchange rate and interest rate risk.

a. Exchange rate risk

The General Management sets limits regarding the open exchange rate overnight and daylight exposure both for the overall exposure and for each currency. Overall exposure is calculated by cumulating the current exposure from balance sheet items and the forward exposure from derivatives **(Table 3)**.

The exchange rate risk undertaken by the Group derives mainly from holdings and its offsetting is pursued, provided that the corresponding instruments in the said currencies are available.

b. Interest rate risk

There are four main sources of interest rate risk which affect the Bank's profits and financial worth:

- Repricing risk: This risk arises from differences at maturity and the repricing of assets and liabilities and the Group's off-balance-sheet items.
- Yield curve risk: This arises from unforeseen changes in the yield curve which have a negative impact on the Group's profits and financial worth.
- Basis risk: This arises from an imperfect match with changes in the yield paid or collected from various financial instruments which have similar repricing characteristics.
- Option risk (optionality): This arises from the optionality embedded in certain assets and liabilities or in the Group's off-balance-sheet items (embedded options).

To analyse the interest rate risk from Assets and Liabilities, an Interest Rate Gap Analysis of the banking book for each currency is carried out. Assets and liabilities are classified by time period depending on when their interest rate will be re-examined in the case of items with a floating rate, or depending on their maturity date in the case of items with a fixed rate.

Table 4 contains the Interest Rate Gap Analysis for the Group's Assets and Liabilities as at 31.12.2011. For the purposes of voluntary swaps of Hellenic Republic Bonds and Public Utility loans guaranteed by the Hellenic Republic (PSI), bonds and loans swapped are construed as redeemed during the swap period (1 to 3 months), following which the acquisition of the new Bonds and their interest rate risk are mapped

Using the Interest Rate Gap Analysis and the alternative scenarios showing changes in market interest rates and/or the prime rates offered by the Bank and the Group Companies it is possible to directly calculate the change in the net interest income and the net position for held-for-sale assets **(Table 5)**.

Scenarios are examined on a regular and ad-hoc basis and stress tests are carried out to generate reports for the supervisory authorities, the Risk Management Committee and the Assets - Liabilities Management Committee as part of analysing the interest rate risk of the Bank and the Group.

The Bank applies offsetting methods in accordance with the relevant accounting principles. On 31 December

Table 3

	31.12.2011								
(in Euro million)	USD	GBP	CHF	JPY	RON	RSD	Other FC	Euro	Totals
Total Assets	2,001.9	720.6	2,388.3	99.0	912.4	222.2	518.9	52,284.7	59,148.0
Total Liabilities	2,230.0	241.3	30.6	351.5	727.4	128.7	623.3	52,849.0	57,181.8
Foreign Exchange Position for Balance Sheet items	-228.1	479.3	2,357.7	-252.5	185.0	93.5	-104.4	-564.3	1,966.2
Forward Exchange Position held on Derivatives	225.9	-458.9	-2,378.9	250.2	-2.7	17.8	263,4	1,698.9	-384.3
Total Foreign Exchange Position	-2.2	20.4	-21.2	-2.3	182.3	111.3	159.0	1,134.6	1,581.9

Table 4

Interest Rate Gap Analysis

(in Euro million)	< 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	> 5 years	Non-interest bearing	Totals
Assets	37,255.2	7,073.,4	3,422.2	1,618.1	3,476.4	1,847.3	4,455.5	**59,148.0**
Liabilities	29,173.1	14,578.5	2,007.8	1,908.6	7,897.3	3.0	1,613.4	**57,181.8**
Equity	0.0	537.3	0.0	0.0	0.0	0.0	1,429.0	**1,966.2**
Total Liabilities and Equity	29,173.1	15,115.8	2,007.8	1,908.6	7,897.3	3.0	3,042.4	**59,148.0**
Gap	**8,082.0**	**-8,042.4**	**1,414.5**	**-290.6**	**-4,420.9**	**1,844.3**	**1,413.1**	**0.0**
Cumulative Gap	**8,082.0**	**39.7**	**1,454.1**	**1,163.6**	**-3,257.4**	**-1,413.1**	**0.0**	**0.0**

2011, these methods concern the offsetting of the interest rate risk on customer loans and bonds issued by the Bank and Group using derivatives.

Liquidity Risk

Liquidity risk concerns the Group's ability to maintain adequate liquidity to discharge its transactional obligations whether regular or ad-hoc. The greater part of the Group's Assets are financed from deposits and Bonds issued by the Group.

Borrowing from the European System of Central Banks has been used as an additional source of financing over recent years.

In 2011, the fiscal crisis in Greece deteriorated even further, leading to depreciation in the value of Greek Sovereign Bonds. At the same time, customers continued to withdraw their deposits held in Greek banks. In order to tackle the dire economic climate, the Bank issued covered Bonds and utilised the Liquidity Plan and the financing mechanisms provided by the European System of Central Banks. The Group's total borrowing from the European System of Central Banks stood at Euro 21.9 billion on 31 December 2011 (Euro 14.2 billion). The Bank made less use of these financing mechanisms than any other major Greek bank.

Bank and Group liquidity risk is regularly monitored by calculating the Liquidity Ratios in accordance with the Bank of Greece requirements (Bank of Greece Governor's Act No 2614/7.4.2009).

A Liquidity Crisis Plan has been developed and, as part of this, early warning indicators are monitored to identify liquidity problems, increases in liquidity risk or increases in financing requirements.

Moreover, a Liquidity Gap Analysis is performed at regular intervals. Cash flows from all Assets and Liabilities are calculated and classified by time period depending on when they arise, with the exception of deposits which are allocated in line with their transaction profile, and securities in the trading book which have not been committed in the context of Monetary Policy Operations. These securities, which can be easily realised, are allocated to Tier I and the relevant haircuts are applied.

Table 6 shows the Group's Liquidity Gap Analysis as at 31.12.2011.

Operational Risk

Operational risk is the risk of loss arising from unsuccessful or inadequate in-house procedures, systems, and people or from external events. The definition also includes legal risk.

To manage this risk, all Units in Greece and abroad implement a uniform policy which is set out in the Operational Risk Management Policies and Procedures Manual.

During 2011 the Bank and the Group Companies continued to collect data on operational risk events and enriched the number of data sources. These data are now uploaded to a central application designed to calculate

Table 5

Sensitivity of Net Interest Income

(in Euro thousand) Currency	Scenario of changes in the interest rates parallel shift in the yield curve)	Sensitivity of net interest income (for a period of one year)	Sensitivity of Equity
EUR	+50 b.p.	58,180	-16,560
	-50 b.p.	-37,234	16,924
USD	+50 b.p.	2,995	-113
	-50 b.p.	-2,403	118
GBP	+50 b.p.	-497	-40
	-50 b.p.	376	40
CHF	+50 b.p.	29	0
	-50 b.p.	662	0

Table 6

Liquidity Gap Analysis as at 31.12.2011

(in Euro million)	< 1 month	1 to 3 months	3 to 6 months	6 to 12 months	> 1 year	Totals
Assets	8,889.5	3,086.5	2,299.2	3,101.8	41,771.1	**59,148.0**
Liabilities	15,758.2	10,255.6	1,672.0	2,165.0	27,331.0	**57,181.8**
Equity					1,966.2	**1,966.2**
Total Liabilities and Equity	15,758.2	10,255.6	1,672.0	2,165.0	29,297.2	**59,148.0**
Liquidity Gap	**-6,868.8**	**-7,169.1**	**627.2**	**936,8**	**12,473.8**	

operational risk. At the same time, key risk indicators were also put in place to monitor the hazardousness of individual activities over time.

Specifically, the Risk Control Self Assessment (RCSA) system was adopted throughout the majority of the Bank's Divisions, thus covering the core banking activities. This system allows the identification and the evaluation of potential operational risks after the application of controls (residual risks). The competent Divisions then take the necessary action to offset any potentially negative results. The Risk Control Self Assessment system was expanded and applied abroad to Group Companies and Branches of the Bank (Cyprus, Romania, Serbia and Bulgaria).

Important action plans were prepared in response to risks identified and evaluated using the above system. Specifically, 193 action plans were approved for various Bank Divisions. At the same time, 615 action plans were approved for Units abroad, 34% of which have already been completed and approximately 30% of which are currently in progress.

By recording and analysing the relevant data, it is possible to provide systematic updates about operational risk management issues to the Operational Risk Committee of the Group, while similar operational risk management committees operate at local level in the Group Companies abroad.

The Standardised Method, as defined in Basel II, i.e. the relevant European Union Capital Adequacy Directive, and the Bank of Greece regulations, is utilised to calculate the regulatory capital requirements for operational risk.

Greek Government bond exchange program (PSI)

At the European Summit held on 26.10.2011, the implementation of a new plan for the reduction of Greek debt was agreed, which superseded the terms of the previous European Summit held on 21.7.2011. The terms of the new plan for the second stimulus package for Greece were agreed and approved by the European Summit of the eurozone country members during the meeting held on 21.2.2012.

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

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

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

5. Capital Adequacy

HELIOS

The pure god, the eye of justice,
the overseer and regulator of order.

Upon the solar disc with its rays, people saw a blond-haired face wearing a radiated crown and thus created the god Helios (Sun). He is the one who shines, warms and burns. Helios can see all and that is the reason why men under difficult circumstances appealed to his testimony. Helios was the son of the Titan Hyperion and his sister Theia. He had two sisters, Selene, goddess of the Moon, and Eos, goddess of Dawn.
He was Helios Panoptes ("the all-seeing").

Rhodes
Silver tetradrachm, 230-205 BC.
Obverse: Radiate head of Helios.
Alpha Bank Numismatic Collection 10379

Capital Adequacy

Alpha Bank's policy is to maintain a robust capital base to safeguard the Group's development and retain the trust of depositors, shareholders, markets and business partners. Share capital increases are carried out by resolution of the General Meeting of Shareholders or the Board of Directors in accordance with the Articles of Incorporation or the legislation in force. Own shares can be acquired subject to the restrictions and provisions of the law.

The Bank's capital adequacy is supervised by the Bank of Greece, to which reports are submitted every quarter. The minimum requirements regarding Tier I ratio and the capital adequacy ratio of the Group are stipulated by Bank of Greece Governor's Acts. Since 1.1.2008, the new regulatory framework (Basel II) has been used to calculate capital adequacy. Those requirements were transposed into Greek law by Law 3601/2007 which significantly modified how credit risk is calculated and introduced capital requirements for operational risk.

No major changes were made to the market risk calculation methodology. Credit risk for the banking book and operational risk are calculated using the Standardised Method. The capital adequacy ratio compares regulatory capital with the risks assumed by the Group (risk-weighted assets). Regulatory capital includes Tier I capital (share capital, reserves and minority interest), additional Tier I capital (hybrid securities) and Tier II capital (subordinated debt, real estate properties revaluation reserves). Risk-weighted assets include the credit risk of the banking book, the market risk of the trading book and operational risk.

In 2011, the Group further pursued its policy of strengthening its capital adequacy ratios by deleveraging its balance sheet, mainly by downsizing the loan portfolio which in turn led to a drop in risk-weighted assets.

Alpha Bank took part in the initiative to safeguard the long-term viability of the Greek public debt through a Greek bond swap programme (Private Sector Involvement - PSI). Following the conclusion of the PSI and once its final impact has been calculated in terms of net present value, the Bank of Greece (BoG) will evaluate the Group's capital needs. In addition to the PSI, it will also evaluate the possible consequences determined in the diagnostic study carried out by Blackrock in order to determine the capital required. The Group has already submitted a business plan to the Bank of Greece including ways to strengthen capital in order to bring Tier I capital to 9% of risk-weighted assets by the end of September 2012 and 10% by June 2013.

	31.12.2011	31.12.2010
Tier I ratio	4.2%	11.9%
Tier I + Tier II capital adequacy ratio	5.5%	13.6%

Following confirmation from the Hellenic Financial Stability Fund that it will subscribe to the Bank's share capital increase and/or cover the convertible debenture loan for Euro 1.9 billion, the values of the above indices become:

	31.12.2011
Tier I ratio	8.5%
Tier I + Tier II capital adequacy ratio	9.8%

Furthermore, in order to boost Tier I assets, the Bank successfully completed the buy-back of bonds issued for Euro 333 million on 7.5.2012, thus improving the corresponding index by 74 base points.

Data regarding regulatory information published on capital adequacy and risk management (Basel II, Pillar III - Bank of Greece Governor's Act 2592/2007) will be published on the Bank's website. The Basel Committee published its final proposals and the implementation timetable for the new capital adequacy framework (Basel III) in its statement dated 16.12.2010.

Alpha Bank is well placed in terms of adapting to the said Directive, possibly with a negligible impact in the Core Tier I Ratio due to the minimal amounts for minority interest, capital gains and intangibles included in the capital base. The absence of fundamental insurance risks, coupled with the application of the Standardised Method for calculating our capital requirements, instead of the Internal Ratings Based method, will ensure that the Bank is exempted from a possible decrease in the aforementioned ratio arising from the imminent application of Basel III.

6. Corporate Governance

HERACLES

The greatest of all Greek heroes.

The demigod Heracles stands in-between gods and men and symbolises robustness and bravery. He is the hero who is able to overcome all obstacles by employing physical strength and rational thinking. As the son of the greatest god of all, Zeus, and Alcmene, Heracles was deified after his death and took the position he deserved in the kingdom of the gods. His legend and his personality became models of life for all people who hope that with hard and fair work they will obtain immortality.

Alexander III, the Great, Macedonia
Silver tetradrachm, 359-336 BC.
Obverse: Head of Heracles.
Alpha Bank Numismatic Collection 5555

Corporate Governance

The Bank adopted and implemented, as early as 1994 (long before they became obligatory under laws and directives issued by the regulatory authorities), the principles of corporate governance, aiming at transparency in communication with its Shareholders, at the prompt and continuous update of investors and at the proper governance of the Bank.

The corporate governance policies applied by the Bank comply with the legal provisions and policies applied throughout the European Union which have now been recorded in a uniform Corporate Governance Code. The Corporate Governance Code of Alpha Bank defines the duties and allocates the responsibilities between the Board of Directors, its Committees, the Executive Committee and the other Committees of the Bank and sets out the framework and guidelines for the governance of the Bank. The Corporate Governance Code is available on the Bank website.

The Bank implements a comprehensive system of internal audit for the Group in accordance with international standards and the current regulatory framework. In addition, it has adopted a Code of Ethics for the performance of duties with the purpose of promoting the standards required by modern corporate governance and enhancing the efficiency of internal audit rules.

The Ordinary General Meeting of the Bank was held on 21.6.2011.

The Board of Directors, at the meeting held on 29.8.2011, announced its intention to perform a merger between Alpha Bank and Eurobank EFG by absorption of the latter by the former.

The invitation to attend an Extraordinary General Meeting was approved at the meeting of the Board of Directors held on 30.9.2011 and the Second (repeat) Extraordinary General Meeting of 15.11.2011 approved the draft merger agreement.

On 3.4.2012 the Bank, following on from previous announcements regarding the progress of the merger with EFG Eurobank Ergasias S.A., issued an invitation for the convocation of an Extraordinary General Meeting the agenda of which included, inter alia, the cessation of the operations and the merger procedure. The Second Iterative Extraordinary General Meeting of 22.5.2012 approved the cessation of the operations and the overall merger procedure of "Alpha Bank A.E." by way of absorption of "EFG Eurobank Ergasias S.A.", the revocation of all resolutions of the Second Iterative Extraordinary General Meeting of 15.11.2011 and the ratification of all kinds of juridical or other acts, declarations or otherwise, as well as the release of the Board of Directors, its Members, the proxies and agents of the Bank with regard to the merger.

At its meeting, held on 22.3.2011, the Board of Directors elected Mr. George C. Aronis, Retail Banking General Manager of the Bank, as an Executive Member. On 18.11.2011 Mr. Pavlos A. Apostolides resigned as a Member of the Board of Directors. On 23.11.2011 Ms Sophia G. Eleftheroudaki also resigned as a Member of the Board of Directors and on 25.5.2012 Mr. Nicholaos I. Manessis followed suit. At its meeting, on 7.6.2012, the Board of Directors of Alpha Bank elected, in accordance with Law 3864/2010, upon instruction of the Hellenic Financial Stability Fund, Mr. Nikolaos Koutsos as a Non-Executive Member of the Board of Directors. The Board of Directors shall decide, at a forthcoming meeting, on whether or not to replace the resigned Directors.

Board of Directors

The Board of Directors convened 16 times in 2011 and is officially comprised of the following Members:

CHAIRMAN (Executive Member)

Yannis S. Costopoulos

He was born in Athens in 1938. He holds a BSc in Naval Architecture from King's College, University of Durham, England. He joined the Commercial Credit Bank (as Alpha Bank was then called) in 1963. He served as Managing Director and General Manager of the Bank from 1973 and was Chairman of the Board of Directors and General Manager from 1984 to 1996. From 1996 to 2005 he served as Chairman of the Board of Directors and Managing Director of Alpha Bank. On 23.2.2005 he was appointed Executive Chairman.

VICE CHAIRMAN (Non-Executive Independent Member)

Minas G. Tanes

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

EXECUTIVE MEMBERS

MANAGING DIRECTOR - CEO

Demetrios P. Mantzounis

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

EXECUTIVE DIRECTORS AND GENERAL MANAGERS

Spyros N. Filaretos

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

Artemis Ch. Theodoridis

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

George C. Aronis

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

NON-EXECUTIVE MEMBERS

Paul G. Karakostas

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

Ioanna E. Papadopoulou

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

NON-EXECUTIVE INDEPENDENT MEMBERS

George E. Agouridis

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

Evangelos J. Kaloussis

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

Ioannis K. Lyras

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

Thanos M. Veremis

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

NON-EXECUTIVE MEMBER

(in accordance with Law 3723/2008)

THE GREEK STATE, via its appointed representative:

Sarantis-Evangelos G. Lolos

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

NON-EXECUTIVE MEMBER

(in accordance with Law 3864/2010

Nikolaos Koutsos

Mr. Koutsos was born in Athens in 1944, he studied Business Administration and holds a Masters Degree from Athens Economic University. He worked at National Bank of Greece from 1962 to 2011. He is a member of the Board of Directors, from June 2012, representing the Hellenic Financial Stability Fund.

SECRETARY

Hector P. Verykios

He was born in 1948. He holds a degree in Political Sciences from the University of Geneva and a Masters degree from Harvard University, USA. Between 1973 and 1984, he worked at the Information Division of the NATO International Secretariat in Brussels. He has worked for

Alpha Bank since 1985 and in 1990 assumed the post of Secretary of the Bank's Board of Directors.

Audit Committee

The Audit Committee consists of the following, Non-Executive Members of the Board of Directors:

- Paul G. Karakostas, Chairman
- George E. Agouridis
- Evangelos J. Kaloussis

The Internal Auditor and the Compliance Officer both report to the Audit Committee.

The Committee convened five times in 2011. As part of its duties, it monitored and supervised the work of the Internal Audit and Compliance Divisions.

It was briefed about the extent of audits carried out by those Divisions and their results, and in particular their findings relating to the adequacy and effectiveness of the Internal Control System. It was also briefed about and monitored the ongoing programme to modernise Internal Audit tools and procedures to meet the ever-increasing demands of the Bank and the Group.

The Committee held a series of meetings with the Certified Auditors of the Bank and the Group concerning the annual and bi-annual financial statements and received clarifications in response to questions put forth by Members of the Committee. The Committee also held meetings with the Advisor to the Management on Accounting and Tax Issues and the Chief Financial Officer, regarding these matters in order to confirm the adequacy and effectiveness of procedures for preparing the accounting statements and the Bank's financial reports. The Certified Auditors and the Manager of the Audit Division assured the Audit Committee that, from the audits carried out, they had not identified any significant issue which would have a material effect on the financial statements and the smooth operation of the Bank.

To ensure the Committee's independence, its meetings were held without Members of the Management being present, when that was deemed necessary. All Committee Members attended all meetings for which minutes were kept. There were no disagreements on material issues.

The Audit Committee regularly briefed the Board of Directors on the issues it monitors, discusses and decides upon.

Collaboration between the Committee and all Bank Officers and the Certified Auditors was fully satisfactory and did not cause any problems to the Committee's operations.

Risk Management Committee

The Risk Management Committee consists of the following Members of the Board of Directors.

- Minas G. Tanes, Chairman
- Evangelos J. Kaloussis
- Spyros N. Filaretos

The Committee convened twelve times in 2011.

The Committee held a series of meetings with the Certified Auditors of the Bank and the Group concerning the annual and bi-annual financial statements and received clarifications in response to questions put forth by Members of the Committee. The Committee also held meetings with the Advisor to the Management on Accounting and Tax Issues and the Chief Financial Officer, regarding these matters in order to confirm the adequacy and effectiveness of procedures for preparing the accounting statements and the Bank's financial reports.

The Certified Auditors assured the Risk Management Committee that the audits carried out had not identified any significant issue which would have a material effect on the financial statements and the smooth operation of the Bank.

The Committee also evaluated the adequacy and effectiveness of the Bank and Group's risk management policy and procedures in relation to the assumption, monitoring and management of risk, and in relation to the setting of maximum risk assumption limits for each type of risk and further allocation of those limits per country, sector, currency, Unit and so on. Limits were also adopted for the stoppage of loss-generating operations or other corrective measures.

Lines of communication on risk management issues between the Board of Directors and the Manager of the Risk Division, the External Auditors and the Supervisory Authorities were developed.

During the year, the Committee was informed of developments in the international economic environment. It responded to the emerging conditions and made proposals on the measures needed to be taken to address the economic situation.

The Risk Management Committee regularly briefed the Board of Directors on the issues it monitors, discusses and decides upon.

Collaboration between the Committee and all Bank Officers was fully satisfactory and did not cause any problems to the Committee's operations.

Remuneration Committee

The Remuneration Committee consists of the following, Non-Executive Members of the Board of Directors.

- Pavlos A. Apostolides, Chairman (until 18.11.2011)
- Ioannis K. Lyras
- Nicholaos I. Manessis (until 20.4.2012)

The Committee convened twice in 2011. It submitted a proposal to the Board of Directors on the remuneration policy for Members of the Executive Committee and monitored and supervised the implementation of that policy.

The Committee's decision of 22.12.2009 set the level of remuneration for Executive Members of the Board of Directors and Members of the Executive Committee, adjusting them to the level of remuneration for the Governor of the Bank of Greece for the entire period that the Bank remains subject to the provisions of articles 1 and 2 of Law 3723/2008.

It also issued an opinion on the level of compensation for Members of the Board of Directors and its committees.

The Remuneration Committee briefed the Board of Directors in writing on the issues it monitors, discusses and decides upon.

Collaboration between the Committee and all Bank Officers was fully satisfactory and did not cause any problems to the Committee's operations.

On 20.4.2012, the Board of Directors changed the composition of the Remuneration Committee by appointing Mr. G.E. Agouridis as Chairman and Messrs. I.K. Lyras and I.E. Papadopoulou as Members.

Executive Committee

The Executive Committee is Alpha Bank's supreme executive body. Its Members are:

- Yannis S. Costopoulos, Chairman
- Demetrios P. Mantzounis, Managing Director - CEO

BOARD OF DIRECTORS	Audit Committee	Risk Management Committee	Remuneration Committee
Chairman (Executive Member) Yannis S. Costopoulos			
Vice Chairman (Non-Executive Independent Member) Minas G. Tanes Chairman, FOOD PLUS S.A.		●	
EXECUTIVE MEMBERS			
Managing Director - CEO Demetrios P. Mantzounis			
Executive Directors and General Managers Spyros N. Filaretos		○	
Artemis Ch. Theodoridis			
George C. Aronis, as of 22.3.2011			
NON-EXECUTIVE MEMBERS			
Sophia G. Eleftheroudaki, until 23.11.2011 Managing Director, Bookstore and Publishing Company G.C. ELEFTHEROUDAKIS S.A.			
Paul G. Karakostas Chairman and Managing Director, GENKA COMMERCIAL S.A.	●		
Nicholaos I. Manessis, until 25.5.2012 Industrialist			
Ioanna E. Papadopoulou President and Managing Director, E.J. PAPADOPOULOS S.A. BISCUIT AND FOODWARE INDUSTRY			○
NON-EXECUTIVE INDEPENDENT MEMBERS			
George E. Agouridis Lawyer	○		●
Pavlos A. Apostolides, until 18.11.2011 Former Ambassador			
Evangelos J. Kaloussis Chairman, NESTLE HELLAS S.A.	○	○	
Ioannis K. Lyras President, PARALOS MARITIME CORPORATION S.A.			○
Thanos M. Veremis Professor Emeritus, University of Athens, Vice President of the Board of Directors of the HELLENIC FOUNDATION FOR EUROPEAN & FOREIGN POLICY (ELIAMEP)			
NON-EXECUTIVE MEMBER (In accordance with Law 3723/2008)			
THE GREEK STATE, via its appointed representative, Sarantis-Evangelos G. Lolos Professor of Economics at Panteion University			
NON-EXECUTIVE MEMBER (in accordance with Law 3864/2010)			
Nikolaos Koutsos, as representative and upon instruction of the Hellenic Financial Stability Fund, as of 7.6.2012			

● Committee Chairman ○ Committee Member

- Spyros N. Filaretos, General Manager - COO
- Artemis Ch. Theodoridis, General Manager - Wholesale Banking
- George C. Aronis, General Manager - Retail Banking
- Alexios A. Pilavios, General Manager - Wealth Management
- Spiros A. Andronikakis, General Manager - CRO
- Vassilios E. Psaltis, General Manager - CFO

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

Auditors

The auditors of the Group's annual and semi-annual financial statements are the following:

Principal Auditors: Nikolaos E. Vouniseas
Charalampos G. Sirounis

Substitute Auditors: Nikolaos Ch. Tsiboukas
Ioannis A. Achilas

They are members of the KPMG Certified Auditors S.A.

Internal Audit

In order to protect the Bank's assets and safeguard Shareholder interests, an Internal Control System has been put in place which includes all auditing mechanisms and procedures which cover all activities on a continuous basis and contribute to the effective and secure operation of the Bank.

The Internal Control System ensures:

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

Using audit methods that are based on risk assessment and utilising specialised internal audit project management software, an integrated approach is adopted in terms of organisation, execution, and evaluation of the audit procedure and the generation of MIS reports at Group Level.

In every country abroad, where the Group conducts business, there is an Internal Audit Unit in operation, applying the same audit methodology utilised in Greece.

In 2011, the relevant Internal Audit Units carried out audits at the Branches and Central Units of the Bank and the Group Companies. The Management and the Audit Committee of the Bank's Board of Directors were briefed about the results of audits and the achievement of the Internal Control System's objectives. Furthermore, in the course of the year, proposals to further improve the Internal Control System were implemented.

Regulatory Compliance

The Bank identifies, evaluates and manages risks it may be exposed to due to failure to comply with the applicable regulatory framework (compliance risk). In this context, it continuously collects, records, processes and interprets data on the regulatory framework, monitors forthcoming changes and records deviations from the requirements and obligations for the Bank and Group Companies so as to evaluate promptly their repercussions, implement suitable measures and safeguard both the Bank's interests and reputation.

The most important actions in this sector for 2011 were the following:

- Compliance Officers in the various Group Companies and Branches of the Bank located abroad were supervised and effectively coordinated to bring their activities in line with the applicable local and Greek regulatory framework. Support was provided to local Compliance Units in evaluating the results of internal audits or of audits carried out by Supervisory Authorities, monitoring the implementation of corrective measures and addressing other matters.
- The project to install a comprehensive AML/KYC SIRON IT system in the Group Companies abroad was implemented. This project aims to further automate AML processes adopted in each country and to bring them in line with the applicable local regulatory framework.
- The safeguarding of the Bank's consumer protection policies and procedures such as pre-contractual information and acceptance of the Bank's terms of business in the consumer credit sector and evaluation of the Bank's products, services and prices in line with the applicable regulatory framework.
- The prevention and elimination of money laundering. In order to systematically monitor suspicious transactions, the Bank has developed and uses a special computer programme that supports anti-money laundering and terrorism financing prevention procedures.
- Lines of communication and representation were established between the Bank and the regulatory and independent authorities in the financial sector which issue regulatory provisions.
- Measures to identify fraud were monitored and coordinated by putting in place procedures to prevent, identify and reduce the risks arising from cases of internal or external fraud, and to effectively manage fraud cases which had been identified. In addition, the relevant guidelines were provided to the Branch Network of the Bank.

The Bank remains firmly committed to implementing a uniform regulatory compliance policy and procedures at all its Units so as to achieve complete and ongoing compliance in what is an ever-changing regulatory environment.

Group Information Security

In the past six years, the Bank has introduced the independent position of Group Information Security Officer for the purpose of managing the risk arising from the increasing dependency of the business operations of the Group from Information (verbal, printed and electronic) and IT systems.

His key role is to coordinate all actions which aim to avoid, prevent, identify, correct or recover from threats to information and IT systems, such as unauthorised access to company information and the unauthorised use, leak, diversion, modification, destruction and copying of company information etc.

The most important actions in 2011 were the following:

- Monitoring the application of the Group Information Security Framework throughout all the Bank's Units and Group Companies and supervising and coordinating the Information Security Officers in each area.
- Implementing specific technology (cryptography) in order to protect data on laptops and peripheral storage devices connected to them.
- Implementing an Identity Management System (IDM).
- Implementing a system to protect critical Group databases (audit & protect).
- 24/7 monitoring of security events and alerts and taking appropriate measures to prevent and handle any breaches of security.
- Implementing security policies (DLP Endpoint) at all Bank terminals in order to ensure peripheral storage devices (e.g. usb sticks) are only utilised by authorised users employing data protection technology (cryptography).
- Controlling security levels in systems and infrastructures and, where deemed necessary, making improvements in order to enhance the security of the Bank and the Group Companies.
- Periodically briefing the Personnel of the Bank and the Group Companies on the measures, the security principles and the new cyber threats and circulating the relevant instructions.

Organisational Chart

- Senior Divisions
- Divisions
- Supporting Divisions
- Subsidiaries

Executive Chairman

Managing Director - CEO

- Audit
- Compliance
- Secretariat of the BoD
- Legal Services
- Advisors to the Management
- Economic Research
  - Economic Analysis

Retail Banking
- Public Relations
- Corporate Communications
- Greek Branch Network
  - Attica
  - Northern Greece
  - Central Greece
  - Aegean Islands and Crete
  - Peloponnese, Western Greece and Ionian Islands
  - Planning and Evaluation
- Consumer Financing
  - Cards and Consumer Banking Products
- Housing Loan Products
- Small Business Financing Products
- Asset Gathering Products
- Marketing
- Non-Performing Loans - Retail
- AlphaLife

Wholesale Banking
- Financial Markets
  - Planning and Trading
  - Sales
- Commercial Centres
- Corporate Banking
- Shipping
  - Shipping Finance
- Investment Banking
  - Alpha Ventures
- International Wholesale Banking
- Wholesale Banking Products
- Non-Performing Loans - Wholesale
  - Non-Performing Loans - Wholesale - Greece
  - Non-Performing Loans - Wholesale - International
- ABC Factors
- Alpha Leasing

Wealth Management
- Private Banking
- Alpha Asset Management A.E.D.A.K.
- Alpha Finance

Chief Financial Officer (CFO)
- Corporate Planning and Accounting
  - Strategic Planning
  - Capital Management and Banking Supervision
  - Accounting
  - Tax
  - Investor and Analyst Relations
  - MIS

Chief Operating Officer (COO)
- Human Resources
  - Training and Development
- Information Technology
  - Electronic Data Processing
  - Software Applications
  - PMO and Demand Management
  - Coordination of Subsidiary IT
- Operations
  - Credit Operations
  - Back Offices
- International
- Property Management and Security
- Procurement
- Organisation
- Alpha Astika Akinita
- Alpha Supporting Services
- Ionian Holdings
- Ionian Hotel Enterprises

Chief Risk Officer (CRO)
- Market and Operational Risk
- Commercial Banking Credit Risk
- Retail Banking Credit Risk
- Commercial Credit - Greece
- Retail Credit
- Commercial Credit - International

ACHILLES

The greatest hero of the Trojan War on the Achaean camp.

Achilles was the son of the Nereid Thetis, whom Zeus and Poseidon wanted to marry. However, when they found out that the child she would bear was going to be greater than his father, they gave her to Peleus, the grandson of Aeacus and the son of Zeus. Thetis tried to make Achilles invulnerable by immersing him into the waters of Styx, yet, as she held him from his right heel, he became vulnerable in that part (Achilles' heel). Achilles was a leading character in the Iliad. Using the weapons made especially for him by Hephaistus, the blacksmith god, he distinguished himself as a competent and worthy warrior.

Pyrrhus, Epirus
Silver stater, 295-272 BC.
Obverse: Head of Achilles.
Alpha Bank Numismatic Collection 7586

Auditor's Report and Financial Statements

Independent Auditors' Report

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

To the Shareholders of
ALPHA BANK A.E.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ALPHA BANK A.E. (the "Bank") which comprise the consolidated balance sheet as of 31 December 2011 and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of ALPHA BANK A.E. as of 31 December 2011 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter
Without qualifying our opinion, we draw attention to the disclosures made in note 1.28.1 to the consolidated financial statements, which refer to the impact of the impairment losses resulting from the Greek sovereign debt restructuring on the Bank's regulatory capital, the planned actions to restore the capital adequacy of the Bank and the existing uncertainties that could adversely affect the going concern assumption until the completion of the recapitalisation process.

Report on Other Legal and Regulatory Requirements

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

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

Athens, 20 April 2012

KPMG Certified Auditors A.E.
AM SOEL 114

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

Balance Sheet

(Amounts in millions of Euro)

	Consolidated		Alpha Bank	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
ASSETS				
Cash and balances with Central Banks	2,103,588	4,124,283	1,149,500	2,805,166
Due from banks	1,807,079	2,397,664	6,721,846	8,824,257
Securities held for trading	13,960	41,268	13,760	35,796
Derivative financial assets	624,447	441,082	639,968	442,013
Loans and advances to customers	44,875,706	49,304,745	36,152,015	39,919,035
Investment securities				
- Available for sale	3,078,918	2,375,964	2,896,888	2,808,560
- Held to maturity	2,747,072	5,282,498	2,681,447	5,181,136
Investments in subsidiaries, associates and joint ventures			1,954,335	1,853,042
Investments in associates	44,855	49,617		
Investment property	64,688	71,729	40,387	47,706
Property, plant and equipment	1,220,949	1,240,658	628,171	631,262
Goodwill and other intangible assets	181,512	193,191	86,875	98,520
Deferred tax assets	1,466,974	427,554	1,487,782	455,552
Other assets	817,751	666,984	743,975	582,163
	59,047,499	66,617,237	55,196,949	63,684,208
Non-current assets held for sale	100,546	181,078		86,687
Total Assets	**59,148,045**	**66,798,315**	**55,196,949**	**63,770,895**
LIABILITIES				
Due to banks	22,521,200	16,461,381	22,774,803	18,729,995
Derivative financial liabilities	1,578,143	1,105,433	1,584,153	1,106,591
Due to customers			23,749,193	31,233,710
(including debt securities in issue)	29,399,461	38,292,501		
Debt securities in issue held by institutional investors and other borrowed funds	2,188,545	3,561,188	5,288,584	6,980,873
Liabilities for current income tax and other taxes	51,560	136,520	37,199	113,295
Deferred tax liabilities	360,993	263,510	326,140	234,819
Employee defined benefit obligations	58,473	52,592	380	
Other liabilities	927,107	1,058,511	833,093	931,867
Provisions	96,315	82,745	10,460	9,247
Total Liabilities (a)	**57,181,797**	**61,014,381**	**54,604,005**	**59,340,397**
EQUITY				
Share Capital	1,100,281	3,451,067	1,100,281	3,451,067
Share premium	2,757,653	406,867	2,757,653	406,867
Reserves	218,893	104,441	73,770	(6,542)
Retained earnings	(2,659,574)	1,248,496	(3,338,760)	579,106
Equity attributable to Equity owners of the Bank	1,417,253	5,210,871	592,944	4,430,498
Non-controlling interests	11,700	13,413		
Hybrid securities	537,295	559,650		
Total Equity (b)	**1,966,248**	**5,783,934**	**592,944**	**4,430,498**
Total Liabilities and Equity (a)+(b)	**59,148,045**	**66,798,315**	**55,196,949**	**63,770,895**

Statement of Total Comprehensive Invoice

	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Interest and similar income	3,719,298	3,543,386	3,156,266	2,955,785
Interest expense and similar charges	(1,935,606)	(1,724,756)	(1,802,712)	(1,604,904)
Net interest income	1,783,692	1,818,630	1,353,554	1,350,881
Fee and commission income	345,408	383,475	262,488	283,012
Commission expense	(51,193)	(50,938)	(42,926)	(41,062)
Net fee and commission income	294,215	332,537	219,562	241,950
Dividend income	3,618	2,678	10,586	46,527
Gains less losses on financial transactions	142,251	35,139	117,302	9,161
Other income	59,721	60,427	14,491	12,326
	205,590	98,244	142,379	68,014
Total income	**2,283,497**	**2,249,411**	**1,715,495**	**1,660,845**
Staff costs	(535,806)	(548,839)	(390,992)	(403,212)
General administrative expenses	(462,146)	(497,396)	(359,340)	(389,426)
Depreciation and amortization expenses	(93,043)	(93,286)	(60,317)	(57,770)
Other expenses	(5,297)	(8,937)	(1,205)	(6,484)
Total expenses	**(1,096,292)**	**(1,148,458)**	**(811,854)**	**(856,892)**
Impairment losses and provisions to cover credit risk	(1,130,317)	(884,754)	(897,803)	(758,198)
Impairment losses on Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI	(4,788,866)		(4,787,657)	
Share of profit/(loss) of associates	294	172		
	(5,918,889)	(884,582)	(5,685,460)	(758,198)
Profit/(Loss) before income tax and additional tax	**(4,731,684)**	**216,371**	**(4,781,819)**	**45,755**
Income tax	921,735	(68,531)	939,153	(46,552)
Additional tax (Law 3845/2010)		(61,801)		(55,512)
Profit/(Loss) after income tax (a)	**(3,809,949)**	**86,039**	**(3,842,666)**	**(56,309)**
Profit/(Loss) attributable to:				
Equity owners of the Bank	**(3,810,169)**	**85,649**	**(3,842,666)**	**(56,309)**
Non-controlling interests	220	390		
Other comprehensive income recognized directly in Equity:				
Change in available for sale securities' reserve	(12,994)	(145,174)	(43,270)	(256,915)
Change in available for sale securities' reserve due to impairment losses on Greek Government bonds	156,218		155,009	
Change in cash flow hedge reserve	9,506	(38,206)	9,506	(38,206)
Exchange differences on translating and hedging the net investment in foreign operations	413	(13,259)	(83)	(32)
Income tax	(40,761)	41,455	(40,850)	64,940
Total of other comprehensive income recognized directly in Equity, after income tax (b)	**112,382**	**(155,184)**	**80,312**	**(230,213)**
Total comprehensive income for the year, after income tax (a)+(b)	**(3,697,567)**	**(69,145)**	**(3,762,354)**	**(286,522)**
Total comprehensive income for the year attributable to:				
Equity owners of the Bank	**(3,697,252)**	**(69,992)**	**(3,762,354)**	**(286,522)**
Non-controlling interests	(315)	847		
Earnings/(Losses) per share:				
Basic and diluted (€ per share)	(7.2723)	0.0519	(7.3331)	(0.2139)

Statement of Cash Flows

	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Net cash flows from operating activities (a)	(722,347)	(1,130,419)	(2,237,426)	(1,778,198)
Net cash flows from investing activities (b)	(792,160)	(1,646,673)	(326,721)	(1,145,863)
Net cash flows from financing activities (c)	(438,390)	(238,237)	(311,139)	(856,616)
Net increase/(decrease) in cash and cash equivalents of the year (a)+(b)+(c)	**(1,952,897)**	**(3,015,329)**	**(2,875,286)**	**(3,780,677)**
Effect of exchange rate fluctuations on cash and cash equivalents	7,692	(20,566)	1,574	1,827
Total cash flows for the year	**(1,945,205)**	**(3,035,895)**	**(2,873,712)**	**(3,778,850)**
Cash and cash equivalents at the beginning of the year	**3,151,288**	**6,187,183**	**4,645,869**	**8,424,719**
Cash and cash equivalents at the end of the year	**1,206,083**	**3,151,288**	**1,772,157**	**4,645,869**

Statement of Changes in Equity

	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Equity at the beginning of the year (1.1.2011 and 1.1.2010 respectively)	5,783,934	5,973,359	4,430,498	4,775,572
Total comprehensive income for the year, after income tax	(3,697,567)	(69,145)	(3,762,354)	(286,522)
Expenses relating to the share capital increase, after income tax		(607)		(607)
Change of ownership interests in subsidiaries	(1,475)	(15,769)		
Dividends distributed to non-controlling interests		(330)		
Dividends paid to hybrid securities' owners	(33,275)	(28,173)		
Dividends paid for preference shares	(75,200)	(57,945)	(75,200)	(57,945)
(Purchases)/Sales of hybrid securities	(9,807)	(17,822)		
Other	(362)	366		
Equity at the end of the year (31.12.2011 and 31.12.2010 respectively)	**1,966,248**	**5,783,934**	**592,944**	**4,430,498**

Additional Data and Information

1. Companies included in the Consolidated Financial Statements, the Group's participation in them as at 31.12.2011, as well as the method of consolidation applied, are presented in note 40 of the Consolidated Financial Statements as at 31.12.2011. Companies, not included in the Consolidated Financial Statements, are also listed in this note.

2. During the period from 1.1.2011 until 31.12.2011 the following changes took place in the companies which are fully consolidated and are included in the Consolidated Financial Statements:
   - Transfers within the Group: On 22.8.2011, the subsidiary of the Bank, Alpha Bank Romania S.A., transferred all of its shares in its 100% owned subsidiary, Alpha Insurance Brokers Srl, to another subsidiary of the Bank, Alpha Leasing Romania IFN S.A.
   - Liquidations: On 28.2.2011, the liquidation of HSO Europe B.V. was completed. On 4.5.2011, 13.5.2011, 30.6.2011 and 31.8.2011, the liquidation of Evremathea A.E., Alpha Finance US Corporation, Messana Holdings S.A. and Alpha Bank Jersey Ltd was completed respectively.

3. The unaudited tax years of the Bank and the Group companies are listed in notes 39b and 38b of the Financial Statements as at 31.12.2011 of the Group and the Bank respectively.

4. There are no pending legal cases or issues in progress, as well as decisions of legal or arbitrary authorities, which may have a material impact on the financial position or operation of the Group and the Bank. The Group has raised a provision for them which amounts to Euro 1.8 million. Other provisions raised by the Group and the Bank amount to Euro 94.5 million and Euro 10.5 million respectively.

5. The Bank and the Group companies did not hold any treasury shares as at 31.12.2011.

6. The total number of employees of the Group as at 31.12.2011 was 14,337 (31.12.2010: 14,765) and of the Bank was 8,318 (31.12.2010: 8,612).

7. The results arising from the related party transactions during the period 1.1.2011 until 31.12.2011 are as follows:
   - With members of the Board of Directors and other key management personnel: **a.** of the Group: income Euro 5,345 thousand, expenses Euro 15,828 thousand **b.** of the Bank: income Euro 5,253 thousand, expenses Euro 6,252 thousand.
   - With other related parties: **a.** of the Group: income Euro 70 thousand, expenses Euro 3,736 thousand **b.** of the Bank: income Euro 168,948 thousand, expenses Euro 211,100 thousand.

   The balances as at 31.12.2011 of the receivables and liabilities arising from the above transactions are as follows:
   - With members of the Board of Directors and other key management personnel: **a.** of the Group: receivables Euro 165,606 thousand, liabilities Euro 95,355 thousand, letters of guarantee Euro 6,044 thousand **b.** of the Bank: receivables Euro 164,669 thousand, liabilities Euro 59,800 thousand, letters of guarantee Euro 6,044 thousand.
   - With other related parties: **a.** of the Group: receivables Euro 1,214 thousand, liabilities Euro 112,586 thousand **b.** of the Bank: receivables Euro 6,849,435 thousand, liabilities Euro 6,123,972 thousand, letters of guarantee and other guarantees Euro 680,431 thousand.

8. The items of income and expense recognized directly in Equity are analyzed in the "Statement of total comprehensive income", as presented above.

9. The Bank's Ordinary General Meeting of Shareholders held on 21.6.2011 decided the payment to the Greek State of an amount of Euro 94 million which corresponds to the accrued return on its preference shares of the year 2010, according to the Bank's Articles of Incorporation as well as not to distribute dividends to Bank's common shareholders for the year 2010 according to the provisions of article 19 of Law 3965/2011 and the decision 20708/B.1175/23.4.2009 of the Minister of Economy and Finance.

10. The Second Repeat General Meeting of Shareholders held on 15.7.2011 decided the reduction of the Bank's paid-in ordinary share capital, through the reduction of the nominal value of the ordinary shares with voting rights and the creation of the equal (to the reduction) special reserve. After the reduction, the Bank's share capital as at 31.12.2011 amounts to Euro 1,100,280,894.40 divided into 734,269,648 shares, of which 534,269,648 are ordinary, registered, with voting rights, non paper shares of nominal value Euro 0.30 each and 200,000,000 are preference, registered, non voting, paper and redeemable shares, issued according to Law 3723/2008, of nominal value Euro 4.70 each.

11. On 29.8.2011 the Board of Directors of Alpha Bank and Eurobank EFG jointly announced that they have reached an agreement relating to the merger of the two credit institutions by way of absorption of Eurobank EFG by the Bank. On 15.11.2011, the General Meetings of the Shareholders of the Bank approved the Draft Merger Agreement.
Pursuant to a previous market announcement relating to the process of the merger, following the restructuring of the Greek Debt (Private Sector Involvement - PSI) and its effects on the Greek banking sector, Alpha Bank, on 14.3.2012, announced its intention to propose to its forthcoming Board of Directors, which took place on 3.4.2012, to convene a General Meeting of its Shareholders to resolve upon the revocation of the decisions of the General Meeting of its Shareholders dated on 15.11.2011, which was decided to be held on 26.4.2012.

12. On 24.2.2012 the Hellenic Republic, while implementing the agreement for the second stimulus package for the financial support of Greece which was approved in the Summit of the Eurozone member countries on 21.2.2012, proceeded to a public offer for the participation of the private sector in the restructuring of Greek debt through the replacement of Greek government bonds with new securities.
On 8.3.2012 the Bank's Board of Directors announced its unanimous decision for the Bank's participation (and its companies) to the above program. Implementing the above decision the Group recognized in the income statement of 2011 the effect of its participation in the public debt exchange offer as an adjusting event on balance sheet date. Further information is depicted in notes 1 and 11 of the financial statements of the Group and the Bank.

13. The Bank's Board of Directors will not propose to the Ordinary General Meeting of Shareholders the distribution of dividend to common shareholders, since no distributable profits exist as at 31.12.2011.
For the same reason, the Bank's Board of Directors proposes the nonpayment to the Greek State regarding the accrued return on its preference shares for the year 2011.

14. Pursuant to the provisions of Law 3864/2010, on 20.4.2012 the Financial Stability Fund granted a certification according to which it will participate in the Bank's share capital increase or and in the coverage of a convertible bond up to the amount of €1.9 billion in order to raise the Capital Adequacy ratio to the minimum of 8%. The Financial Stability Fund will cover the amount of the share capital increase or of the convertible bond that will not be undertaken by the outstanding shareholders and other investors and its obligation is valid until 30.9.2012.

15. On 20.4.2012 the Bank announced the partial or full repurchase of the hybrid securities and subordinated debt that have been issued by the group subsidiaries aiming at the enhancement of Core Tier I ratio.

16. The emphasis of matter concerns an uncertainty that could adversely affect the going concern assumption, as referred to the disclosures made in notes 1.28.1 and 1.26.1 of the Financial Statements as at 31.12.2011 of the Group and the Bank respectively.

17. The accounting policies applied by the Group and the Bank for the completion of the Financial Statements as at 31.12.2010, are in accordance with the requirements of International Financial Reporting Standards (I.F.R.S.) and are presented in note 1 of the Financial Statements of the Group and the Bank.

Athens, April 20, 2012

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR	THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER	THE ACCOUNTING MANAGER
YANNIS S. COSTOPOULOS I.D. No. X 661480	DEMETRIOS P. MANTZOUNIS I.D. No. I 166670	VASSILIOS E. PSALTIS I.D. No. AI 666591	MARIANNA D. ANTONIOU I.D. No. X 694507

8. Operating Segment and Geographical Sector Analysis

MEDUSA

The primary apotropaic symbol because of its extreme ugliness.

Medusa or Gorgon was a mythical monster in ancient Greek mythology which denotes fear, hence its head, the gorgoneion, was usually placed at the entrance door of a residence or a workshop. In this way, anyone who would enter would feel owe and, therefore, show due respect.

Neapolis, Macedonia
Silver stater, 510-480 BC.
Obverse: Head of Medusa.
Alpha Bank Numismatic Collection 3982

Operating Segment and Geographical Sector Analysis

a. Analysis by Operating Segment

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

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

b. Analysis by Geographical Sector

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

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

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

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