ALPHA BANK

BUSINESS REVIEW 2012

ALPHA BANK

BUSINESS REVIEW 2012

Table of Contents

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".

The transfer of the entire Emporiki Bank share capital from Crédit Agricole S.A. to Alpha Bank was completed on 1 February 2013, upon which the Bank acquired control of Emporiki Bank of Greece S.A. Emporiki Bank was founded in 1886 and is a historical bank, which played a key role in the economic development of Greece during the 20th century. It is mainly active in Greece, with a presence of 303 Branches and employs approximately 4,000 personnel. An exceptionally strong banking group is born through the acquisition of Emporiki Bank by Alpha Bank, which will occupy a leading position in Greece and have a significant presence abroad.

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 3.5 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.

Key Indicators

		Alpha Bank		Emporiki Bank
(in Euro million)	**Change %**	**2012**	**2011**	**2012**
BALANCE SHEET				
Total Assets	-1.3%	58,357	59,148	19,517
Loans and advances to Customers (gross) (1)	-9.3%	45,102	49,747	19,853
Allowance for impairment losses	60.9%	-4,607	-2,863	-5,019
Allowance for impairment losses of loans guaranteed by the Hellenic Republic eligible to PSI			-2,008	
Due to Customers	-3.2%	28,451	29,399	12,676
Total Equity	-56.7%	613	1,417	1,728
PROFIT AND LOSS ACCOUNT				
Recurring Income (2)	-19.0%	1,735	2,142	465
Recurring Expenses (3)	-3.9%	-1,054	-1,096	-454
Recurring profits before taxes and imparment losses	**-34.8%**	**681**	**1,045**	**11**
Recurring Income minus Recurring Expenses		-357	142	-261
Impairment losses and provisions to cover credit risk	47.6%	-1,669	-1,130	-1,130
Impairment losses on Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI	–	–	-4,789	–
Profit/(Loss) after income tax	**-71.5%**	**-1,086**	**-3,810**	**-1,498**
INDICES				
Net Interest Margin		2.4%	2.8%	1.7%
Recurring Expenses / Recurring Income		60.7%	51.2%	97.6%
Total Capital Adequacy Ratio		9.5%	9.7%	17.6%
TIER I Capital Adequacy Ratio		8.9%	8.4%	13.5%
CREDIT RATINGS				
Moody's		Caa2	Caa2	
Standard & Poor's		CCC	CCC	
Fitch Ratings		CCC	B-	
OTHER INFORMATION				
Branches		913	970	323
Number of Employees		13,650	14,337	4,230

(1) Including impairment losses of loans guaranteed by the Hellenic Republic eligible to PSI of Euro 2 billion.
(2) Excluding Gains less losses on financial transactions in 2011 and 2012.
(3) Excluding one off Items in expenses Euro 125.1 million for Alpha Bank and Euro 119 million concerning Emporiki Bank.

Letter from the Chairman

The year 2012 was a decisive one in the course of the Greek economy and the banking sector in particular. Political stability was restored following the June elections as was financial stability, which had previously been shaken. The recapitalisation of the Greek banks, which became necessary following the depreciation of the Greek Government Bonds held in their portfolio, was set in motion by implementing the bond exchange programme between the private sector and the Hellenic Republic (Public Sector Involvement - PSI). Furthermore, the resulting reduction in costs for servicing the public debt reinforced fiscal adaptation. These events helped to gradually improve the economic climate, paving the way for the restoration of confidence in the prospects of the Greek economy.

Despite the severe and long-lasting recession, which is detrimental to fiscal adaptation, the General Government deficit was reduced to 6.4% of GDP in 2012 compared with 15.6% in 2009. Moreover, the balance of trade improved significantly with a further fall in imports and a significant increase in exports, as Greece regained in large part its cost competitiveness lost over the last decade. Restoring competitiveness is an essential factor for the transformation of the production process in the Greek economy so that it may become more extrovert; thus accelerating the exit from the crisis through exports which support growth and relying less on consumption.

In 2013, for the first time in years, Greece will show a surplus both in its General Government primary balance and in its external current account balance. Following a delay of years of high socioeconomic costs, the new coalition Government appears more decisive in implementing the adaptation programme and simultaneously taking measures to resuscitate the economy. However, efforts must be intensified in certain key sectors, such as fighting tax evasion, implementing the privatisation programme, developing Government property and managing various chronic structural weaknesses of the Greek economy which have yet to be addressed.

This year, the recession is set to continue for a sixth consecutive year, resulting in national income shrinking by 25% cumulatively. Positive growth rate is expected to be restored from 2014 onwards. The first signs of recovery in the economy have already appeared and are expected to progress steadily as measures aiming at growth are put in place, such as implementing privatisation programmes which will immediately attract direct foreign investments, absorbing resources promptly from European structural funds , resuscitating major infrastructure works and ensuring that the Government settles overdue debts to businesses.

It is clear both from reports by international organisations, as well as from the notable reduction in the yield spread between Greek and German bonds that confidence is being restored and reliability is gradually being rebuilt in Greece.

However, 2013-2014 will be extremely critical for the Greek economy. In order for Greece to overcome the debt crisis and return to growth, it is fundamental that the adaptation measures are adhered to and the public sector is restructured in order to safeguard the long-term viability of the fiscal recovery. Furthermore, it is required to complete the structural changes and thus transform the nature of production in Greece, which will improve competitiveness and openness. All of Greece's forces must be mobilised to achieve this. Otherwise, adaptation may prove fragile and efforts may be undermined, both of which will have serious implications for the Greek economy.

Greeks have paid a heavy price for the difficult fiscal adjustment, not least through a painful rise in unemployment. Now that hope seems to be re-emerging, we have to intensify efforts, to strive for a better future with as much public support as possible. Involvement and contribution to this cause is everyone's duty.

The lack of confidence in the Greek economy caused Greek banks serious problems. They faced major outflows of deposits and were cut off from the international money and capital markets in the wake of consecutive downgrades of the Greek Government's and hence the banks' credit ratings. The banks also suffered heavy losses due to their participation in the bond exchange programme between the private sector and the Hellenic Republic and to the increased amount of loans in arrears arising from the ongoing recession.

As a result, the banks' capital adequacy was compromised and the need to stabilise it became vital. In this context, the Second Financial Support Programme for Greece is expected to provide up to Euro 50 billion in order to enhance the banks' capital and restructure the banking sector. The Bank of Greece defined the banks' capital needs based firstly on the losses they sustained following their participation in the PSI, and secondly in conjunction with projected losses due to credit risk exposure based on appraisals by BlackRock.

The recapitalisation of banks, achieved by private-sector participation and through support by the Hellenic Financial Stability Fund, will restore depositors' trust and create conditions which are more conducive to the return to the markets. Once recapitalisation has been completed, the Greek banking system will be more robust, have the capital adequacy required to fuel economic recovery and will regain its potential for growth not only in Greece but throughout the broader region.

A new framework ensuring the credibility of the banking system was created with eight Greek banks having already joined the relevant scheme, while extensive restructuring of forces in the banking sector is already underway. Thus, deposits in the banking system are protected and financial stability is safeguarded.

Recently, Alpha Bank's Share Capital Increase was completed successfully. The Bank maintains its private-sector nature having secured the necessary private sector participation as required by law. On behalf of all Personnel, Executives and myself personally, I wish to extend our heartfelt appreciation to our Shareholders for their ongoing trust and support.

Once the recapitalisation process has been completed, the Greek banking system shall comprise fewer yet more robust groups, sufficiently capitalised, as well as some other smaller and healthy banks. The market shares of the remaining banks will ensure competition and allow banks to take advantage from economies of scale. Both depositors and borrowers will benefit from a more robust and capitally adequate banking system that is able to fuel economic growth.

Another milestone for Alpha Bank, after the acquisition of the Ionian and Popular Bank by the Alpha Credit Bank in the year 2000, is the recent acquisition of Emporiki Bank. Four historic Greek banks, with a tradition of more than one hundred years, having played a significant part in the economic development of Greece, are now becoming one. Thus, Alpha Bank, with a strengthened capital base, participates actively in the rationalisation of the Greek banking system, thereby contributing decisively to the recovery of the Greek economy.

The merger of the two Banks will create a strong Group in the financial sector that will have the capital required to respond to the cumulative consequences of the financial crisis. A new entity of such size, financial soundness, and calibre will create new opportunities and potential and will play a key role in re-igniting economic activity in Greece and growth in the broader region. The integrated Bank will hold a leading position in all major banking sectors, especially in the corporate financing and mortgage markets both of which are of vital importance to the recovery of economic activity in Greece.

The integration of Emporiki Bank is progressing according to schedule, driven by the spirit of unity for which we are renowned and the common, across numerous sectors, business culture and consistency of Personnel at both Banks. The legal merger has already been completed and full operational integration is expected to be implemented in 2014. I am certain that we will also successfully complete this new major venture, so as to contribute to the efforts to reverse the adverse climate and ensure that Greece overcome the crisis.

Both Management and Personnel, with shared values and a shared vision are creating a major Bank, which will be in the vanguard of developments in Greece and throughout the broader region, while always protecting the interests of our Shareholders and Customers. Once again, I extend my deepest gratitude to our Shareholders, to our Customers and to the Personnel of the Bank for their support, dedication and trust throughout our long history.

Athens, 29 June 2013

Yannis S. Costopoulos

Letter from the Managing Director - CEO

The year 2012 was a critical one for the Greek economy. Uncertainty and a heightened sense of concern regarding the future of Greece prevailed throughout the first half of the year while during the second half of the year, following the June elections, political stability was restored and the economic environment gradually improved. Furthermore, Greece entered a period during which its credibility was recovering, while the Eurogroup in November resolved to continue supporting the country financially under more favourable terms. Following these positive decisions, the expectations for overcoming the crisis and achieving positive growth rates again as of 2014 increased.

The prospect of recovery for the Greek economy is also reinforced following the successful recapitalisation of the banks and increased disbursements of the financial support from our European partners and the International Monetary Fund, which will enable the State to settle its debts to the private sector and resume major infrastructure projects. Furthermore, privatisations and absorption of funds available from the European Structural Funds will improve liquidity and fuel economic growth.

The Greek banks suffered the consequences of fiscal adjustment, in the form of the intense and ongoing recession. The losses they sustained following their participation in restructuring public debt, the creation of large provisions to cover increasing bad debts and strained liquidity, mainly due to the major outflow of deposits, are a few of the most important consequences suffered by the banks as a result of the economic crisis. Thus, capital adequacy in the Greek banking system shrank and recapitalisation was required in order to restore its robustness and stability.

Within the context of the programme to recapitalise the banks, Alpha Bank's total capital needs, as assessed by the Bank of Greece, were estimated to be Euro 4,571 million, significantly less than that reported by the other major banks. It should be noted that, for the purpose of assessing the Bank's capital needs, later actions to increase the Bank's capital, such as the acquisition of Emporiki Bank, liability management exercises and deferred tax asset recognition, have not been taken into account.

According to the Capital Strengthening Plan, the Bank's Share Capital Increase included raising up to Euro 550 million from the private sector, with up to Euro 457 million from existing Shareholders and up to Euro 93 million via private placement to selected institutional investors. The remaining amount of the Share Capital Increase is covered by the Hellenic Financial Stability Fund, which is contributing notes issued by the European Financial Stability Facility. For every share acquired, private Shareholders receive a warrant, free of charge, which entitles them to purchase 7.4 shares owned by the Hellenic Financial Stability Fund.

Despite the fact that the Capital Strengthening Plan was very different compared to previous Share Capital Increases, it was completed with absolute success and enabled Alpha Bank to maintain its private-sector nature. Participation by private Shareholders surpassed the percentage specified by law, while the fact that subscriptions by Shareholders exercising their pre-emption and over-subscription rights amounted to 165% was characteristic of the increased demand.

We would like to extend our warm gratitude to our new and existing Shareholders for their support and trust throughout this challenging and decisive period of great importance for the Bank's future course. The acquisition of Emporiki Bank from Crédit Agricole is a defining event for the Bank's future. By acquiring Emporiki Bank, the integrated Bank increases its market share to 21% in the deposits sector and 23% in the loans sector, numbers over 1,200 Branches (700 in Greece and 500 abroad) and 18,000 Personnel (11,500 in Greece and 6,500 abroad). According to the consolidated financial statements as at 31 March 2013, the Bank's Assets total Euro 71.8 billion, Own

Capital stands at Euro 3.5 billion, while customer deposits total Euro 42 billion and the loan portfolio is worth Euro 65 billion.

Emporiki Bank's provisions covering its loan portfolio to a large extent are also extremely important. Specifically, provisions for bad debts worth Euro 5 billion cover 25% of the overall loan portfolio and correspond to 61% of loans in arrears.

Following the signing of the agreement for the acquisition of Emporiki Bank, on 1 February 2013, a technically demanding and exceptionally important integration project was initiated to consolidate both Banks' IT systems, in order to ensure that the integrated Bank's business operability is achieved as efficiently and as swiftly as possible. The legal merger is expected to be completed at the end of June 2013. The integration procedure is underway and includes rationalising the combined Branch Network, redesigning business activity sectors and consolidating the administrative structure.

Following the successful Share Capital Increase and capital reinforcement and after the acquisition of Emporiki Bank, which contributed regulatory capital of Euro 2.5 billion, Alpha Bank's Core Tier I Capital stands at Euro 7.9 billion, with the scores on the Core Tier I Capital index and the Capital Adequacy index hitting 13.7% and 14.4% respectively. These scores amply cover the minimum ones required by the regulatory authorities. Maintaining a robust capital base is a primary objective of the Bank's business strategy, in order to ensure growth and protect the trust that depositors, clients in general, shareholders and the markets have placed in the Bank. Within this context, a series of measures is being implemented or has been scheduled which aim at effective Assets – Liabilities management. One such initiative, completed successfully in May 2013, involved buying back hybrid and subordinated securities and contributed Euro 103 million to the Bank's Core Tier I Capital, following on from a similar initiative carried out in the same month of the previous year, which contributed Euro 333 million.

Despite the exceptionally adverse business climate that prevailed throughout 2012, the Bank managed to achieve an operational profit, reporting earnings before provisions and taxes of Euro 681.4 million, excluding extraordinary losses from financial transactions and extraordinary costs. This is an exceptional result, given the serious impact the recession has had on income and the significant increase in the cost of borrowing from the Eurosystem and deposits.

The year 2012 was the third consecutive one in which major losses in deposits held in Greek banks were witnessed, amounting to Euro 12.8 billion or -7.3% on a yearly basis. In addition to causing liquidity issues, this also led to increased competition on the cost of raising savings capital. Performance in terms of deposits at Alpha Bank was better than the market trend, and was down by Euro 1.1 billion which corresponds to 5% of deposit balances as at 31 December 2011. During the second half of the year, as confidence in the prospects of the Greek economy was restored, Euro 2.2 billion was deposited in the Bank (an increase of 12% compared with a market trend of 7%). The fact that savings are still being re-deposited during 2013 is encouraging and this trend is expected to increase further once the banks have been recapitalised and Greece's economy gradually improves. In 2013 as well, Alpha Bank's performance in attracting deposits beat the market trend. Apart from the Bank's outstanding reputation, well-designed products such as the well-known "Alpha Monthly Progress" term deposit also played a key role. Furthermore, as of the first day following the acquisition of Emporiki Bank, the extensive Branch Network of both Banks launched the new "Alpha New Era" term deposit, which was extremely well received among customers.

Increasing deposits is the only way banks can raise the much-needed liquidity required in order to boost growth in the economy. By accumulating capital from deposits, the Bank's dependency on the European Central Bank and Bank of Greece for funding (which totalled Euro 24.9 billion in December 2012 and fell significantly to Euro 18 billion by the end of May 2013) will gradually subside.

In the loans sector, limited demand and the depreciation of State-guaranteed loans resulted in a 9% drop in the Bank's loans balance. In 2013, under more favourable economic conditions, and with jointly financed programmes and European programmes to provide subsidies and guarantees, more new loans will be granted compared to 2012. This way, the Bank can facilitate efforts being made for economic recovery and support businesses and households. Specifically, in order to support small businesses, Alpha Bank took part, in 2012, in the programme of the Hellenic Fund for Entrepreneurship and Development (ETEAN S.A.) and the JEREMIE initiatives funded jointly with the European Investment Fund. 920 loans worth Euro 63 million were approved under these programmes and initiatives. In 2013, the Bank participates in the new programme of the Entrepreneurship Fund "Business Restarting" to finance loans jointly with the European Regional Development Fund.

In Southeastern Europe, where the crisis in Greece affected our activity, emphasis is placed on gradually restoring market shares and profits as most countries in this region begin to recover. To this end, business plans are being developed that aim to redefine the Bank's policy as and where necessary. Alpha Bank's activity in Southeastern Europe is supported by a network of 488 Branches and accounts for Euro 9.7 billion in loans and Euro 5.4 billion in deposits. Emporiki Bank has modest exposure in Cyprus only, with 10 Branches, as its Companies in Bulgaria, Romania and Albania were transferred to Crédit Agricole in 2012.

The main priority is the quality of the portfolio which, as expected given the recession, has deteriorated, resulting in provisions for impairment of bad debts of Euro 1,669 million in 2012 absorbing all income from interest that year. Total provisions, including the large provisions held by Emporiki Bank, amount to Euro 9.6 billion, which corresponds to a 52% coverage ratio of loans in arrears. This is one of the highest coverage rates across the banking sector.

As the economy begins to gradually recover and efforts to manage credit risk and cover loans with adequate collateral in terms both of value and quality are being stepped up, the rate at which loans fall into arrears will ease and the cost of credit risk will therefore no longer be at a peak. The efficient management of Emporiki Bank's loan portfolio will also play an important part in such developments.

Gradual increase in financing and the rationalising of the cost of deposits and amounts held in provisions will be key factors in restoring the Bank's profitability. To this end, certain actions have been implemented, among which are the ones associated with containing expenses and cost of money, as well as those associated with income increase following the merger with Emporiki Bank, which are expected to contribute Euro 265 million per annum.

Since 2010, when the three-year programme to cut costs was introduced, operational costs have been reduced cumulatively by 12.3%, outperforming the projected goal. Operational costs for the 2012 financial year totalled Euro 1,054 million (down by 4% per annum), excluding extraordinary expenditure of Euro 125 million. Personnel costs were down by 7%, mainly due to the new enterprise labour agreement signed in May 2012 and Staff retirement. As actions and decisions taken in the previous years to cut costs will continue to be implemented, the objective for the next three years is to achieve a containment of operational costs as a result of the merger with Emporiki Bank.

In 2012, the Bank, as part of its policy on Corporate Social Responsibility, provided financial support to associations, foundations and organisations to support people in unfortunate financial conditions. Furthermore, as part of its social contribution, the Bank continued to invest in education, culture, healthcare and the environment.

Placing particular emphasis on supporting vulnerable groups (deprived, large families, elderly), the Bank started the "Helping Hand" programme in 2012. Throughout the year, 4,000 families were given food supplies in the Prefectures of Attica and Thessaloniki.

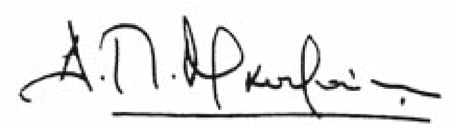
In the volunteering sector, the "Alpha Bank Group Volunteer Day" continued to be a success. In 2012, 961 volunteers comprising members of the Personnel and their families carried out actions of a social or environmental nature in Greece and the Balkans. The Bank encourages its Personnel to participate in the voluntary initiatives organised, such as planting trees, cleaning forest roads, as well as donating goods. Having completed six years of volunteering, the Bank took the opportunity to present awards to 517 conscientious volunteers (Personnel members) in November 2012.

As part of its efforts to support art and culture, Alpha Bank staged a series of exhibitions and cultural events, the most important of which were the "Coins in the Ancient Greek World" exhibition showing until November 2013 at the Exhibition Area of the Banknote Museum of the Ionian Bank in Corfu and organised by the Alpha Bank Numismatic Collection, the photography exhibition entitled "Boissonnas – Images of Greece" which was staged in the same area and the educational exhibitions "Printmaking and its Techniques" and "Learning about Coins" at the Alpha Bank Cultural Centre in Nafplio. The exhibitions entitled "Digitals" and "Athenian Owls" were also showcased at the Exhibition Area of the Main Building of the Bank in Athens.

Alpha Bank, given its capital robustness and ample provisions, strengthened by the acquisition of Emporiki Bank, has the necessary means to revert to growth and profitability.

With hope and faith in the future, relying on the diligence and dedication of our Personnel, we enhance the trust of our Customers and Shareholders, as part of a tradition pursued since our establishment.

Athens, 29 June 2013



Demetrios P. Mantzounis

Share

Alpha Bank has been listed on the Athens Exchange since 1925 and is consistently classed as one of the largest listed companies in terms of market capitalisation. During 2012, the price of bank shares rose significantly but exceptionally high volatility was also recorded as a result of the instability and uncertainty surrounding the fiscal position of the Greek Economy. The Bank's average capitalisation for the year 2012 was Euro 0.7 billion, while at 31 December 2012 it stood at Euro 0.8 billion.

At the end of 2012, the capitalisation of the Bank represented 2.6% and 22.8% respectively of the capitalisation of the companies in the General and Banking Indexes of the Athens Exchange, while the participation of its share in the FTSE/ASE 20 Index was 5.1%. The Alpha Bank share is listed on major international indexes such as, among others, the FTSE/ATHEX Banks, S&P Europe 350 and the FTSE Med 100.

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

On 31 December 2012, the Bank's share capital stood at Euro 1,100,280,894.40 divided into 534,269,648 ordinary 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 December 2012 were held by approximately 134,000 private and institutional investors. Specifically, at 31 December 2012, private shareholders held 55% of stock and institutional investors held 35% of stock (10% Greek, 25% foreign).

The share's trading volumes for 2012 amounted on average to approximately 4,512,566 shares per session, and the average daily value of transactions stood at Euro 6 million.

Framework of the Bank's Recapitalisation. Share Capital Increase

The public debt crisis was the cause of serious problems for Greek banks, as they were faced with a major outflow of deposits, they were cut off from the international money and capital markets and they suffered severe losses from their participation in the bond exchange programme between the private sector and the Hellenic Republic (Private Sector Involvement - PSI), as well as from the increased amount of loans in arrears due to the ongoing recession. As a result, the banking system was shaken and the need to stabilise it became vital.

In this context, the Second Financial Support Programme for Greece by its lenders is expected to provide Euro 50 billion in order to restore the banks' capital and restructure the banking sector. The Bank of Greece defined the banks' capital needs based on the losses they sustained following their participation in the PSI, calculated in conjunction with projected losses due to credit risk exposure based on appraisals by BlackRock Solutions.

Alpha Bank's overall capital needs were estimated to be Euro 4,571 million, a relatively small amount compared to that required by the other major banks. As part of its involvement in the forthcoming recapitalisation of the Greek banking system, the Hellenic Financial Stability Fund contributed Euro 2,942 million of the above amount in the form of an advance payment, pushing scores on the capital adequacy indices over the 9% threshold, which is the minimum required.

Alpha Bank's Capital Strengthening Plan has not been adapted for the capital reserve created by actions which add to the Bank's regulatory capital, such as the positive impact of the acquisition of Emporiki Bank, liability management exercises, as well as deferred tax asset recognition.

The Iterative Extraordinary General Meeting of Shareholders held on 16 April 2013 and the meeting of the Bank's Board of Directors convened on 30 April 2013 resolved on the Capital Strengthening Plan via a Share Capital Increase by Euro 4,571 million through the issuance of 10,388,636,364 new common nominal shares with a par value of Euro 0.30 and an offer price of Euro 0.44 for each new share.

The Capital Strengthening Plan aimed to increase the Bank's Share Capital as follows:

- by raising up to Euro 550 million from the private sector with payment in cash and issuance and offering of 1,250,000,000 new common nominal voting shares of the Bank, at an offer price of Euro 0.44 each. In particular, for the amount of up to Euro 457.1 million, through the exercise of pre-emption rights by existing shareholders at a ratio of 1.944456 new shares for every existing one and an over-subscription right, while for the remaining of up to Euro 92.9 million, with the offer by the Board of Directors of new common nominal voting shares, through private placement, to selected institutional and private investors, with no pre-emption rights, and
- through the Hellenic Financial Stability Fund, with a contribution of notes owned by it and issued by the European Financial Stability Facility and the offering of new common nominal voting shares of the Bank, at an offer price of Euro 0.44 each, for the remaining amount, without granting pre-emption rights, in order to cover the Bank's overall capital needs.

For every new, common share acquired, private sector investors will receive, provided they subscribe to the minimum amount required for the total increase in cash, a warrant, at no additional cost, which can be traded on the Athens Exchange and entitles shareholders to redeem shares subscribed to by the Hellenic Financial Stability Fund. Pursuant to the said rights, shareholders shall be entitled to acquire common shares of the Bank, owned by the HFSF, on a biannual basis for up to 4.5 years (upon which they expire), at the offer price, plus an annual margin.

The part of the Share Capital Increase with payment in cash and pre-emption rights amounting to Euro 457.1 million is fully underwritten by a syndicate of international investment banks (JP Morgan Securities, Citigroup Global Markets Ltd, HSBC Bank and Crédit Agricole Corporate and Investment Bank).

The Bank's Share Capital Increase was completed successfully on 31 May 2013. The amount of Euro 457.1 million required was covered by pre-emption rights and by selling all the shares that were offered to institutional investors via private placement worth Euro 92.9 million. Major interest was sparked among both private and institutional investors and demand by shareholders exercising their pre-emption and over-subscription rights exceeded 165%.

Consequently, Alpha Bank is the first Greek bank that has managed to achieve the minimum private-sector participation required by law, by amassing over 10% of its overall recapitalisation from private investors. This enables the Bank to maintain its private-sector nature, with Hellenic Financial Stability Fund voting rights being limited to predefined strategic decisions.

Following completion of the increase, the Bank's Share Capital amounts to Euro 4,216,871,803 divided into 10,922,906,000 common, nominal voting shares with a par value of Euro 0.30 each and 200,000,000 preference shares with a par value of Euro 4.70 each.

If the acquisition of Emporiki Bank and the Capital Strengthening Plan are taken into consideration, Alpha Bank's EBA Core Tier I capital stands at Euro 7.9 billion, corresponding to a score of 13.7% on the Core Tier I capital index at 31 December 2012. This provides notable protection on the Balance Sheet and makes Alpha Bank the most robust bank in Greece in terms of capital adequacy. Alpha Bank's robust capital position combined with the high level of arrears coverage it has and the positive impact of the synergies expected following the merger with Emporiki Bank on its profitability, provide the Bank with the flexibility needed in order to respond to any deterioration in the quality of its loan portfolio due to the recession and support its customers in the forthcoming economic growth.

1. The Greek and the International Economy in 2012 and the Outlook for 2013

A. Greek Economy

Despite the large drop in GDP by 6.4% in 2012 (5.7% in Q4 2012), the foundations of a more competitive and dynamic economy have started to be laid, with recovery to be achieved from Q4 2013. During the last three years, Greece has made significant progress in fiscal consolidation and in restructuring the economy. Despite the recession, which makes it an extremely difficult effort, the general government deficit has been reduced by 9.5 percentage points of GDP and corresponding progress is being made to reduce the primary fiscal deficit. Specifically, the general government deficit declined significantly to 6.0% of GDP in 2012 from 9.6% of GDP in 2011, when in 2009 it stood at 15.6% of GDP. Also, the primary deficit of the general government in 2012 shrank to less than -1.0% of GDP, from -2.4% of GDP in 2011 and -4.9% of GDP in 2009, while in 2013 it is estimated that it will amount to zero.

Progress is being made on the issue of competitiveness. The 21% cumulative loss of cost competitiveness from 2001 to 2009 has been recovered in 2012. Improved competitiveness has contributed to reducing the current account deficit (excluding capital transfers) to 2.2% of GDP in 2012, compared to 8.6% of GDP in 2011 and 13.3% in 2008. Net exports contributed positively to GDP growth by 3.5 percentage points in 2012. The improvement of foreign trade comes from a further fall in imports and a significant increase in exports. Furthermore, the improvement of the Greek economy competitiveness and the effectiveness of the structural changes that have taken place are confirmed by the significant improvement of the classification of Greece in 2012 in the World Bank Report of "Doing Business" as well as from the OECD studies concerning countries' responsiveness to promoting reforms which are friendly to the economy's growth.

However, GDP fell in 2012 for the fifth consecutive year, resulting in the cumulative reduction in the five-year period 2008-2012 reaching 20.1%, while recession is expected to continue in 2013 though at a slower pace. Recession caused a noticeable drop in employment and pushed the unemployment rate to a historically high level of 23.6% on average in 2012, while further increase is forecast for 2013. However, the efficient operation of the coalition government that emerged from the elections of June 2012 and the catalyst decisions of the Eurogroup of 26 November 2012 have already contributed significantly to improving the economic climate in the country and have reinforced the expectations for timely recovery of the economy and exit from the extremely painful crisis.

Political and economic stability have been restored to a considerable degree and a commitment to fully implement the terms of the Memorandum with the implementation of the four-year adaptation programme of the Greek Economy in the period 2013-2016 has been undertaken.

Today there are additional clear signs of exit from the current crisis and signs of improving the medium-term prospects of the Greek Economy. After the drastic reduction of servicing debt expenses, originally with the PSI+ in March 2012 and later with the recent debt buyback in December 2012, a significant improvement in the prospects of the Greek Economy is noted. This improvement is based on a better than expected performance of the 2012 budget and the determined implementation of structural reforms by the Greek Government. It is telling that there is now even a commitment of the Eurozone countries to address the issue of further write-off of the Greek debt held by official creditors (EU, ECB, IMF) in the near future, if that is necessary. The upgrade of the creditworthiness of Greece on 18 December 2012 by the Standard & Poor's ratings agency to B with stable outlook is the first act confirming the significantly improved economic prospects of Greece after November 2012. At the same time, there was a significant decrease in the yield spread between the Greek and German bond of about 3,000 basis points in May 2010 to less than 1,000 basis points up to now. The decline in the Greek 10-year bond spreads reflects the shift and the significant improvement of confidence in the Greek Economy.

The disbursement of the tranche of the financial aid from the Eurozone and the IMF, amounting to Euro 52.4 billion from December 2012 until the end of April 2013 and the disbursement of additional Euro 11 billion until the end of H1 2013, already contribute to the intensification of the fiscal adjustment programme and of the structural reforms, allow the State to pay its arrears to the private sector, facilitate the recapitalisation of banks, and further reinforce the Greek Economy liquidity with additional contribution to a gradual decrease in the cost of money for banks, businesses and households. At the same time, strengthening liquidity enables the restart of development projects and the effective implementation of the privatisation programme. Greece has already secured in the European Council of 8 February 2013 the biggest among other member-States allocation of funds for 2014-2020 which amounts to Euro 18.3 billion. These funds can have a key contribution in speeding recovery and implementing a long-term strategy for the productive transformation of the economy.

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

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

A comprehensive framework for the consolidation of weak banks was also created, while a broad rearrangement in the banking sector is underway. Note at this point the successful absorption by Greek systemic banks of non-viable Greek banks and foreign banks operating in Greece, including the Cypriot banks after the rescue of the economy of Cyprus by the Eurozone support mechanism in March 2013 and the "haircut" on uninsured deposits above Euro 100,000 imposed on the two major systemic banks in Cyprus. Moreover, all depositors were fully protected in order to ensure financial stability. Thus, the foundation has been set for a robust banking system capable of financing economic development. At the end of the restructuring and consolidation process of the banking sector, it is expected that large and powerful groups will have formed next to some smaller banks. The resulting market shares will ensure competition and will allow banks to benefit from economies of scale and the resulting synergies.

The recapitalisation of big banks, which is going to be completed within May 2013, with the participation of the private sector and the support of the Hellenic Financial Stability Fund, restores depositor confidence and creates favourable circumstances for the return of the banks to the markets. The banks will then be able to contribute anew to the financing of the Greek Economy and to maintain their presence in the broader region of Southeastern Europe, where they control almost one third of the banking market. As Greek banks turn the page leaving behind a difficult chapter in their history, they will be able to give a significant boost to the real economy.

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

In general, major changes are required in the entrenched economic and social structures in order to restructure the economy and set up the new growth model. This means that the realisation of the objectives of the adjustment programme of 2013-2016 requires the broadest possible social acceptance of the forthcoming changes. The latter will be the result of the implemented policy, on the success of which the performance of the growth effort will depend.

B. International Economy

Growth in the global economy slowed in 2012, especially during the last quarter, under the weight of unusually high uncertainty fueled by the resurgence of the debt crisis in the Eurozone in Q2 2012. Global economy growth prospects were also aggravated by the impact on domestic and international demand of fiscal adjustment programmes implemented in most advanced countries, and the prevalence of new historically high international prices in commodities, especially in fuel and food. The already extremely low interest rates by the developed countries' Central Banks and the efforts by the, yet fragile, banking sector to deleverage and increase its capital adequacy ratio prevented the monetary policy from contributing more to curb the negative impact on Gross Domestic Product (GDP) and employment caused by the implementation of fiscal adjustment programmes.

The volume of world trade growth for goods and services slowed to 2.5% in 2012 from 6.0% in 2011, contributing to the slowing down of global GDP. The big slowdown in imports of developed countries was also a key factor in emerging economies' slowing down of growth. International crude oil prices remained very high in 2012, driven mainly by the uncertainty caused by the EU-27 embargo against Iraq, which was announced in January 2012 and put into effect from July onwards. Despite the fall in global demand in the first half of the year and the increase in global supply coming from the rest of oil-producing countries, oil prices fell only temporarily in the second quarter and, on average, they eventually reached their record high. The average international crude oil price for immediate delivery (spot) has increased sharply since 2010 (+27.9%) and 2011 (+31.6%), and increased anew by 1.0% in 2012 to 105 Dollars per barrel. On the contrary, the gas international price decreased by 9.81% in 2012, after having increased by 17.8% in 2011.

In this environment, global GDP growth reached 3.2% in 2012 from 4.0% in 2011. For the 35 developed economies as a whole, GDP growth stood at 1.2% from 1.6% in 2011. However, developments in individual countries and regions have been very different. In the U.S.A. growth accelerated, Japan went out of the recession of 2011, the United Kingdom had almost zero growth (0.2%), while the Eurozone entered a mild recession (2012: -0,61%). In emerging and developing economies a slowing down of GDP growth is observed, mainly due to the slowdown of the external demand from advanced economies and international trade. However, GDP growth rate in these economies as a whole was 5.1% in 2012 from 6.4% in 2011. In the 27 emerging economies of Asia, GDP growth slowed to 6.6% from 8.1% in 2011. The countries of Central and Eastern Europe were negatively affected in 2012 by the slowdown of the EU-27 economies, with a slowing of GDP growth at 1.6% in 2012 from 5.3% in 2011.

Employment declined in the Eurozone by -0.9%, in Japan it increased slightly by 0.4%, while in the U.S.A., the United Kingdom and in the countries of the OECD as a whole, it increased significantly by +1.9%, +0.8% and +1.0% respectively. The unemployment rate is estimated to have declined to 8.1% in 2012 in the U.S.A. and to 4.4% in Japan, as a result of the adopted fiscal and monetary measures which continued to drive growth in the U.S.A. and of the decline in labour supply in Japan. On the contrary, uncertainty caused recession in the Eurozone and a further increase in unemployment, the rate of which amounted to 11.4% in 2012, 4.1 percentage points above the record low of 2007.

Inflation (measured by CPI) declined in 2012 due to the slowdown of the economic activity, but also due to the international fuel prices staying at high levels. In developed economies, inflation fell to 2.0% from 2.7%, while in developing economies it declined to 5.9% from 7.2 in 2011. The decline of inflation was more pronounced in the U.S.A. than in the EU-27, while in Japan the overall price level declined in 2012 to 0%.

To limit the risks arising from the extremely high and still rising public debt, fiscal policy continued to be restrictive in developed economies, where the structural deficits declined in 2012 for the second consecutive year, with the exception of Japan. Fiscal multipliers have been higher than in the past and the pursue of contractionary fiscal policies was generally more buffering than expected for growth, especially for the periphery countries of the Eurozone which apply fiscal consolidation programmes. Diffuse uncertainty but also the difficulties of the banking sector to smoothly finance the real economy, prevented the substitution of declining public expenditure by private consumption and investment. More specifically, the U.S. fiscal deficit was limited to 8.5% of GDP in 2012 from 10.0% in 2011, while the Japanese one was 10.2% from 9.9% of GDP in 2011. In the Eurozone the fiscal deficit declined to 3.6% of GDP from 4.1% in 2011, with a surplus in Germany (0.2% of GDP) and very small deficits in Italy, Austria and Finland (-3.0%, -2.5% and -1.7% respectively). Gross public debt rose further in 2012 to 106.5% in the U.S.A., 237.9% in Japan and 92.9% in the Eurozone.

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

In 2013, the increase of the world GDP is expected to be 3.3% (from 3.2% in 2012) since recession in the Eurozone is expected to continue while in the U.S.A. and Japan it is expected that growth will slow down. Growth will continue to be encumbered by the impact of the fiscal consolidation measures which continue to be implemented in many European countries. Those are countries that follow financial assistance programmes, but also countries such as Spain, Italy and even France. However, the impact of these measures on real economy is expected to gradually decline, as confidence will gradually be restored and uncertainty will be declining through the reduction of budget deficits on the one hand and, on the other, the implementation of exceptional monetary and institutional measures taken by the European institutions and the ECB. Thus, under the assumptions of substantial progress being made to resolve the public debt problem in Europe and the prevention of the fiscal cliff in the U.S.A., GDP is projected to decrease in the Eurozone by -0.3% in 2013 and will slightly increase in EU-27 by 0.1%. In the U.S.A., GDP growth will slightly fall to 1.9% from 2.2.% in 2012, while in Japan it will slow down to 1.6% from 2.0% in 2012. On the other hand, for emerging and developing economies, a slight growth acceleration is expected in 2013 to 5.3% compared to 5.1% in 2012. With these given, a slight acceleration of growth in the world trade volume is projected to 3.6% in 2013, from 2.5% in 2012.

2. Business Units

Retail Banking and Small Enterprises

Demand for retail bank loans was limited during 2012 due to the prolonged recession and the drop in household incomes. Credit expansion to individuals on a yearly basis stood at -3.8%, as net loans decreased by Euro 4.3 billion. Consumer credit suffered a major knock, with credit expansion down (-5.1%), reporting a negative result for the third year running. The deposits sector also took a hit, following the withdrawal of significant amounts of deposits during the first half of the year but stabilised in July and throughout the rest of the year as political uncertainty diminished and the threat of Greece leaving the Euro passed. The loss in retail deposits was therefore contained to Euro -10.4 billion (-7.1%) compared with 31 December 2011. It can be concluded, upon examination of the Bank's basic figures for 2012, that the decrease in loans was less severe than the amount of deposits withdrawn throughout the year, which reflects the significant increase in the loans/deposits ratio necessary in order to support households and by extension the Greek Economy.

Alpha Bank's retail loan portfolio in Greece stood at Euro 15.5 billion at year end, a 1.5% decrease compared with last year, achieving the best performance on the market and securing a market share of 14.7%, which is an improvement on last year's figure of 14.1%. Particular emphasis was placed on settling secured debt, with a view to improving collection of existing loans and increasing material collateral. In addition, the Retail Banking Credit Manual was updated and a uniform Credit Quality Control policy was put in place for retail banking loans.

Alpha Bank's retail deposits were down by Euro 1.9 billion (-11%) on an annual basis and savings deposits suffered the worst knock (-19%), which is in line with current market trends.

Housing Loans

Neither the low interest rates nor the depreciated property market managed to reverse the cautious approach now taken by households when considering long-term loans and aversion to borrowing, both of which were exacerbated by the ongoing economic uncertainty and additional taxation on property.

As a result, 2012 witnessed a lack of demand for property purchases and difficulty on the part of consumers to service their loan repayments. The mortgage market shrunk even further, recording a year-end balance of -3.4% (2011: -2.9%).

The market trend was reflected in the Bank's results, which fell slightly less drastically (-2%) securing a market share of 14.6%

from 14.2% the previous year. During 2012, the Bank disbursed mortgages worth Euro 73 million, 70% less than in 2011, with the average loan value down by 16%.

During 2012, the Bank focused on upholding the quality of its mortgage portfolio. More facilities were also developed in the form of bespoke solutions for the purpose of restructuring debt, to ensure debts are serviced smoothly. The "Payment Adjustment Plan" was exceptionally popular among borrowers during 2012, due to the fact that it enables them to continue servicing their loan by adjusting the amount of their monthly instalments according to their current financial situation.

Consumer Loans

Alpha Bank's consumer loan portfolio remained almost unchanged at Euro 3.3 billion on 31 December 2012.

As part of its efforts to support its customers' growing needs in the present adverse economic circumstances, Alpha Bank launched a new line of products under the "Alpha Facilitation" programme. This programme aims to restructure amounts outstanding on consumer loans and cards by significantly reducing monthly repayments and regulate them on the basis of the financial capabilities of the customers. The "Alpha Facilitation" programme offers further bespoke solutions for customers with certain profiles, such as the unemployed, and helps reduce debts in arrears and ensures restructured debts are serviced more promptly.

Alpha Bank also continues to provide the "Exoikonomisi" (Energy Efficiency at Household Buildings) programme, in conjunction with the Ministry of Environment, Energy and Climate Change, which is funded by the Hellenic Fund for Entrepreneurship and Development (ETEAN S.A.), formerly Credit Guarantee Fund for Small and Very Small Enterprises (TEMPME S.A.). The programme provides exceptionally low cost loans with flexible repayment terms to individuals who wish to upgrade their building's energy performance.

It should be noted that, in the context of the acquisition of Emporiki Bank by the Alpha Bank Group, the credit policy and approvals procedure employed by Emporiki Bank were harmonised with the Alpha Bank standards.

Cards

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.). Alpha Bank holds one of the largest card portfolios in the market, comprising approximately 2.2 million credit and debit cards.

The Bank maintained its leading position in the market in the area of accepting and clearing card transactions (acquiring) occupying a market share in excess of 34% and achieving Euro 2.4 billion in turnover. It also boasts a network of over 100,000 participating businesses, with over 130,000 sales points authorised to accept all major international cards (American Express, Visa, MasterCard and Diners).

During 2012, Alpha 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 and in addition to the auxiliary services ported to Cardlink, 30,000 Alphalink terminals were replaced with Cardlink terminals, which contributed to cutting operating costs.

During 2012, particular attention was paid to developing and improving the reward programmes, which are classed as some of the best in the Greek market. The Bonus Reward Programme continues to be exceptionally well-received despite the recession which is affecting consumer spending. Total use of Bonus cards in companies fell marginally (within the region of 5% compared to 2011), while the volume of transactions on Bonus cards at participating businesses rose by 7%. In 2012, the programme welcomed the Notos Com Group (via its Notos Galleries and Notos Home stores) to its category of major participants and also welcomed a number of smaller businesses bringing the number of participating businesses which accept Bonus cards, to 3,000.

The "**Membership Rewards**" and the "**Alpha Bank Visa Gold**" reward programmes, which offer gold card holders high-value products and services while supporting the community, emained very popular. Approximately Euro 125,000 was donated to charitable organisations from points redeemed during 2012.

The Dynamic card "**Cash Back Programme**" remains one of the most popular cash back programmes available. The redemption rates remained extremely high (97%), confirming customer satisfaction and trust in the programme.

The new "**Enter Bonus American Express**" card, an innovative product combining the privileges of the Bonus programme, access to a bank account and the security provided by Chip & Pin technology was exceptionally well-received throughout 2012, during which over 100,000 cards were issued.

As part of the initiative to modernise the available services, the Bank launched its **Alpha alerts** service in 2012, via which customers receive SMS and/or e-mail alerts with real time information on the purchases made using their cards. This service is currently available free of charge with the Enter Bonus American Express and the American Express Gold card and will soon be available with all cards offered by the Bank for a monthly fee.

Small Business Loans

Loans to Small Businesses (with credit limits up to Euro 1 million) disbursed by the Alpha Bank Group in Greece were down by 8.9% compared to 2011 and totalled Euro 4.2 billion, of which Euro 1.7 billion were granted to Very Small Enterprises (credit limits below Euro 150,000). These loans suffered the most and were down by 13.9%.

In light of the ongoing adverse economic climate, the Bank focused its policy in this sector on:

- Developing debt restructuring and settlement programmes in order to support existing borrowers more effectively and contain arrears across the portfolio.
- Actively participating in co-financed JEREMIE initiatives and in the programmes offered by the Hellenic Fund for Entrepreneurship and Development (ETEAN S.A.).
- Implementing targeted actions across each customer segment in order to optimise the management of the non-delinquent portfolios and arrears portfolios.

Specifically, the Bank continued to support Small Businesses and Self-Employed Persons by promoting programmes, which offer debt repayment facilities. Within the context of the above programmes, emphasis was placed on promoting the "**Alpha Support**" and "**Alpha Business Restructuring**" line of products, which help restructure and settle company debts thereby ensuring the viability of the businesses in question. Flexible and bespoke solutions are offered under the aforementioned line of products.

Alpha Bank continued to promote the "**Alpha Green Solutions - Eco Business**" product, which offers loans for environmentally friendly investments such as renovations to business premises and installation of photovoltaic systems up to 10kW. It also continued to provide funding to businesses to install more powerful photovoltaic systems in order to produce electricity.

As part of its initiative to strengthen export activity, a topic of national importance and in collaboration with the Export Credit Insurance Organization (ECIO), Alpha Bank continued to offer the "**Alpha Exports Development**" product to export companies insured under the "**Extroversion**" Programme, which aims to strengthen their liquidity.

Moreover, in cooperation with the European Investment Fund (EIF), Alpha Bank participated in the JEREMIE (Joint European Resources for Micro to Medium Enterprises) initiative thereby supporting small and medium-sized enterprises to implement their investment and growth plans by offering low floating interest rates (50% lower than standard Bank interest rates) thanks to the co-financing provided by the NSRF (National Strategic Reference Framework). As part of the above initiative, the Bank made the following three co-financed JEREMIE programmes available:

I. **Funded Risk Sharing**: This programme offers loans of up to Euro 250,000 to Small and Micro Enterprises. The programme was available until 4 January 2013.

II. **Microfinance**: Available exclusively at Alpha Bank, this programme offers loans of up to Euro 25,000 to Micro Enterprises. This programme was available until 31 May 2012.

III. **Information & Communication Technology (ICT)**: This programme offers loans of up to Euro 500,000 to Small and Medium-sized Enterprises active or which wish to invest in the Information & Communication Technology sector.

A total of 758 loans worth Euro 52.5 million were approved under the above three programmes offered as part of the JEREMIE initiative.

Furthermore, the Bank continued to actively participate in programmes by the Hellenic Fund for Entrepreneurship and Development (ETEAN S.A.), which offer financing to Small Businesses to purchase raw materials, goods and services. Loans worth Euro 10.28 million were granted to 165 businesses under the programme, which was available until 28 September 2012.

In 2013, the Bank will focus on supporting Small Businesses by:

- creating new sector products which will cater to the needs of specific professionals and help develop a healthy section in the portfolio;
- actively participating in the programmes of the Hellenic Fund for Entrepreneurship and Development (ETEAN S.A.) and, specifically, in the programme "Entrepreneurship Fund - Business Restarting", which provides low interest rate loans (50% lower than standard) for business development, as well as in the programme of the Credit Guarantee Fund for the provision of Letters of Guarantee etc.;
- collaborating with the European Investment Fund (EIF) in order to promote co-financed programmes that are part of the JEREMIE initiative in geographical regions with a suitable budget, which constitute modern financial instruments with a view to creating, strengthening and/or developing viable small and medium-sized enterprises;
- providing funding from the European Investment Bank (EIB) to businesses with a low cost of borrowing.

Deposit Products

Alpha Bank's comeback during the second half of 2012, following the outflow of deposits witnessed during the first half of the year, was much faster than the market average, which is proof of the high level of trust the Bank has built up with its Customers.

As of June 2012, after the threat of Greece leaving the Eurozone had passed and confidence in the banking system had been restored, there was an inflow of Euro 10.8 million in deposits at Greek banks, a large portion of which comprised amounts re-deposited from abroad. This period marked a better time for Alpha Bank in terms of deposits as retail deposits, which had shrunk until June 2012 (not including State deposits), increased during the second half of the year by 11.2% compared with 6.9% recorded across the market, resulting in the Bank increasing its market share by 0.4% since June to 13.2%. This increase in market share was primarily due to corporate deposits rising to 21.7% from 19.2% in June and retail deposits rising from 11.5% in June to 11.6% (as at 31 December 2012).

It is clear upon reviewing deposits held with Alpha Bank in Greece, in 2012, that Savings and Sight deposits suffered the most (as expected), down by 19% and 6% respectively, and high-cost term deposits recorded a marginal increase of 2% rising to 55% (compared with 56.5% recorded across the market) from 52.5% on 31 December 2011. This, combined with high interest rates throughout the year, was detrimental to the cost of raising capital to the Bank. It should be noted, however, that the average interest rate offered on new term deposits (with a term of up to 12 months) to households by the Bank has been consistently lower than the market average.

The fact that funds continue to be re-deposited in 2013 is encouraging and is expected to improve further over the coming months, once the banks have been recapitalised and the macroeconomic climate in Greece has gradually improved. This development is expected to give way to lower interest rates and cost of funding throughout the interbank market. Despite this, term deposits will still remain the driving force behind attracting deposits.

Alpha Bank's "Alpha Monthly Progress" product, under which the principal is available every month, interest is paid on a monthly basis and interest rates increase gradually is currently one of the most popular term deposit products on the market. The "Alpha Monthly Progress" term deposit was relaunched this year in order to retain its competitive edge by:

- reducing the average term, with the emphasis being placed on six months;
- improving initial interest rates;
- ensuring efficient cost management;
- providing standardised products for all amount scales.

"**Alpha Monthly Progress Plus**" term deposit was well-received and supported by advertising promotions by all the main media.

The comprehensive "**Alpha Payroll**" programme, offers an attractive benefits package to salaried employees and pensioners in the private and public sectors. Despite the dire economic climate and increasing rise in unemployment, 2012 marked a 31% increase in "Alpha Payroll" accounts and a 15% increase in their balances.

The "**Alpha 1|2|3**" Youth Line deposit account remains one of the oldest and most popular accounts in its category. In order to encourage young people to save, the Bank donated symbolic gifts of an educational character to 12,000 children and young adults during 2012.

Southeastern Europe

The Bank is active in seven countries in the wider region of Southeastern Europe with different economic and social features and has successfully addressed the challenges faced in the current adverse conditions within the new economic environment. The economies in Southeastern Europe declined somewhat in 2012, following growth during 2010 and 2011. Resolution of the issues currently plaguing the Eurozone economies will redress the current account deficit in these economies; this, combined with a steady influx of foreign capital, should lead to a significant recovery in 2013. Economic growth is expected to strengthen financial operations in Southeastern Europe, with the exception of Cyprus whose economy is currently in recession for a second year running and is part of the financial support programme provided by the creditors (EU, ECB, IMF).

At the end of 2012, the Bank's presence in these regions was supported by a Network of 488 Branches and Personnel amounting to 6,378. 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. Since 2009, and as a result of the international financial crisis and especially the recession in Greece, which affected business and dented trust in the Greek banks, the expansion plan for the Branch Network was put on hold both in Greece and abroad. A cautious rationalisation programme has been implemented since then, in a bid to make operation more efficient and respond to the individual demands and conditions of the local markets.

Alpha Bank's business in Southeastern Europe accounts for Euro 9.7 billion in loans and Euro 5.4 billion in deposits. These figures equate to 22% and 19% respectively of the Group's corresponding total figures.

Romania

Alpha Bank Romania has been active in Romania for 19 years and was the first foreign bank to enter the Romanian market.

It has expanded rapidly and established adequate geographical coverage across Romania. Following the Branch rationalisation programme, the Branch Network was reduced to 150 Branches (as at 31 December 2012). There are 2,203 Employees working at Alpha Bank Romania.

Alpha Bank Romania's total assets decreased mainly due to the dampened demand for loans but it is still the ninth largest bank in Romania, occupying a market share of 4.5%. Loans fell by 5.5% (compared to 2011) to Euro 3,096 million. This decrease was largely due to a drop in consumer and corporate loans. In contrast, the balance on the Bank's mortgage portfolio was up by 6%. This was mainly due to Alpha Bank Romania's participation in the "Prima Casa" mortgage programme which is guaranteed by the State.

In the deposits sector, the Bank recorded a rise of Euro 1,245 million which is 7.1% up compared with the balances as at 31.12.2011, placing emphasis on savings accumulated from retail customers and small businesses (increase of 13%).

Despite its satisfactory results in terms of protecting its income and rationalising its costs Alpha Bank Romania's results were compromised by the provisions which were increased by 18% required to cover credit risk, thus reflecting the deteriorating economic climate in the country and the difficulties customers are experiencing in servicing their loans. Despite the above challenges, the quality of the portfolio remains satisfactory, with loans in arrears only amounting to 13.8% of the overall portfolio.

As part of the Bank's ongoing efforts to increase productivity and improve existing services to customers and in accordance with the common rules imposed by the regulatory authorities on the banking system, Alpha Bank Romania is implementing a series of projects which include:

- Increasing customer satisfaction: implementing and launching the innovative "Alpha e-statements" service, via which the Bank's products can be accessed online. This service has been very well received, through the promotional message "The Bank anywhere, anytime" with 9,000 subscriptions in the first four months.
- Quality of services and productivity: Consolidating responsibilities and optimising internal procedures with a view to improving the quality of existing services available to customers.

Bulgaria

Alpha Bank has been conducting business in Bulgaria for 17 years. With assets amounting to Euro 1.9 billion it has secured its place in the top ten banks in Bulgaria, with 819 Employees staffing a Network of 88 Branches (2011: 102 Branches staffed by 912 Employees).

In terms of operational profits, Alpha Bank Bulgaria was again successful in 2012, recording an increase of 178% in income before impairments.

Targeted deleveraging of the loan portfolio together with the minor decrease in deposits (-5%) caused the loan to deposit ratio to drop from 235% in 2011 to 217% on 31 December 2012.

For another consecutive year, the Retail Banking sector was at the vanguard of the Bank's growth strategy, aiming to expand its customer base both in terms of retail customers and small businesses.

This strategy was supported by promoting the products "Housing Loan Perfecto", "Dynamic Credit Cards" (loans sector) and the products "Ultima Saving Account", "Progressive Deposit" and "Alpha Payroll"(deposits sector), which offer customers high returns and complementary services.

As part of its policy on Corporate Social Responsibility, in 2012, the Bank sponsored art, education and sport events and also backed campaigns for the safe use of the internet by children aged between 6 and 12 years old.

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 A.D. The Branch Network now numbers 134 Branches staffed by 1,433 Employees.

2012 proved another challenging year for the Serbian economy, which was stretched to its limits following stumped economic growth and the Dinar being devalued, both of which exacerbated the macroeconomic stability and caused further delays to the potential for recovery. Despite these adverse conditions, the banking system was resilient in terms of capital and liquidity due to the central banking regulatory authorities imposing more stringent measures in a bid to support the economy by implementing actions and recommendations to boost confidence in the local currency.

Alpha Bank Srbija A.D. continued to implement business actions in order to achieve its strategic objectives: to restructure its loan portfolio, reduce the loan to deposit ratio and optimise margins both in terms of loans and deposits. Furthermore, the programme to rationalise expenditures launched in 2010 continued throughout 2012 and systematic efforts were made to restructure the Branch Network and utilise human resources more efficiently.

Deposits were up by 2.3% to Euro 585 million thanks to the increase in retail deposits (Euro 74 million or 17%) especially during the "Savings Week" when the Bank managed to increase its balances and attract new customers while simultaneously reducing average interest rate costs.

Deleveraging loans caused our market share to drop to 4.5% but also reduced further the funding gap, achieving a loan to deposit ratio of 127% at 31 December 2012 compared with 147% at the same time last year.

For another consecutive year, and contrary to the market trend, Alpha Bank Srbija managed to sustain its returns from credit cards and increase its market share. The new "**Visa Business Debit Card**" accounted for 20% of new sales between May and December and the Bank continued its collaboration with the Serbian Ministry of Health via the "**MasterCard Hvala**" which raises awareness among customers about preventative medicine.

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 14 years, Alpha Bank Cyprus proved to be successful in all its financial endeavours, being classified as one of the country's largest banks, and also carried out important cultural and social work.

2012 was a critical year for the Cypriot economy as the recession and the impact of haircuts to Greek Government bonds on the Cypriot banking system, combined with its irrational structure and size, caused the Cypriot government to seek support from the EU and the International Monetary Fund (IMF). In order to reinforce the capital adequacy of the two major banks in Cyprus (Bank of Cyprus and Cyprus Popular Bank), part of the deposits held by both the said banks were used. This severely dented depositors' trust in the European banking system in general.

Despite operating in an unstable environment, Alpha Bank Cyprus managed to sustain its balances on loans and deposits at almost the same level, at Euro 4.567 million (+0.5%) and Euro 2.658 million (-0.3%) respectively.

Alpha Bank Cyprus's overall results show losses due to its deteriorating operational profitability which stood at Euro 109 million (-20% compared with last year) and mainly to the fact that provisions for credit risk increased by 26% as, because of the deteriorating quality of the loan portfolio, it was deemed necessary to increase provisions for contingencies.

The Bank maintains a modern Network comprising 31 Branches and other specialised Units throughout Cyprus and also has a Representative Office in Moscow. The Branch Network is complemented efficiently by the Alternative Network Services: ATMs, Internet Banking and Mobile Banking.

Throughout 2012, particular emphasis was placed on enhancing the Bank's deposit products and promoting cards by introducing new competitive deposit products and cards including "**Alpha Progress**", "**Alpha Prepayment**", as well as the "**Aegean Visa**" and the "**Alpha Bank Enter Youth Visa**" respectively.

As part of its policy on Corporate Social Responsibility, Alpha Bank Cyprus sponsored the "**Annual Awareness and Prevention Week**" organised by the **Cyprus Kidney Patients Association** and made donations to support the Paediatric Oncology Clinic, the Red Cross and Europa Donna.

Albania

2012 marked a landmark year for Alpha Bank's presence in Albania, since, as of 17 May 2012, the Branches of the Bank in Albania (Alpha Bank-Albania) operate as a Group Company under the corporate name "Alpha Bank Albania SHA".

Alpha Bank Albania has a customer service Network supported by 42 Branches, 58 ATMs and over 1,100 POS terminals. It has issued 42,000 debit cards and provides payroll facilities to over 14,200 retail customers employed in over 1,000 companies. At the end of 2012 its customer base totalled over 200,000.

Despite the adverse economic climate, Alpha Bank Albania managed to maintain its market share both in the loans and deposits sector at 9.4% and 7.1% respectively. Specifically, in 2012, loans were down at Euro 375 million (-5% annually) and deposits were up at Euro 468 million (+5% annually) providing the Bank with a solid and viable platform for future expansion and growth.

F.Y.R.O.M.

Alpha Bank has been active in F.Y.R.O.M. since 2000, when it acquired Kreditna Banka A.D. Skopje, which was subsequently renamed Alpha Bank A.D. Skopje. In 2012, the Bank's Network comprised 19 Branches and Personnel amounted to 242.

In the previous year, the Bank's main policy has focused on developing relationships with businesses by designing new competitive products, improving the quality of its portfolio, collecting arrears and containing operational costs. At the end of 2012, it scored 19.7% on the capital adequacy index.

Specifically, in 2012 loans to major corporates increased significantly by 14.1% annually with the focus on working closely with certain customers having long-term and multifaceted relationships. In retail banking, emphasis was placed on promoting new products and upgrading existing ones in order to improve customer service such as the new "**Alpha Green Loan**", "**Alpha Consumer Mortgage Loan**", "**Alpha Every Month -24 Months**" and the upgraded loan regulating/settling products available to customers with consumer loans.

As part of its policy on Corporate Social Responsibility, Alpha Bank A.D. Skopje participated in numerous humanitarian events organised by the Red Cross together with the Municipality of Skopje and, for the second time, was presented with the award "**Invest in the Community**" for the action plan of the Volunteer Day.

Ukraine

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

In 2012, the Bank had 23 Branches in 6 towns with a population of over 1 million and a network of 650 participating businesses (car dealers, estate agencies, insurance companies).

The main pillars for credit expansion in Ukraine comprise car purchases and "**Home equity**" mortgage products. In 2012, the Bank managed to achieve a market share in these sectors of 5% and 7% respectively.

At 31 December 2012, loan and deposits balances stood at Euro 113 million and Euro 58 million, a 6% and 37% 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 services and the long-standing trust relations it has established in this demanding market sector.

Despite the downward trend in credit expansion, due to the recession and deleveraging policy implemented across the banking system, the total loan balances pertaining to the Corporate Banking Division, which manages the Bank's relations with major corporate groups, amounted to Euro 5.1 billion, achieving a small increase in 2012, which is proof of the support it provides to its customer base and in particular, to its traditional part in this challenging economic era. The Bank coordinated the majority of syndicated loans on the market, which contributed greatly to its efforts to financially support its customers.

More specifically, during 2012, 53 bond and syndicated loan transactions were concluded in the Greek market, of which 27 were bilateral loans and 26 were syndicated loans. Alpha Bank was the arranger in 18 of them, thus maintaining its leading position in the market. With the help of the other participating banks, it provided the liquidity required, which is critical if businesses are to survive, by restructuring their loans with a view to supporting entrepreneurship and business viability during this challenging economic period for the Greek Economy.

Although affected, the quality of the lending portfolio remains satisfactory with a high percentage of loans being granted to acceptable, medium or low-risk (investment grade) borrowers. Efficient risk management, adequate collaterals and customer grading safeguard the funds under management and the Bank's capital adequacy.

In the business area associated with medium-sized enterprises, the Commercial Centres Division supervises and coordinates the activities of the nine Commercial Centres, which service approximately 6,000 enterprises, of which 160 were welcomed as new customers during 2012. At the end of 2012, the balance on loans to this customer category totalled Euro 4.3 billion.

In terms of medium-sized enterprises, the Bank's main priority was to manage temporary arrears and arrears in excess of 90 days efficiently, by using all available means (restructuring, settlements, refinancing etc.) to help businesses remain viable, while best protecting the Bank's interests.

Shipping Finance

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

The Bank's portfolio (which had a balance of Euro 1.3 billion on 31 December 2012) is still non-delinquent and boasts about a high-quality customer base, which is taking the recession in its stride. Underwriting of and/or participation in syndicated loans accounted for 34% of balances and the portfolio is diversified in terms of vessel type as follows: 43% dry cargo carriers, 39% tankers, 8% container carriers, 1% tourist vessels. Loans to major Greek coastal shipping companies account for the remaining 9%.

Greek ship-owners constantly demonstrate their loyalty to Greece and their dynamism by the constant renewal of their fleets. Bank lending, although currently strained, remains the main source of capital raised. The Bank continues to strive to respond to the needs of its high-quality shipping customer base as best as it can.

Following the acquisition of Emporiki Bank and the addition of its shipping portfolio worth Euro 568 million, Alpha Bank is now one of the leading banks in terms of financing the Greek shipping market.

Leasing

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

Despite the adverse economic conditions, which prevailed throughout 2012, a total income of Euro 27.5 million was achieved, on a par with 2011. The portfolio of leasing accounts receivable before depreciation fell by 8.5% to Euro 959 million, compared with Euro 1,048 million at the end of 2011. The Group Company Alpha Leasing currently holds fourth place in the leasing sector.

The deterioration of the leasing portfolio resulted in a 57% increase in provisions for bad debts to Euro 20.6 million. This strengthened provisions further, which stood at Euro 52.7 million at the end of 2012 and comprise 5.5% of the portfolio compared with 3.1% in 2011. The adequacy of the provisions for credit risk and action to ensure solid capital adequacy continue to be the Bank's primary objective in order to ensure it remains resilient against the crisis.

Throughout 2012, the company continued its efforts to actively manage its leasing portfolio by focusing on tackling customer problems head on by restructuring and settling their debts whilst simultaneously obtaining additional collateral in order to protect Shareholders' interests and, of course, the viability of its customers' businesses.

Alpha Leasing supports its customers by offering credit facilities and bespoke solutions in the event that customers experience difficulties in servicing their debts, by drawing on the experience amassed over the previous years and applying a cautious pricing policy to sectors of the economy which are expected to grow significantly in the future.

Factoring

The fifth consecutive year of the recession in Greece eventually compromised turnover in the factoring services sector. The value of assigned commercial accounts receivable under management, domestically and abroad, was down by 13.4% to Euro 12.76 billion. Only export factoring services continued to grow, with exporting companies interested in further penetrating markets with growth potential and simultaneously targeting liquidity and securing sales. Thus, export factoring services serve as an offsetting factor against the overall services provided.

The Bank has been providing factoring services, via the Group Company ABC Factors, for the last 18 years. 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 2009 it became a founding member of the Hellenic Factors Association.

ABC Factors continued to grow throughout 2012 with earnings before tax up by 11.1%. Furthermore, it achieved turnover (value of accounts receivable which are subject to factoring) on a par with that recorded in 2011 (Euro 2.87 billion), by entering new sectors of the market. At the same time it restructured its portfolio and reduced discounts by 5.4%. The 49% increase in discounts on export factoring accounts receivable reinforced the Group Company's image as a member of the Factors Chain International. Accounts receivable from customers came from all sectors such as Industry and Manufacturing (74.5%), Wholesale and Retail trade (16%), Services (5%) and other sectors (4.5%).

Having already adopted a systematic and stringent risk management framework in the previous years, the Company took all the necessary measures during 2012 as well, to protect itself better against all kinds of financial threats.

With the objective of implementing and relentlessly improving this protective framework, the Company focused on minimising its exposure to the risk of price fluctuations (interest rate risk), to credit and operating risk, and liquidity and cash flow risk, all of which are monitored by the competent bodies.

The percentage of depreciated accounts receivable from customers was kept low at 0.5% of total discounts as at 31 December 2012, as a result of efficient credit risk management (arrears 1.8%).

The services offered by ABC Factors include Domestic Recourse Factoring, Domestic Non-Recourse Factoring, Reverse Factoring, Invoice Discounting, Accounts Supervision Management and Collection of Receivables, Import Factoring and Forfaiting. 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 Greece and abroad.

Asset Management and Insurances

Mutual Funds

The political and investment uncertainty which prevailed throughout the first half of 2012 led to investors moving their funds, mainly to money market mutual funds registered abroad, which caused assets under management with Alpha Mutual Funds to drop due to redemptions and to a decrease in the price of securities. Following the June 2012 elections, confidence was partially restored and the balance of incoming/outgoing funds improved drastically resulting in assets under management with Alpha Mutual Funds rising to Euro 894 million on 31 December 2012, compared to Euro 815 million on 31 December 2011. Rising prices of Greek bonds and shares contributed largely to the rise in mutual fund assets.

The Greek mutual funds market reported a similar market trend, with total assets under management totalling Euro 5.95 billion compared to Euro 5.23 billion on 31 December 2011. Alpha Asset Management A.E.D.A.K. remained in third place in terms of market share, with 15%. However, historically, the Company has held first place in terms of funds under management of domestic equity mutual funds with Euro 230 million.

Alpha Asset Management A.E.D.A.K. now offers 23 mutual funds covering a wide range of investment options in terms of the basic investment categories (equities, bonds, money market), geographical and sector diversification and alternative investments (commodities). It also offers specially designed mutual funds which incorporate Bancassurance schemes.

During 2012, which proved to be an exceptionally challenging year for the economy, the Alpha Mutual Funds performed notably well. Twelve of the funds achieved returns over 15%. Alpha Mutual Funds, which invest in Greek equities and bonds performed exceptionally well with the Alpha Aggressive Strategy Domestic Equities Fund reporting returns of 51.87% and the Alpha Domestic Balanced Fund reporting returns of 42.4%, both of which are significantly higher than the corresponding value reported on the Athens Exchange General Index (33.43%). It should also be noted that for the last two years, the Alpha Mutual Funds have been rated by the international rating house Morningstar and have, consistently, received excellent ratings in terms of their risk/return ratio. The respective information is available on the Alpha Asset Management A.E.D.A.K. website.

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 high net-worth customers.

The newly restructured 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, Iraklion and Rhodes) while maintaining the London Unit. The new operational structure of the Centres and the rationalised customer base have already contributed to the upgrade of the Private Banking services offered and to the reduction of operating costs.

Despite the significant outflows of deposits from the banking system and the difficulties experienced in attracting new funds, the Bank attempted to manage customers' concerns and the general feeling of uncertainty by guiding them to safer options. This, together with some assistance from the London Unit, stabilised the inflow-outflow balance. Capital of Euro 2.9 billion was reported on 31 December 2012 with a marginal increase of 2.9% compared with the figures reported on 31 December 2011.

Furthermore, the tender offer for the purchase of Alpha Bank Group hybrid securities was highly successful, achieving a response rate of 66% of the total nominal value (Euro 335 million) held by its customers.

The Bank's Private Banking customers have access to a flexible framework of services. Therefore, 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 funds.
- **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 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, and known or estimated cash flows.

In order to improve the quality of services offered to its customers and in order to ensure transparency of the services offered, the Bank offers customers the facility to monitor their portfolios online via the Alpha Private Web, which is being upgraded in 2013. It should also be noted that Alpha Private Bank is leading the way once again as it is the only Private Banking Service in Greece that offers this type of facility.

Moreover, the existing Alpha Private Bank Centres are set to be supported in the near future by certified Private Bankers of the Personal Banking Sector of Emporiki Bank in order for Emporiki Bank customers with portfolios worth over Euro 300,000 to have direct access to Alpha Bank's Private Banking services and to be able to make the most of them.

Insurance

In 2012, the insurance market saw a slump in new contracts with a record number of existing contracts being redeemed or terminated across all insurance sectors. In the bancassurance sector, the decrease in loans granted by banks and increase in bad debts caused bancassurance schemes offered in conjunction with bank loans to drop.

In the life insurance sector, Alpha Bank recorded notable increases in insurance premiums in the pension/investment scheme sector (64.3%) despite a negative market trend (-9.4%).

Furthermore, despite the market being down by 11.8% in the general insurance sector, Alpha Bank held its own despite its activities in the loans sector being sluggish and the drop in insurance premiums.

In the bancassurance market Alpha Bank operates via the Group Company AlphaLife Insurance Company S.A., which started operating in 2010. AlphaLife, which specialises in savings-pension schemes, has achieved a steadily rising profitability, surpassing the solvency and financial soundness requirements set by the regulatory authority. The contract portfolio, reserves and value of investments under management have grown steadily during the last three years.

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 and give it a competitive advantage. It should be noted that during 2012 Euro 1.38 million was paid out in redeemed contracts (a mere 2.6% of total reserves). This percentage is considered exceptionally low even during times of economic growth and is proof of the undeniable quality of the Company's products.

AlphaLife offers the "**Alpha Prospects**" and "**Alpha Life Plan**" schemes. The "Alpha Prospects" scheme provides a guaranteed pay-out on maturity and a "with profits" option in return for a one-off payment. Under this scheme, 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. In 2012 further options were made available to customers, under which they could take part in this plan using the Alpha Prospects 70/30 scheme which combines a term deposit with the Alpha Prospects scheme at a 70/30 ratio. The "Alpha Secure" scheme was redesigned and relaunched as "Alpha Life Plan". This scheme provides a guaranteed pay-out on maturity in return for a series of fixed periodic payments, which can be used as additional income on retirement or to cover future expenditure (e.g. university fees). The facility to automatically increase premiums by 3% per annum in order to protect savings against inflation was added to the features of this product.

In addition to the above, the Bank continued to promote its improved medical cover programme "**Alpha Health Care for All**", which is offered in conjunction with AXA Insurance and the Biomedicine Group and has been extremely well received by customers with the number of new insurance policies taken out almost doubling (93.1%). In October 2012 the car insurance programme "**Alpha Safe Auto**" was launched. This is the first e-commerce product which can be purchased online via the Bank's website following an integrated procedure.

AlphaLife Insurance Company S.A. aims to increase the amount of insurance premiums taken out in 2013, primarily via the periodic payment scheme "Alpha Life Plan" and by making the most of the extensive Branch Network and customer base acquired following Alpha Bank's merger with Emporiki Bank.

Investment Banking and Treasury

Investment Banking and Brokerage Services

Investment Banking primarily focused on providing consultancy services to the Greek Government for 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 make the most of State-owned properties etc. While the privatisation programme is in progress, the Bank expects to be increasingly involved, especially as a financial consultant to interested private-sector investors.

The Bank's ongoing involvement in capital markets projects and other mergers and acquisitions was of equal importance. In 2012, the transfer of 66.77% of dairy producer Dodoni S.A. to the company owned by foreign investment company Strategic Initiatives UK LLP (90% shareholding) and the company Simos Food Group (10% shareholding) was completed successfully, following the public procurement procedure which lasted for almost a year for which the Bank had acted as financial consultant, in collaboration with National Bank of Greece, for the Agricultural Bank of Greece (under special legal liquidation).

The Bank was also involved in several significant projects, such as the share capital increases by the companies "Lambrakis Press S.A." and "Pegasus Publishing S.A." and provided consultancy services to the Greek Organisation of Football Prognostics (OPAP S.A.) on obtaining exclusive rights to operate and manage national lotteries for twelve years and throughout the process of selecting a strategic partner to provide OPAP's games of chance online.

The Greek stock exchange market presented a completely different image between the two halves of 2012. The first half saw a major slump in trading activity, depreciation of stocks and shares and capital flight; the second half saw the stock market recover significantly once political stability had been restored and the threat of national bankruptcy had passed. The general index recorded a high of 912.70 base points on 27 December 2012 and a year as well as a twenty-year low of 476.36 basis points on 5 June 2012. Overall market capitalisation stood at Euro 37.8 billion on 31 December 2012 up by 40.9% versus last year (31 December 2011).

At the end of the year, the Greek stock exchange closed higher than the basic trading indices: Greece (General Index) 33.4% compared with Germany (DAX) 29.1%, England (FTSE100) 3.5%, France (CAC) 15.2%, USA (S&P 500) 13.4% and Japan (Nikkei) 22.9%.

The overall volume of transactions of the stock market of the Athens Exchange shrunk to Euro 25.8 billion down by 37.7% compared to 2011 following constant drops of 41.1%, 30.9% and 34.9% in 2011, 2010 and 2009 respectively. Consequently, trading has fallen by 90%, on an aggregate basis, from the 2007 high, bottoming out at levels that rival those witnessed in the beginning of the 1990s. At the end of December 2012, foreign institutional investors held 30.3% of overall capitalisation (compared with 33.4% in December 2011), Greek (domestic) institutional investors held 7.0% (6.3% in December 2011) and private investors held 20.4% (21.1% in December 2011).

The Bank is active in the brokerage sector via the Group Company Alpha Finance, which holds a market share of 4.90% (2011: 4.94%), maintaining sixth place on the market despite a major drop in foreign investment portfolios. This was a market segment in which the Company was always very prominent. The Company achieved turnover of Euro 7.63 million (down 25.5%).

The investment services provided both to retail and institutional 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 provision of a complete range of online services (Alphatrade) either 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.

Alpha Finance will develop its activities further during 2013, as it will incorporate into its customer base the customers of Emporiki Bank who employ brokerage services, following the legal merger of the former with Alpha Bank.

Treasury

The Greek banks were hit hard by the ongoing fiscal crisis and the prolonged recession of the economy. Following their exclusion from the international markets in the wake of a series of downgrades in credit ratings (to both Greece and to its banks), the Greek banks sought help from the European Central Bank and the Bank of Greece in the form of funding via the emergency liquidity assistance at significantly high cost. The liquidity problem was exacerbated following the major outflow of deposits primarily during the first half of 2012.

Despite Alpha Bank being palpably affected by the systemic dimension of the above events, it demonstrated its ability to manage and respond to the adverse conditions that plagued the financial sector for another consecutive year. The Bank relied less on state guarantees and the mechanisms for the provision of liquidity to the Greek banking system, partly as a result of efficient management of its funding resources and partly thanks to strategic containment of its net assets. It also repaid the first series of guarantees provided by the Hellenic Republic in demonstration of its ongoing efforts to extract itself from the emergency support measures put in place for the banking system from 2009 onwards. The Bank's overall liquidity management during 2012 was exemplary, given the significant reduction in deposits caused by the economic crisis and the uncertainty which dented depositors' trust. Following some of the deposits withdrawn being reinvested in the Greek banks, the Bank reduced its borrowing from the central banks by Euro 1.7 billion during the last quarter of 2012, a policy which it is set to continue as a top priority throughout 2013. It should also be noted that Alpha Bank used the least amount of capital from the Hellenic Financial Stability Fund, a fact of particular importance for the Bank's liquidity and the preservation of its private nature, as it entails the least support from state organisations.

Despite the exceptionally challenging conditions on the international markets and the refusal of major credit institutions globally to trade with the Greek banks, Alpha Bank managed to achieve satisfactory results on the FX, interest rate and bond markets, with the exception of the one-off losses caused by the bond exchange programme between the private sector and the Hellenic Republic (Private Sector Involvement - PSI), which was partly offset by the profits made from the re-purchase of Greek Government bonds with a nominal value of Euro 1.5 billion held by the Bank. This performance is proof of the Bank's ability to participate successfully on the market, contain losses caused by exposure to the credit crunch, pre-empt adverse results from devaluations of its portfolios and loans and take advantage of the opportunities which present themselves on the markets to make the most of the experience it has accumulated over the years.

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 periphery EU countries which found themselves in the firing line of the markets and which suffered major devaluations during 2011-2012. It should be noted, though, that the Bank has always supported and it will still support the Hellenic Republic both when interest bearing notes were issued to finance its needs and in terms of managing the tranches under the International Monetary Fund, European Union and European Central Bank loan programme.

In 2012, all the core Greek banks made public offerings for the re-purchase of hybrid securities and subordinated bonds issued by them. Alpha Bank achieved the highest participation rates among investors by offering the highest repurchasing prices compared with all the other Greek banks for the corresponding bonds, thereby providing the highest value recovery for investor money and rewarding them for their trust in the Bank. It should be noted that the Bank consistently achieves the best prices for such bonds, which again reflects its credibility and credit rating on the markets.

The recovering investment climate in Greece at the end of the year incentivised Greek companies to offer negotiable debt, with TITAN S.A. successfully completing a debt restructuring programme on its bonds. Given the Bank's extensive expertise in this sector and its extensive network throughout the investment community, it played a key role in this success, paving the way for further growth on this market.

The Bank's International Markets Analysis Section was awarded, for the sixth time in the last seven years, the distinction of being one of the ten leading credit institutions worldwide in terms of predicting the main foreign exchange rates in a survey conducted by the Reuters international agency. This consistent recognition constitutes the best possible confirmation of the Bank's determination to offer high-value services, placing emphasis on the qualification of the information provided and passing it on as promptly as possible.

Project Finance

The Bank holds one of the leading positions on the Greek project finance market, offering structured finance on a bilateral and syndicated basis for major self-funding projects, in Greece and abroad, in the infrastructure sector (roads, airports, ports) and in the power generation sector (power plants, renewable energy sources, such as wind and photovoltaic parks).

Loans are granted to special purpose vehicles whose assets are limited to the project under way and repayment of the loans is secured against the revenue generated by the project (e.g. tolls, sales of power, rents) with or without a reduced right of recourse against shareholders.

In 2004, a Project Finance Unit was created which has now been brought under the Investment Banking Division, and has successfully executed loan agreements totalling approximately Euro 1 billion. Over the past two years, selective deleveraging has been reflected in the slower rate of change in the investment project portfolio.

Despite adverse conditions in 2012, the Bank successfully arranged new loans in the renewable energy sources sector and loans via a bank syndicate for the privatisation of the International Broadcast Centre (IBC) and offered financial consultancy services in organising Public Private Partnerships (PPPs).

The prospect of economic recovery during 2013 and thereafter provides the opportunity for further funding which will help increase the volume and the performance of the Project Finance and Real Estate loan portfolio by focusing primarily on projects in the infrastructure (roads) and renewable energy sources sectors and on PPPs.

Venture Capital, Equity Financing

Alpha Ventures, established in 1990, is the first private venture capital company in Greece. Its investment strategy still focuses on companies with predictable cash flows, development potential, and a clear timeframe in terms of an exit strategy (through internal cash flows or sale to a strategic partner or listing on a foreign organised capital market).

Despite the adverse economic conditions which prevailed throughout the 2012 financial year, both Alpha Ventures and Alpha Ventures Capital Management realised profits deriving from the liquidation of past investments and from the Alpha Taneo Fund (ATF) management.

ATF invests in small cutting-edge extrovert companies that are competitive and have major growth potential.

The economic crisis that plagued both the domestic and global economies set the tone on the investment market. The lack of liquidity from traditional capital resources led to more and more companies seeking financing from investment companies such as Alpha Ventures and Alpha Ventures Capital Management. However, the ongoing uncertainty regarding the future of the economy, the dented trust of foreign business partners towards the Greek companies, and a lack of clear corporate strategies made Alpha Ventures cautious in its approach to new investments.

As a result Alpha Ventures refrained from making any new investments during 2012. Of the forty investment opportunities, nine are being considered and two are set to be completed during 2013.

By drawing on its 20-year experience and on the reputation built up by the Alpha Bank Group, Alpha Ventures aims to increase its investment activities based on the following approaches:

- Continuing to invest ATF's available capital in innovative export companies involved in rapidly growing sectors, which are at the edge of technological development.
- Cooperating with the Bank in investments in companies already on the loan portfolio which are experiencing difficulties in raising additional capital but which still classify as work outs.
- Attracting third-party investments to be put under management with a long-term view of primarily using third-party investment capital and secondarily the Group's capital.

Despite the fact that the capital available restricts investment potential, the Group's reputation, combined with its longstanding presence on the market and experience amassed by its human resources, enable it to collaborate with major investment funds abroad as well as with strategic domestic investors and to facilitate major transactions. As such, transactions/business involving investment (majority/minority shareholdings) with large companies in Greece and potentially the Balkans are constantly sought after.

Other Activities

Real Estate Management

The main objective of the Group Company Alpha Astika Akinita is the management of Alpha Bank's real estate assets and the leasing out of properties. Recently, Alpha Astika Akinita began to expand its activities abroad by coordinating and managing activities for properties in the countries of Southeastern Europe where the Group has a presence.

In 2012, Alpha Astika Akinita S.A. owned the companies Alpha Real Estate D.O.O. Beograd, Alpha Astika Akinita D.O.O.E.L. Skopje, Alpha Real Estate Bulgaria E.O.O.D., Chardash Trading E.O.O.D. and Alpha Astika Akinita Romania S.R.L. outright.

In 2012, turnover was up 13.5% at Euro 126 million compared with Euro 111 million in 2011. Operating income for 2012 totalled Euro 9 million compared to Euro 10 million in 2011 (down 10%), mainly due to the rents receivable and income from services provided.

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.

Hotels

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. In 2012 it extended its contract with the Hilton Hotels Corporation until 31 December 2015, in application of the terms of the existing management and operation agreement. As a result of a complete renovation in 2004, the hotel is exceptionally managed, boasting modern facilities and hi-tech equipment.

The hotel sector was affected for a fourth consecutive year by the downward trend in tourists visiting the capital and the recession in the Greek Economy. According to a survey of basic hotel market indices carried out by "GBR Consulting", average occupancy rates fell by 13.4% compared with 2011, which was the worst drop throughout Europe. Average room prices were down 7.8% and the RevPar (Revenue Per Available Room) fell by 20%.

The Athens Hilton improved its market share marginally compared with competing hotels and, in a difficult climate and in the face of stiff competition, managed to achieve first place in the market in terms of room occupancy.

It is worth noting that the number of rooms booked in the Hilton fell by 12.2%, compared with competing luxury hotels which reported a drop of 14.2% compared with 2011.

The Company's turnover, which is generated solely by the Athens Hilton totalled Euro 23.4 million compared with Euro 30.5 million in 2011, due to a reduction in its two main sources of income, namely room bookings and food and beverages. The cost of sales, net of depreciation, totalled Euro 19.4 million, a drop of 15.5%.

Furthermore, in a bid to cut costs and rationalise cash flow management, investments in projects and capital equipment were kept to the absolute minimum needed in order to operate the hotel. A significant event of the past year was that an enterprise agreement was signed with the Hilton Employees Union in a bid to reduce operating costs and ensure the smooth and continuous operation of the Hotel.

3. Operational Systems and Distribution Channels

Operational Systems and IT Projects

Alpha Bank's business policy to consistently upgrade the quality of services provided, increase productivity and minimise operational risks is supported by an extensive operational re-engineering and IT systems development programme.

The Bank's Units which provide IT system and computer application support launched the exceptionally important and technically demanding project of merging the IT systems used at Emporiki Bank with Alpha Bank's IT infrastructure. Immediately after the signing of the agreement for the acquisition of 100% of the shares of Emporiki Bank on 1 February 2013, the said IT Units started planning, organising, coordinating and realising the project to consolidate all IT and computer systems throughout the enlarged Group as soon as possible.

The projects implemented in 2012 to complete the necessary operations on 1 February 2013 included:

- Modifying the Emporiki Bank logo (removal of the Crédit Agricole Group logo) and amending messages to reflect the merger.
- Adaptation to the payment systems (Bank of Greece, TARGET, SEPA and DIAS S.A.).
- Participation of Emporiki Bank in EURO1 under Alpha Bank and official notification of the "European Banking Association (EBA)".
- Zeroing of customer commission for interbank transactions between Alpha Bank and Emporiki Bank.
- Alpha Bank/Emporiki Bank reporting system.
- Exchanging customer information factors (CIF).
- Supporting the "Alpha Bank Point Branches" project, i.e. the facility to serve Alpha Bank customers at Emporiki Bank Branches.
- Displaying and managing both Banks' e-mail addresses.
- IT support for new joint products.
- Bringing Emporiki Bank credit products into line with Alpha Bank credit products.

The Units that manage and develop IT systems and computer applications provided vital assistance in collecting and reporting data and generally in supporting the BlackRock and the Hellenic Financial Stability Fund audit project (by Deloitte). In addition to the above, numerous IT and system upgrade projects were completed, such as the foreign currency futures application, applications to pay utility and Public Sector bills using credit cards, applications to manage and monitor credit covers, the project to expand the Qualco arrears system, the project to support the bond exchange programme between the private sector and the Hellenic Republic (Private Sector Involvement - PSI), uniform implementation of Data Marts, etc.

The main objective for 2013 is to manage and complete the numerous and complex projects involved in the merger with Emporiki Bank, so as to ensure smooth operation of the integrated Bank. These projects include:

- Providing customer services through both Banks' Branch Networks.
- Linking the ATM/POS networks.
- Linking Payment Systems.
- Editing, enriching and integrating Emporiki Bank customer records into Alpha Bank's CDI system.
- Informing counterparty banks and Custody Services (local and international).

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 914 Branches and Customer Service Units. Because of the international financial crisis, it was decided in 2009 to suspend the expansion of the Bank's Network in Greece and abroad. A cautious restructuring plan is being implemented in order to improve efficiency and cut costs.

Thus, the Alpha Bank Branch Network at the end of 2012 in Greece numbered 426 Branches and Customer Service Units (including 10 Commercial Centres and 9 Private Banking customer service points). There are 488 Branches in Southeastern Europe, 46 fewer than at 31 December 2011.

Following its merger with Emporiki Bank, Alpha Bank's Network in Greece is enhanced with the addition of 303 Branches and 10 Commercial Centres.

This extensive Network, with a strong presence in urban areas and the wider region, allows the Bank to adapt to the ever-changing circumstances and needs of the market. At the same time, an extensive programme is being implemented to renovate and relocate Branches, both in Greece and abroad.

Alternative Networks and Electronic Banking 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 network services is evidenced by the continuous increase in their usage. During 2012, the transactions carried out through the electronic banking services rose by 5.3% in relation to 2011 and constituted 56% of the Bank's total transactions. If these transactions were carried out by the Branch Network, 261 more tellers would be needed. This number reflects the alternative networks contribution to the operational cost reduction of the Bank.

The alternative networks and electronic banking services (Alpha e-Services) offered by the Bank are:

- 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 789 ATMs (486 installed at Branches and 303 at points outside Branches), which accounted for 44.6 million transactions, 3.3% fewer than in 2011, and a transactional value of Euro 7.4 billion, 9.8% less than that recorded in 2011. The Bank holds second position in the market based on the average monthly rate of withdrawal transactions per ATM.

The network of Automated Cash Transaction Centres comprises 272 units. Cash transactions can be carried out using Automated Cash Transaction Centres either for the purpose of depositing money into customer accounts or in order to pay bills (e.g. Alpha Bank cards, mobile telephone bills, utility bills, Internet provider bills, insurance companies, gas bills and bills of credit cards issued by Alpha Bank and other issuers).

3.7 million transactions worth over Euro 1 billion were executed using Automated Cash Transaction Centres (up by 9.84% compared to 2011), and account for about 60% of credit card payment transactions in cash and deposit transactions carried out at the cashiers' desks in the Branches where they are installed.

- Alpha Web Banking

In 1996 Alpha Bank was the first to introduce online banking. Currently, in 2012, more than 160,000 out of 370,000 subscribers used these services, an increase of 10.2% on the preceding year, whilst around 80 million transactions were carried out (up by 10.0% compared with 2011).

In 2012, Alpha Web Banking services were enhanced with new capabilities, which enable subscribers to settle their Public Sector bills using Alpha Bank cards and arrange to settle their bills in instalments, e.g. customers can pay the vehicle circulation tax online and simultaneously cancel the road tax stickers. Vehicle circulation taxes paid via the Bank's online services amounted to 15% of the number of corresponding transactions carried out at the entire Branch Network.

Furthermore, a special type of transaction has been developed which, for the first time, offers comprehensive products and services online. The initial application involved purchasing car insurance policy online, using the "Alpha Safe Auto" product, without the need for customers to visit a Branch of the Bank.

Finally, in 2012, 41 new companies and organisations subscribed to the bill payment service. Alpha Web Banking subscribers are able to pay bills to over 200 companies and organisations.

- Alpha Global Cash Management

In 2012, the Alpha Global Cash Management service was expanded to offer special operability to brokerage firms, thereby meeting their need to manage their accounts on the Target 2 settlement system of the Bank of Greece.

Almost all brokerage firms subscribed to the Alpha Global Cash Management service and used these new facilities. The said service was adapted to also cover Cypriot brokerage firms.

- 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 files, sending electronic requests for settlements and Letters of Credit for imports, as well as the necessary electronic supporting documents. 676 companies are currently subscribed to the service and 273,600 international trades have been handled electronically (up by 8.1% compared with 2011) worth Euro 9,235 million. The market share of the Bank on international trade operations amounts to 21% on imports and 16% on exports.

- Alpha Line

Alpha Line provides banking services for enterprises by means of an application which is installed on the customers' computers. The active subscribers to this service have been reduced to approximately 500 companies, as efforts are being made to transfer their subscriptions to the Alpha Web Banking service for companies.

- Alpha Mobile Banking

Alpha Mobile Banking involves the provision of 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 their bills to companies and organisations. The development of technology to connect devices to the Internet and the increased use of smart phones have made services more user-friendly which is, in turn, generating interest in this particular service.

2012 outperformed 2011 on all fronts recording a 96.26% increase in subscriptions, a 189% increase in money transactions and a 137% increase in the value of transactions.

- Alpha Phone Banking

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

- Call Center

In order to carry out banking transactions over the telephone, provide information concerning the products and services of the Bank and support the customers-cardholders and the subscribers of electronic services, the Bank's call centre offers its services on a daily basis and processes more than 150,000 calls a month.

- E-commerce Service

This service gives the companies' active in online sales the opportunity to carry out transactions securely via the Internet using a credit card.

In 2012, 466 new companies subscribed to the service, bringing the number to 2,847, while total turnover reached Euro 98 million.

- 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 reached over 662,657 per month, with a total number of visits amounting to 20 million in 2012.

4. Risk Management

The Alpha Bank Group based on its reputable name, good organisation, excellent personnel, long-standing and trusted relationships with customers and its cautious risk exposure policy continuously adapts to changing market conditions and has operated successfully in its lasting course until the present day.

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. The risk management policy is based on Policy and Procedure Manuals provided by the Risk Management Committee.

Risk Management Divisions, supervised by the General Manager and Chief Risk Officer, operate within the Group and are responsible for directly implementing the risk management framework in accordance with the guidelines provided by the Risk Management Committee.

The risk management framework and its effectiveness are re-examined at regular intervals to keep it in line with regulatory and international best practices.

Credit Risk

The Alpha Bank Group pays particular attention to optimum management of the credit risk, i.e. the inability of counterparties to fulfil their contractual obligations on the specified repayment dates. Credit risk can be the source of major losses sustained by 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.

To this end, 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 portfolio level.

In particular, the relevant procedure consists of the steps outlined below:

a) Trigger events that 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) Interest is accrued on impaired loans;

e) Accrued interest is 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 gradually increased over the course of the year and reached 22.8% at the end of 2012 compared to 12.9% at the end of 2011 as a result of the serious difficulties surrounding the Greek Economy. The non-performing loans coverage rate with collateral stands at 78% and remains one of the best among its competitors.

Credit risk rating is fundamental when adopting credit limits and requesting collateral from borrowers and is regularly reviewed depending on customers' creditworthiness or when new information or events come to light which may affect the profiles of the customers in question. Rating systems are subject to constant quality assessments in order to ensure the projections they make are always accurate.

Furthermore, stress tests are carried out systematically in order to ascertain the possible consequences of adverse developments in borrowers' trading behaviour and the economic environment in general on the Group's financial results.

Table 1 shows the turnaround time for loans in the Alpha Bank portfolio on a consolidated basis. The coverage

Table 1 — Loans and Advances to Customers

Analysis of neither past due nor impaired and past due

(in Euro thousands)	31.12.2012 Neither past due nor impaired	Past due but nor impaired	Impaired	Total
Loans and advances to individuals				
Mortgage				
Performing loans	9,165,316			9,165,316
Past due 1 - 90 days		2,144,050		2,144,050
Past due > 90 days			2,688,361	2,688,361
	9,165,316	**2,144,050**	**2,688,361**	**13,997,727**
Credit cards, consumer and other loans				
Performing loans	3,524,416			3,524,416
Past due 1 - 90 days		673,683		673,683
Past due > 90 days			1,234,399	1,234,399
	3,524,416	**673,683**	**1,234,399**	**5,432,498**
Corporate loans				
Performing loans	15,800,584		1,188,008	16,988,592
Past due 1 - 90 days		1,817,687	486,852	2,304,539
Past due > 90 days		298,044	6,080,850	6,378,894
	15,800,584	**2,115,731**	**7,755,710**	**25,672,025**
Total portfolio				
Performing loans	28,490,316		1,188,008	29,678,324
Past due 1 - 90 days		4,635,420	486,852	5,122,272
Past due > 90 days		298,044	10,003,610	10,301,654
Total	**28,490,316**	**4,933,464**	**11,678,470**	**45,102,250**

rate of the credit risk with accumulated provisions stood at 45% of non-performing loans (123% including collateral). The 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.

The transition of the Bank and Group Companies in Greece to the Advanced Calculation Method for Capital Adequacy against credit risk is now fully underway. The Advanced Internal Ratings-Based Method will be used to this effect for the retail loan portfolios, including Emporiki Bank's portfolio.

In acknowledgement of the need to develop a credit facility framework that will enable borrowers who are experiencing difficulties in fulfilling their contractual obligations due to financial difficulties (or who may experience difficulties in the future) to repay their debts the Group has developed a loan restructuring/settlement policy. On 31 December 2012, the Group's book value of settled loans stood at Euro 5.4 billion and the value of collateral totalled Euro 4 billion.

Moreover, in order to dynamically monitor and manage credit risk, the Bank regularly updates and enriches its loan regulations and procedures. Quality assessments are carried out regularly in order to ensure that its credit policy is upheld both in Greece and abroad in countries where the Group is active.

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, bonds, 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, 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.

In order to calculate the one-day VaR for the Bank's trading book a volatility horizon of two years was used and 99% confidence level. Table 2 shows the data for the trading book in 2012. 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.

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). As of 2012, 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).

Total 2 — **Trading Portfolio**

(in Euro thousands)	2012					2011
	Currency Risk	Interest Rate Risk	Price risk	Cross-correlation Impact	Total	Total
December 31	115.2	959.1	195.6	-239.4	1,030.5	932.2
Average daily Value (annual basis)	226.5	394.1	491.9	-427.3	685.2	1,051.7
Maximum daily Value (annual basis)	243.3	995.8	909.8	-539.3	1,609.6	1,628.5
Minimum daily Value (annual basis)	174.0	114.0	220.3	-243.6	264.7	688.1

As part of the financial risk management policy implemented by the Assets - Liabilities Management Committee (ALCO), in March 2012, the exposure, stop loss and VaR limits set for the various products comprising the Trading Book have been revised.

2. Other Assets - Liabilities

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 exposure for the overall exposure as well as for each currency. The 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

To analyse the interest rate risk from Assets - Liabilities, an Interest Rate Gap Analysis of the banking book for each currency is carried out. Assets and liabilities are classified by time period

Table 3

(in Euro million)	31.12.2012								
	USD	GBP	CHF	JPY	RON	RSD	Other FC	Euro	Totals
Total Assets	2,532.4	523.3	3,040.0	49.0	887.4	242.8	771.7	50,310.8	58,357.3
Total Liabilities	2,332.9	228.8	693.9	423.6	746.1	98.5	700.5	52,360.5	57,584.7
Foreign Exchange Position for Balance Sheet items	199.5	294.5	2,346.2	-374.6	141.3	144.3	71.2	-2,049.7	772.6
Forward Exchange Position held on Derivatives	-207.0	-271.7	-2,354.2	373.8	-52.6	-14.3	95.3	2,135.0	-295.7
Total Foreign Exchange Position	-7.5	22.8	-8.1	-0.8	88.7	130.0	166.6	85.3	476.9

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	36,303.7	6,000.2	4,312.0	2,255.4	2,988.6	1,184.1	5,313.3	**58,357.3**
Liabilities	41,100.6	4,484.1	3,421.9	3,010.8	2,359.3	1,501.4	1,706.5	**57,584.7**
Equity	0.0	147.6	0.0	0.0	0.0	0.0	625.1	**772.6**
Total Liabilities and Equity	41,100.6	4,631.7	3,421.9	3,010.8	2,359.3	1,501.4	2,331.6	**58,357.3**
Gap	**-4,796.9**	**1,368.5**	**890.0**	**-755.4**	**629.3**	**-317.3**	**2,981.7**	**0.0**
Cumulative Gap	**-4,796.9**	**-3,428.4**	**-2,538.4**	**-3,293.7**	**-2,664.4**	**-2,981.7**	**0.0**	**0.0**

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 - Liabilities as at 31 December 2012.

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 regulatory 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.

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.	22,215	-40,421
	- 50 b.p.	73,832	40,899
USD	+ 50 b.p.	-3,399	-6,220
	- 50 b.p.	6,053	5,603
GBP	+ 50 b.p.	-199	0
	- 50 b.p.	199	0
CHF	+ 50 b.p.	-933	0
	- 50 b.p.	-2,011	0

Counterparty credit institution risk

Counterparty credit institution risk concerns the risk of losses caused in the event that counterparty credit institutions fail to fulfil their contractual obligations in connection with securities, shares, interbank transactions (including derivatives trades), loans and International Trade operations. The Group has adopted the Mark to Market valuation approach.

In 2012, the operating regulation applied by the Group, the Bank and the Group Companies operating abroad regarding exposure to risk from counterparty credit institutions was updated.

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 customer 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. Due to the fact that customers continued to withdraw their deposits during the first half of 2012, the Bank utilised the financing mechanisms provided by the European System of Central Banks even further. The Group's total borrowing from the European System of Central Banks stood at Euro 23.7 billion on 31 December 2012 (compared with Euro 21.9 billion in 2011). This amount has already been reduced significantly in 2013 as there is an inflow of deposits to the Bank and liquidity is improving following its recapitalisation.

Bank and Group liquidity risk is regularly monitored by calculating the Liquidity Ratios, in accordance with 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 and applied to identify liquidity problems, increases in liquidity risk or increases in financing requirements. Moreover, a Liquidity Gap Analysis is performed at regular intervals.

Table 6 shows the Group's Liquidity Gap Analysis as at 31 December 2012.

Table 6 — **Liquidity Gap Analysis as at 30.12.2012**

(in Euro million)	< 1 month	1 to 3 months	3 to 6 months	6 to 12 months	> 1 year	Totals
Assets	11,141.9	2,086.6	2,040.3	2,915.4	40,173.1	**58,357.3**
Liabilities	7,438.3	5,960.6	1,946.0	7,216.4	35,023.4	**57,584.7**
Equity					772.6	**772.6**
Total Liabilities and Equity	7,438.3	5,960.6	1,946.0	7,216.4	35,796.0	**58,357.3**
Liquidity Gap	**3,703.6**	**-3,874.0**	**94.3**	**-4,301.0**	**4,377.1**	

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.

In 2012, as part of efforts to constantly improve operational risk management, the Bank continued to collect and analyse data rapidly on operational risk events and enrich the number of precautionary risk identification and evaluation methods. The Risk Control Self Assessment (RCSA) system was applied throughout the year, in accordance with the general plan, to selected Divisions as well as to Group Companies operating abroad.

In addition, the issuance of General Management Acts and Circulars, at Group level, on operational risk management limits was completed. A diagnostic study on the transition to more advanced monitoring and measurement approaches (Advance Measurement Approach) was also completed, a team was assembled to monitor action plans regarding matters with high operational risk and Circulars on special operational risk issues were revised.

At the same time, preparations were made for the upcoming merger with Emporiki Bank and the basic steps required to monitor and manage its operational risk were taken.

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

5. 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.

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.

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 interests), additional Tier I capital (hybrid securities) and Tier II capital (subordinated debt, real estate properties revaluation reserves). Risk-weighted assets include the credit risk of the banking book, the market risk of the trading book and operational risk.

The ratio of risk-weighted assets to credit risk, at Bank and Group level, is calculated in accordance with the current regulatory framework (Basel II) using the specialised BancWare Capital Manager system provided by SunGard. The equity of all the Group Companies is managed centrally and their capital adequacy is strengthened, when necessary, using the procedural framework adopted by the Bank, in accordance with the requirements of the local regulatory authorities.

Following the conclusion of the Greek bond swap programme (Private Sector Involvement - PSI) and once its final impact had been calculated in terms of net present value, the Bank of Greece assessed the capital needs of the Greek banks, depending on the losses sustained and the possible consequences determined in the diagnostic study carried out by Blackrock. The results of the study were published in December 2012 in the "Report on Recapitalisation and Restructuring of the Greek Banking Sector". At the same time, the Hellenic Financial Stability Fund (HFSF) provided capital in the form of bonds issued by the European Financial Stability Facility (EFSF) to the four largest core banks, thereby increasing their regulatory capital.

Alpha Bank's capital needs were estimated to be Euro 4,571 million, of which Euro 2,942 million have already been provided by the Hellenic Financial Stability Fund as part of its involvement in the impending recapitalisation of the Greek Banking System. Thus, the capital adequacy ratios of the Group are formed as follows:

	31.12.2012	31.12.2011
Core Tier I ratio	8.5%	7.2%
Tier I ratio	8.9%	8.4%
Tier I + Tier II capital adequacy ratio	9.5%	9.7%

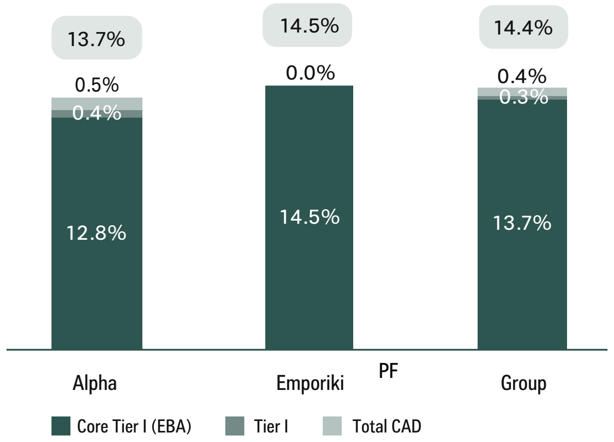
These ratios surpass the minimum requirements stipulated by the regulatory authorities, as the Group, in application of its fixed policy to maintain a solid base in terms of capital adequacy, deleveraged its balance sheet in 2012, which led to a decrease in risk-weighted assets. It also completed the tender offer for the reacquisition of bonds and hybrid securities issued by the Group thus improving the Core Tier I by Euro 333 million and the corresponding index by 74 basis points.

If account is taken of:

- the additional capital injection of Euro 1,629 million which will be received once the Bank's recapitalisation programme has been completed, under Law 3864/2010, by private shareholders and the Hellenic Financial Stability Fund which has guaranteed to step in as and when required and
- the convertible bond worth Euro 150 million issued by the Bank through a private placement with Crédit Agricole S.A.,

then the Core Tier I ratio becomes 12.8% (pro-forma)

Capital Adequacy Ratios



It should be noted that, including Emporiki Bank and once recapitalisation has been completed, Alpha Bank's Tangible Equity will be in excess of Euro 2 billion at the end of 2012 making it the only core Greek Bank with a positive Tangible Equity.

Finally, the financial crisis and subsequently the overall economic crisis heightened the need for a more severe regulatory framework and more robust capital adequacy and liquidity which meant that credit institutions had to deleverage their assets. To this end, the Basel Committee published its final proposals and the implementation timetable for the new capital adequacy framework (Basel III) in its statement dated 16 December 2010. The new regulatory framework is expected to enter into force either on 1 January 2014 or on 1 July 2014. Alpha Bank is well placed in terms of adapting to the said Directive due to the minimum amounts for minority interests, capital gains and intangibles included in its capital base. In addition, the exclusion of fundamental insurance risks, coupled with the application of the Standardised Method for calculating capital requirements, compared with the Internal Ratings-Based Method, ensure that the Bank will escape a possible haircut due to the imminent application of Basel III.

6. Corporate Governance

Alpha Bank adopted and implemented, as early as 1994 (long before they became obligatory under laws and regulations issued by regulatory authorities), the principles of corporate governance, which are aimed at securing transparency in communication with its Shareholders, keeping investors promptly and continuously informed and maintaining the proper governance of the Bank.

The corporate governance practices applied by the Bank comply with the provisions of the relevant laws and the practices applied throughout the European Union and have now been recorded in a uniform Corporate Governance Code. The Corporate Governance Code of Alpha Bank defines the duties and allocates responsibilities among the Board of Directors, its Committees, the Executive Committee and the other Committees of the Bank and sets out the framework and guidelines for the governance of the Bank. The Code of Corporate Governance 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 to enhance the efficiency of internal audit rules.

The Board of Directors announced its intention, at the meeting held on 29 August 2011, to execute a merger between Alpha Bank and Eurobank EFG by absorption of the latter by the former. The invitation to attend an Extraordinary General Meeting of Shareholders was approved at the meeting held by the Board of Directors on 30 September 2011 and the Second Iterative Extraordinary General Meeting of Shareholders held on 15 November 2011 approved the draft merger agreement. Following on from previous announcements regarding the progress of the merger with EFG Eurobank Ergasias S.A., on 3 April 2012 the Bank issued an invitation to attend an Extraordinary General Meeting to discuss, inter alia, the cessation of the operations and the merger procedure. The Second Iterative Extraordinary General Meeting of Shareholders held on 22 May 2012 approved the cessation of 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 General Meeting held on 15 November 2011, in all respects, the ratification of all kinds of material acts, statements, declarations and juridical acts, as well as the discharge of the Board of Directors, its Members, the proxies and agents of the Bank with regard to the merger.

On 25 May 2012, Mr. Nicholaos I. Manessis resigned from the Board of Directors.

On 29 June 2012, the Ordinary General Meeting of Shareholders was held. In the context, inter alia, of the adjustment to the changing demands of corporate governance, the General Meeting approved the modification of the maximum number of Members of the Board of Directors from 16 to 18, by an amendment of the Articles of Incorporation of the Bank.

At its meeting held on 7 June 2012, the Board of Directors elected Mr. Nikolaos G. Koutsos as a Non-Executive Member of the Board of Directors, upon instruction of the Hellenic Financial Stability Fund, in accordance with Law 3864/2010. Mr. Koutsos was also appointed as a Member of the Audit Committee of the Board of Directors, in accordance with Article 37 of Law 3693/2008, by the Ordinary General Meeting of Shareholders held on 29 June 2012.

Furthermore, at its meeting held on 26 June 2012, the Board of Directors elected Mr. Pavlos A. Apostolides to fill the vacated position of Non-Executive Independent Member of the Board of Directors for the remainder of the Board of Directors' tenure, in accordance with Article 1 para. 13 of the Articles of Incorporation.

The Second Iterative Extraordinary General Meeting of Shareholders held on 27 December 2012 approved the issuance by the Bank, and private placement with Crédit Agricole S.A. or a company affiliated thereto, of a bond loan, in paper form, of total principal amounting up to Euro 150 million, convertible by the bondholder into common voting shares of the Bank and redeemable by the latter, upon cancellation of the pre-emption rights of the existing (common and preferred) Shareholders of the Bank.

The Second Iterative Extraordinary General Meeting of Shareholders held on 31 January 2013 approved the issuance by the Bank and private placement with the Hellenic Financial Stability Fund, in application (inter alia) of Law 3864/2010 and Cabinet Act 38/2012, of unsecured, perpetual and subordinated bonds, contingently convertible into common shares of the Bank with voting rights, and redeemable by the Bank of a total principal amount up to Euro 2,000 million, payable by the Fund by contribution in kind of financial instruments held by the Fund.

The Second Iterative Extraordinary General Meeting of the Shareholders of Alpha Bank held on 16 April 2013 approved, inter alia, the Capital Strengthening Plan of Euro 4,571 million by increasing the share capital.

Board of Directors

The Board of Directors convened 25 times in 2012 and comprises 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 February 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 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.

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

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.

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.

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

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

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, U.S.A. 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
- Nikolaos G. Koutsos (as of 29.6.2012)

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

The Committee convened six times in 2012. As part of its duties, it monitored and supervised the work of the 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, in accordance with the Bank of Greece Governor's Act No 2577/2006. It was also briefed about and monitored the ongoing programme to modernise Internal Audit tools and procedures to meet the Bank and Group's ever-increasing demands.

The Committee held a series of meetings with the Bank and Group's Certified Auditors 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 Chief Financial Officer about these issues 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 impact 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 considered necessary. There were no disagreements on material issues.

The Audit Committee regularly briefed the Board of Directors on the issues it monitored, discussed and decided upon.

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
- Nikolaos G. Koutsos (as of 26.6.2012)

The Committee convened eleven times in 2012.

The Committee submitted recommendations to the Board of Directors regarding the risk assumption and capital management strategy, which reflects the Bank and Group's business objectives and monitored and verified its implementation.

The Committee held a series of meetings with the Bank and Group's Certified Auditors 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 Chief Financial Officer about these issues 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 impact 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. It was also briefed on the various corrective measures taken to contain the Bank's exposure to risks.

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 address the adverse economic situation.

The Risk Management Committee regularly briefed the Board of Directors in writing on the issues it monitored, discussed and decided upon.

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

Remuneration Committee

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

- George E. Agouridis, Chairman
- Ioannis K. Lyras
- Ioanna E. Papadopoulou
- Nicholaos I. Manessis (until 25.5.2012)
- Nikolaos G. Koutsos (as of 26.6.2012)

The Committee convened four times in 2012. 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 December 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 monitored, discussed and decided upon.

On 20 April 2012, the Board of Directors approved the renaming of the Committee to Remuneration Committee and renewed its composition by appointing George E. Agouridis as Chairman and Mr. Ioannis K. Lyras and Ms Ioanna 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
- 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 and is chaired by the Chairman of the Board of Directors or the Managing Director.

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			
Executive Members Demetrios P. Mantzounis			
Executive Directors And General Managers Spyros N. Filaretos		○	
Artemis Ch. Theodoridis			
George C. Aronis			
NON-EXECUTIVE MEMBERS			
Paul G. Karakostas Chairman and Managing Director, GENKA Commercial S.A.	●		
Nicholaos I. Manessis, until 25.5.2012 Industrialist			○
Ioanna E. Papadopoulou Chairman and Managing Director, E.J. PAPADOPOULOS S.A. BISCUIT AND FOODWARE INDUSTRY			○
NON-EXECUTIVE INDEPENDENT MEMBERS			
George E. Agouridis Lawyer	○		●
Pavlos A. Apostolides, as of 26.6.2012 Former Ambassador			
Thanos M. Veremis Professor Emeritus, University of Athens			
Evangelos J. Kaloussis Chairman, NESTLE HELLAS S.A.	○	○	
Ioannis K. Lyras Chairman, PARALOS MARITIME CORPORATION S.A.			○
NON-EXECUTIVE MEMBER pursuant to the provisions of Law 3723/2008			
THE GREEK STATE, via its appointed representative, Mr. Sarantis-Evangelos G. Lolos, Professor of Economics, Panteion University			
NON-EXECUTIVE MEMBER pursuant to the provisions of Law 3864/2010			
Nikolaos G. Koutsos, as representative, and upon instruction of the Hellenic Financial Stability Fund, as of 7.6.2012	○	○	○

● Committee Chairman ○ Committee Member

The General Managers and Secretary of the Committee also attend the meetings. As and when necessary and depending on the agenda, other Executives or Members of the Management of Group Companies also attend. 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 and 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.

Certified Auditors

The Auditors of the annual and bi-annual 2012 financial statements are the following:

Regular: Harry G. Sirounis
Nikolaos Ch. Tsiboukas
Alternate: Michael A. Kokkinos
Ioannis A. Achilas

of 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 that 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.

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 the 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 as the one utilised in Greece.

In 2012, the competent 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, during the beginning of 2013, the project for the harmonisation of the audit policy, procedures and methodologies was completed in collaboration with the Audit Division of Emporiki Bank.

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 the 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 area in 2012 were as follows:

- Supervising and effectively coordinating Compliance Officers in the Group Companies and Branches of the Bank abroad to ensure their activities are always in line with the applicable local and Greek regulatory framework.
- Preparing a list of customers with high-risk profiles in terms of tax evasion and taking the necessary measures and implementing a system application to check the Bank's customer base, in accordance with the Bank of Greece Governor's Act 2652/2012 on combating tax evasion.
- 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 Price-list in line with the applicable regulatory framework.
- Monitoring and coordinating measures to identify fraud by putting in place procedures to prevent identify and reduce the risks arising from cases of internal or external fraud, and to effectively manage these cases. Guidelines are provided to the Bank's Branch Network for the said matter.

The Bank remains firmly committed to implementing uniform regulatory compliance policy and procedures in the entire Group, so as to achieve complete and ongoing compliance in what is an ever-changing regulatory environment.

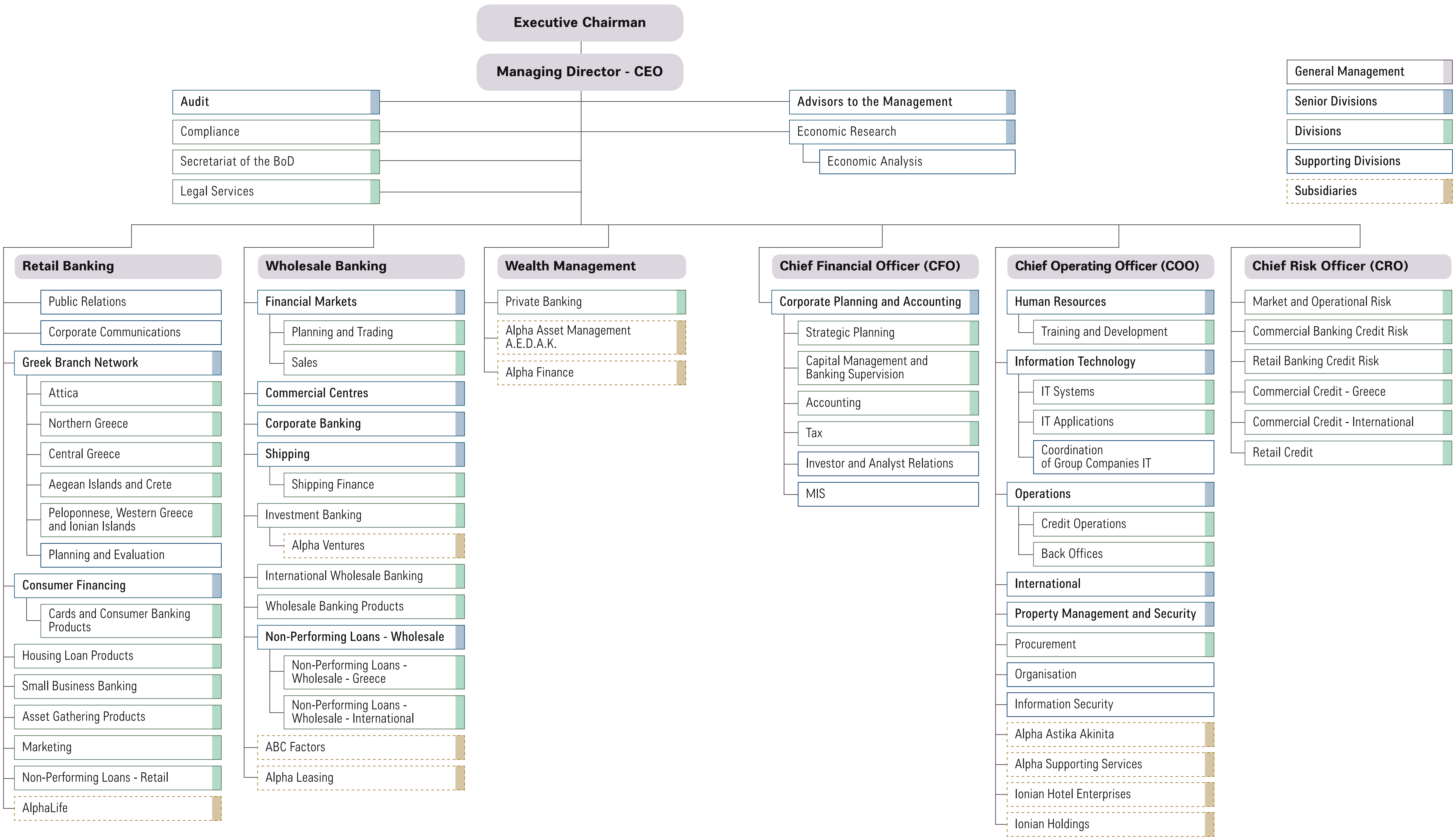
Group Information Security

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

The primary task of the Unit to which information security has been assigned is to coordinate all actions that aim to avoid, prevent, identify, correct or recover from threats to the information and IT systems of the Group, such as unauthorised access to company information and the unauthorised use, leak, diversion, modification, destruction and copying of company information etc. The Unit is also responsible for drafting the Group Information Security Framework.

The most important actions in 2012 were as follows:

- 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 an Identity Management System (IDM);
- Implementing a system to protect critical Group databases (audit & protect);
- Monitoring security events and alerts 24/7 and taking appropriate measures to prevent and handle any breaches of security;
- Improving the security infrastructure of Group Companies;
- Checking security levels in systems and infrastructures and making improvements, where necessary, to enhance the security of the Bank and Group Companies;
- Installing a Data Masking system to protect data processed via systems used by the Bank and the Group (in the final stage of implementation);
- Expanding security policies (DLP Endpoint) to all Bank terminals. Conducting peripheral storage devices usage controls and encrypting confidential data in these devices for authorised users;
- Ensuring that Alpha Finance utilises the Bank's central security infrastructure (email, Internet, web services).


Executive Chairman
Managing Director - CEO
Audit
Compliance
Secretariat of the BoD
Legal Services
Advisors to the Management
Economic Research
Economic Analysis
General Management
Senior Divisions
Divisions
Supporting Divisions
Subsidiaries
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 Banking
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
IT Systems
IT Applications
Coordination of Group Companies IT
Operations
Credit Operations
Back Offices
International
Property Management and Security
Procurement
Organisation
Information Security
Alpha Astika Akinita
Alpha Supporting Services
Ionian Hotel Enterprises
Ionian Holdings
Chief Risk Officer (CRO)
Market and Operational Risk
Commercial Banking Credit Risk
Retail Banking Credit Risk
Commercial Credit - Greece
Commercial Credit - International
Retail Credit

7. Auditor's Report and Financial Statements

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

To the Shareholders of
ALPHA BANK A.E.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ALPHA BANK A.E. (the "Bank") which comprise the consolidated balance sheet as of 31 December 2012 and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of ALPHA BANK A.E. as of 31 December 2012 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosures made in note 1.30.1 to the consolidated financial statements, which refer to the planned actions that are in progress to restore the capital adequacy of the Bank and the existing uncertainties that could affect the going concern assumption until the completion of the recapitalization process.

Report on Other Legal and Regulatory Requirements

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

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

Athens, 27 March 2013
KPMG Certified Auditors A.E.
AM SOEL 114

Harry Sirounis
Certified Auditor Accountant
AM SOEL 19071

Nikolaos Tsiboukas
Certified Auditor Accountant
AM SOEL 17151

Balance Sheet

	Consolidated		Alpha Bank	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
ASSETS				
Cash and balances with Central Banks	1,437,260	2,103,588	770,193	1,149,500
Due from banks	3,382,784	1,807,079	6,623,503	6,721,846
Securities held for trading	20,132	13,960	14,119	13,760
Derivative financial assets	736,693	624,447	740,614	639,968
Loans and advances to customers	40,495,343	44,875,706	32,796,574	36,152,015
Investment securities				
- Available for sale	6,038,676	3,078,918	6,171,283	2,896,888
- Held to maturity	1,535,572	2,747,072	1,082,215	2,681,447
Investments in subsidiaries, associates and joint ventures			2,150,455	1,954,335
Investments in associates	39,405	44,855		
Investment property	517,776	64,688	31,683	40,387
Property, plant and equipment	1,155,190	1,220,949	596,994	628,171
Goodwill and other intangible assets	142,617	181,512	93,429	86,875
Deferred tax assets	1,799,893	1,466,974	1,780,276	1,487,782
Other assets	1,049,180	817,751	947,321	743,975
	58,350,521	59,047,499	53,798,659	55,196,949
Non-current assets held for sale	6,804	100,546		
Total Assets	**58,357,325**	**59,148,045**	**53,798,659**	**55,196,949**
LIABILITIES				
Due to banks	25,217,125	22,521,200	25,825,551	22,774,803
Derivative financial liabilities	1,518,881	1,578,143	1,529,730	1,584,153
Due to customers			23,191,009	23,749,193
(including debt securities in issue)	28,451,478	29,399,461		
Debt securities in issue held by institutional investors and other borrowed funds	778,909	2,188,545	2,317,252	5,288,584
Liabilities for current income tax and other taxes	42,617	51,560	22,774	37,199
Deferred tax liabilities	413,504	360,993	372,468	326,140
Employee defined benefit obligations	52,525	58,473	48,672	380
Other liabilities	970,888	927,107	866,049	833,093
Provisions	138,787	96,315	30,173	10,460
Total Liabilities (a)	**57,584,714**	**57,181,797**	**54,203,678**	**54,604,005**
EQUITY				
Share Capital	1,100,281	1,100,281	1,100,281	1,100,281
Share premium	2,757,653	2,757,653	2,757,653	2,757,653
Reserves	268,315	218,893	213,097	73,770
Retained earnings	(3,513,096)	(2,659,574)	(4,476,050)	(3,338,760)
Equity attributable to Equity owners of the Bank	613,153	1,417,253	(405,019)	592,944
Non-controlling interests	11,904	11,700		
Hybrid securities	147,554	537,295		
Total Equity (b)	**772,611**	**1,966,248**	**(405,019)**	**592,944**
Total Liabilities and Equity (a) + (b)	**58,357,325**	**59,148,045**	**53,798,659**	**55,196,949**

Statement of Total Comprehensive Invoice

	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Interest and similar income	3,324,887	3,719,298	2,806,242	3,156,266
Interest expense and similar charges	(1,927,575)	(1,935,606)	(1,780,274)	(1,802,712)
Net interest income	1,397,312	1,783,692	1,025,968	1,353,554
Fee and commission income	324,281	345,408	253,843	262,488
Commission expense	(51,531)	(51,193)	(41,633)	(42,926)
Net fee and commission income	272,750	294,215	212,210	219,562
Dividend income	998	3,618	494	10,586
Gains less losses on financial transactions	(232,335)	142,251	(444,990)	117,302
Other income	67,325	59,721	12,372	14,491
	(164,012)	205,590	(432,124)	142,379
Total income	**1,506,050**	**2,283,497**	**806,054**	**1,715,495**
Staff costs	(546,770)	(535,806)	(408,144)	(390,992)
General administrative expenses	(463,073)	(462,146)	(352,522)	(359,340)
Depreciation and amortization expenses	(97,860)	(93,043)	(60,270)	(60,317)
Other expenses	(70,977)	(5,297)	(26,680)	(1,205)
Total expenses	**(1,178,680)**	**(1,096,292)**	**(847,616)**	**(811,854)**
Impairment losses and provisions to cover credit risk	(1,668,856)	(1,130,317)	(1,374,711)	(897,803)
Impairment losses on Greek Government bonds and loans guaranteed by the Hellenic Republic eligible to PSI		(4,788,866)		(4,787,657)
Share of profit/(loss) of associates	(3,377)	294		
	(1,672,233)	(5,918,889)	(1,374,711)	(5,685,460)
Profit/(Loss) before income tax	**(1,344,863)**	**(4,731,684)**	**(1,416,273)**	**(4,781,819)**
Income tax	258,993	921,735	279,133	939,153
Profit/(Loss) after income tax (a)	**(1,085,870)**	**(3,809,949)**	**(1,137,140)**	**(3,842,666)**
Profit/(Loss) attributable to:				
Equity owners of the Bank	**(1,086,284)**	**(3,810,169)**	**(1,137,140)**	**(3,842,666)**
Non-controlling interests	414	220		
Other comprehensive income recognized directly in Equity:				
Change in available for sale securities' reserve	236,189	(12,994)	314,249	(43,270)
Change in available for sale securities' reserve due to impairment losses on Greek Government bonds		156,218		155,009
Change in cash flow hedge reserve	(152,674)	9,506	(140,082)	9,506
Exchange differences on translating and hedging the net investment in foreign operations	(23,237)	413	3	(83)
Share of other comprehensive income from associates	500			
Income tax	(12,029)	(40,761)	(34,843)	(40,850)
Total of other comprehensive income recognized directly in Equity, after income tax (b)	**48,749**	**112,382**	**139,327**	**80,312**
Total comprehensive income for the year, after income tax (a) + (b)	**(1,037,121)**	**(3,697,567)**	**(997,813)**	**(3,762,354)**
Total comprehensive income for the year attributable to:				
Equity owners of the Bank	**(1,038,045)**	**(3,697,252)**	**(997,813)**	**(3,762,354)**
Non-controlling interests	924	(315)		
Earnings/(Losses) per share:				
Basic and diluted (€ per share)	(2.0332)	(7.2723)	(2.1284)	(7.3331)

Statement of Cash Flows

	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Net cash flows from operating activities (a)	2,608,775	(722,347)	3,484,572	(2,237,426)
Net cash flows from investing activities (b)	(1,225,380)	(792,160)	(1,494,616)	(326,721)
Net cash flows from financing activities (c)	(478,434)	(438,390)	(1,750,422)	(311,139)
Net increase/(decrease) in cash and cash equivalents of the year (a)+(b)+(c)	**904,961**	**(1,952,897)**	**239,534**	**(2,875,286)**
Effect of exchange rate fluctuations on cash and cash equivalents	(939)	7,692	1,457	1,574
Total cash flows for the year	**904,022**	**(1,945,205)**	**240,991**	**(2,873,712)**
Cash and cash equivalents at the beginning of the year	**1,206,083**	**3,151,288**	**1,772,157**	**4,645,869**
Cash and cash equivalents at the end of the year	**2,110,105**	**1,206,083**	**2,013,148**	**1,772,157**

Statement of Changes in Equity

	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Equity at the beginning of the year (1.1.2012 and 1.1.2011 respectively)	1,966,248	5,783,934	592,944	4,430,498
Total comprehensive income for the year, after income tax	(1,037,121)	(3,697,567)	(997,813)	(3,762,354)
Change of ownership interests in subsidiaries	(705)	(1,475)		
Dividends paid to hybrid securities' owners		(33,275)		
Dividend paid for preference shares		(75,200)		(75,200)
(Purchases), (Redemptions)/Sales of hybrid securities	(155,350)	(9,807)		
Other	(461)	(362)	(150)	
Equity at the end of the year (31.12.2012 and 31.12.2011 respectively)	**772,611**	**1,966,248**	**(405,019)**	**592,944**

Additional Data and Information

1. Companies included in the Consolidated Financial Statements, the Group's participation in them as at 31.12.2012, as well as the method of consolidation applied, are presented in note 39 of the Consolidated Financial Statements as at 31.12.2012. Companies, not included in the Consolidated Financial Statements, are also listed in this note.

2. During the period from 1.1.2012 until 31.12.2012 the following changes took place in the companies which are fully consolidated and are included in the Consolidated Financial Statements:

   - New companies: On 22.2.2012 the Bank's subsidiary Alpha Group Investments Ltd established the companies Alpha Investment Property Amarousion I A.E., Alpha Investment Property Amarousion II A.E., Alpha Investment Property Chalandriou A.E., Alpha Investment Property Attikis A.E. and Alpha Investment Property Lamias A.E. while on 30.3.2012 acquired the total number of shares of Zerelda Ltd established in Cyprus. On 2.4.2012 the Bank purchased the total number of shares of Tripurius Trading Ltd, which on 18.4.2012 was renamed to Alpha Group Ltd. On 24.4.2012 the Bank's subsidiary Alpha Group Investments Ltd acquired the total number of the shares of the companies Markandeya Ltd, Rawatino Holdings Ltd, Nishoko Holdings Ltd established in Cyprus, which on 2.5.2012 were renamed to AGI-RRE Athena Ltd, AGI-RRE Poseidon Ltd and AGI-RRE Hera Ltd respectively. On 13.5.2012 AGI-RRE Athena Ltd established in Romania the company AGI-RRE Zeus SRL. On 17.5.2012, the transformation of Alpha Bank's Albania branch into subsidiary named Alpha Bank Albania SH.A. was completed. On 18.5.2012 the Bank's subsidiary Alpha Group Investments Ltd, established the companies Alpha Investment Property Eleona A.E. and Alpha Investment Property Attikis II A.E., while on 31.5.2012 acquired the total number of shares of Umera Ltd, established in Cyprus. On 2.7.2012, the companies AGI-RRE Poseidon Ltd., AGI-RRE Athena Ltd. and AGI-RRE Hera Ltd., established in Romania the companies AGI-RRE Poseidon SRL, AGI-RRE Athena SRL and AGI-RRE Hera SRL, respectively. On 19.9.2012, AGI-RRE Poseidon Ltd, acquired 95.89% of shares of the company Romfelt Real Estate S.A., established in Romania. On 22.10.2012, the Bank's subsidiary, Alpha Group Investments Ltd, acquired the total number of shares of companies Futonsal Ltd., Helkinvest Ltd., Mantolarus Holdings Ltd., Kepovest Ltd., Ravinzel Holdings Ltd. registered in Cyprus, which on 24.10.2012 were renamed to AGI-RRE Apollo Ltd., AGI-BRE Participations 2 Ltd., AGI-RRE Ares Ltd., AGI-BRE Participations 3 Ltd. and AGI-BRE Participations 4 Ltd. respectively. On 3.12.2012 the subsidiary AGI-BRE Participations 2 Ltd., established the companies AGI-BRE Participations 2 E.O.O.D. and AGI-BRE Participations 2BG E.O.O.D., registered in Bulgaria. On 3.12.2012 the subsidiaries AGI-BRE Participations 3 Ltd. and AGI-BRE Participations 4 Ltd., established the companies AGI-BRE Participations 3 E.O.O.D. and AGI-BRE Participations 4 E.O.O.D. respectively, registered in Bulgaria.

   - Transfers within the Group: On 21.12.2012, the Bank's subsidiary Alpha Group Investments Ltd., sold in Group companies shares issued by Ionian Hotel Enterprises A.E. and Alpha Astika Akinita A.E. On 31.12.2012, the Bank's subsidiary Alpha Group Investments Ltd., acquired from the subsidiary Alpha Bank Cyprus Ltd., shares of Alpha Insurance Ltd.

- Liquidations/Sales: On 8.2.2012, the liquidation of Alpha Covered Bonds Plc was completed. On 15.10.2012, the Bank's subsidiary, Alpha Group Investments Ltd, sold the total number of shares of company Alpha Investment Property Lamias A.E. registered in Greece.

3. The unaudited tax years of the Bank and the Group companies are listed in notes 38b and 36b of the Financial Statements as at 31.12.2012 of the Group and the Bank respectively.

4. There are no pending legal cases or issues in progress, as well as decisions of legal or arbitrary authorities, which may have a material impact on the financial position or operation of the Group and the Bank. The Group and the Bank have raised a provision for them which amounts to Euro 13.6 million and Euro 11.9 million, as well as other provisions amounting to Euro 125.2 million and Euro 18.3 million respectively.

5. The Bank and the Group companies did not hold any treasury shares as at 31.12.2012.

6. The total number of employees of the Group as at 31.12.2012 was 13,650 (31.12.2011: 14,337) and of the Bank was 7,553 (31.12.2011: 8,318).

7. The results arising from the related party transactions during the period 1.1.2012 until 31.12.2012 are as follows:

- With members of the Board of Directors and other key management personnel: a) of the Group: income Euro 1,797 thousand, expenses Euro 7,887 thousand b) of the Bank: income Euro 1,797 thousand, expenses Euro 7,281 thousand.

- With other related parties: a) of the Group: income Euro 2,018 thousand, expenses Euro 18,261 thousand b) of the Bank: income Euro 87,153 thousand, expenses Euro 164,182 thousand.

The balances as at 31.12.2012 of the receivables and liabilities arising from the above transactions are as follows:

- With members of the Board of Directors and other key management personnel: a) of the Group: receivables Euro 73,249 thousand, liabilities Euro 81,007 thousand, letters of guarantee Euro 5,640 thousand b) of the Bank: receivables Euro 73,249 thousand, liabilities Euro 76,215 thousand, letters of guarantee Euro 5,640 thousand.

- With other related parties: a) of the Group: receivables Euro 201,452 thousand, liabilities Euro 105,936 thousand b) of the Bank: receivables Euro 6,563,651 thousand, liabilities Euro 3,909,375 thousand, letters of guarantee and other guarantees Euro 628,268 thousand.

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

9. On 22.5.2012, following the invitation to the Extraordinary General Meeting which was announced on April 3, 2012, the second Iterative Extraordinary General Meeting of Bank's Shareholders among others decided: a) the cease of operations relating to the merger of "Alpha Bank AE" by way of absorption of "EFG Eurobank Ergasias S.A.", b) its disengagement from all contractual commitments towards or in favour of "EFG Eurobank Ergasias S.A.", relating to the merger, c) the revocation of all decisions made on November 15th, 2011 by the second Iterative Extraordinary General Meeting of the Bank's Shareholders thus bringing into force the decisions of the second Iterative General Meeting of 15.7.2011 regarding the ability to raise funds by way of a share capital increase and the ability to issue a bond loan convertible in common shares with voting rights.

10. Due to the fact that the Bank presented losses for the year 2012 and, therefore, article 44a of Codified Law 2190/1920 applies, the Bank's Board of Directors will propose to the Bank's Ordinary General Meeting of Shareholders the non-payment to the Greek State of the respective return for the year 2012 on its preference shares under article 1 paragraph 3 of Law 3723/2008 and not to distribute dividends to common shareholders of the Bank for the year 2012.

11. The Second Iterative Extraordinary General Meeting of Bank's Shareholders of 27.12.2012 decided the issuance by the Bank, and private placement with Credit Agricole S.A. and/or a company affiliated thereto, of a bond loan, in paper form, of total principal amounting up to Euro 150 million, convertible into common voting shares of the Bank and redeemable by the latter, upon cancellation of the pre-emption rights of the existing (common and preferred) Shareholders of the Bank.

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

13. In accordance with Law 3864/2010, as in force, the Hellenic Financial Stability Fund has been committed to cover, to the extent necessary, the Group's capital needs, which as determined by the Bank of Greece amount to €4.571 billion. For the implementation of the above commitment, the HFSF has signed a Presubscription Agreement with the Bank and transferred securities issued by the European Financial Stability Fund of nominal value €2.9 billion as an advance towards the total amount to be covered by the HFSF after the completion of the recapitalization process. Moreover, the HFSF has granted the Bank a certification that it is committed to provide additional capital enforcement amounting to €1.629 billion, if deemed necessary. The Bank's management in the near future will proceed with the required actions for the commencement and completion of the capital enforcement process, in accordance with the terms described in the effective institutional framework. Among others, the relevant decisions of the competent management of the Bank will be made, in order to raise capital amounting to €4.571 billion from private investors and/or the HFSF.

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

Following the execution of the Share Purchase Agreement and a subsequent transaction related adjustment, Credit Agricole has completed the capital increase of Emporiki by a total of €2.9 billion and has subscribed to €150 million of convertible bonds redeemable in Alpha Bank shares.

15. On 22.3.2013 it was announced that proceedings have been initiated for the merger of the Bank, with and through absorption of Emporiki Bank S.A in accordance with the provision of articles 68 paragraph 2 and 78 of Codified Law 2190/1920, in combination with article 16, paragraph 5, et. seq. of Law 2515/1997, as all in force, with an identical merger balance sheet date, that being 31 December 2012,

without increase of share capital of, or share issue by, the absorbing Alpha Bank A.E.

16. The emphasis of matter concerns the actions scheduled to restore the capital adequacy of the Bank, as referred to the disclosures made in note 1.30.1 and 1.28.1 of the Financial Statements as at 31.12.2012 of the Group and the Bank respectively.

17. The accounting policies applied by the Group and the Bank for the preparation of the Financial Statements as at 31.12.2012, are in accordance with the requirements of International Financial Reporting Standards (I.F.R.S.) and are presented in note 1 of the Financial Statements of the Group and the Bank.

Athens, March 27, 2013

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

8. Operating Segment and Geographical Sector Analysis

a. Analysis by Operating Segment

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

(Amounts in millions of Euro)

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

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

b. Analysis by geographical sector

(Amounts in millions of Euro)

	1.1 - 31.12.2012		
	Greece	Other Countries	Total
Net interest income	1,000.5	396.8	1,397.3
Net fee and commission income	222.0	50.8	272.8
Other income	(202.5)	35.1	(167.4)
Total income	**1,020.0**	**482.7**	**1,502.7**
Total expenses	**(872.5)**	**(306.2)**	**(1,178.7)**
Impairment losses	(1,354.6)	(314.3)	(1,668.9)
Profit/(losses) before income tax	**(1,207.1)**	**(137.8)**	**(1,344.9)**
Income tax			259.0
Profit/(losses) after income tax			**(1,085.9)**
Assets	48,464.1	9,893.2	58,357.3

(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/(losses) before income tax	(4,697.7)	(34.0)	(4,731.7)
Income tax			921.7
Profit/(losses) after income tax			(3,810.0)
Assets	48,976.0	10,172.0	59,148.0

In the geographical sector "Greece" the amount of Euro 4,787.6 million relates to impairment losses on Greek Government Bonds and loans guaranteed by the Hellenic Republic eligible to PSI.

9. Acquisition of Emporiki Bank

On 1 February 2013, the transfer of the entire share capital of Emporiki Bank of Greece S.A., owned by Crédit Agricole S.A., to Alpha Bank was completed following the relevant agreement executed between the two parties on 16 October 2012 and once all the necessary regulatory approvals had been obtained. Alpha Bank subsequently acquired full control of Emporiki Bank S.A. Upon signature of the share acquisition contract, Crédit Agricole S.A. recapitalised Emporiki Bank by depositing Euro 2.9 billion in capital and purchasing a convertible bond worth Euro 150 million issued by Alpha Bank. Thus, by acquiring Emporiki Bank, Alpha Bank strengthened its capital base and is now in an advantageous position to successfully complete its recapitalisation programme.

While the legal merger is expected to be completed during the second quarter of the year, the consolidation procedure is currently underway, including rationalizing the single branch network, re-engineering the business units and consolidating the administrative structure. The operating cost synergies, as well as the revenue and funding synergies resulting from reducing the cost of deposits and from the possibility of cross-selling to the extensive customer base of Emporiki Bank, are expected to contribute Euro 265 million annually, once the synergies are in full swing.

With the acquisition of Emporiki Bank, Alpha Bank will increase its market share in deposits to 21% and in loans to 24%, and will have more than 1,200 branches and 18,000 personnel in Greece and abroad. Notably, Emporiki's loan portfolio is extensively covered by loan loss provisions. Specifically, loan loss provisions of approx. Euro 5 billion cover 25% of its total loans, and account for 61% of non-performing loans. Furthermore, Emporiki Bank has a low ratio of net loans to deposits (of the order of 117%) and limited funding from the Eurosystem (merely Euro 1.2 billion). As a result a large part of its assets is non-pledged and, consequently, can be used as collateral in the event that additional funding from the Eurosystem is required.

By acquiring Emporiki Bank, Alpha Bank is in the vanguard of the restructuring process in the Greek financial sector and is contributing materially to the national efforts being made to revive the Greek economy.

Brief history of Emporiki Bank

The history of Emporiki Bank begins in 1886 when Mr Grigorios Empedoklis founded the finance agency "G. Empedoklis". In 1896 the "G. Empedokleous Bank" was founded. Emporiki Bank of Greece S.A. was founded in 1907, following the transition of the "G. Empedokleous Bank" to a société anonyme that was listed on the Athens Stock Exchange on 8 April 1909.

Mr Stratis Andreadis took over management of the Bank in 1952, the year which marks the creation of the Emporiki Bank Group, which over the coming decades grew to encompass banks, insurance companies and industrial, hotel and shipping companies.

In 1975 the Bank was nationalised and consequently controlled by the Greek State. The image of the Group gradually changed following sales of subsidiaries during the 1990s.

In 2000, Emporiki Bank entered into a strategic partnership with the french bank Crédit Agricole S.A., which initially acquired 6.7% of its share capital. Crédit Agricole's interest in the Bank was gradually increased and in 2011 it gained full control of Emporiki Bank.

In 2012, Alpha Bank entered into an agreement with Crédit Agricole S.A. to acquire Emporiki Bank and in February 2013 the transfer of the entire share capital of Emporiki Bank to Alpha Bank was completed.

Description of Emporiki Bank businesses

Retail Banking

In 2012, Emporiki Bank's primary business objectives in retail banking were to attract deposits in order to increase liquidity, promote investment products and manage its loan portfolios, placing particular emphasis on creating products for renegotiating loans granted to individuals and legal entities.

Deposits and Investment Products

In an exceptionally competitive environment, Emporiki Bank launched four new term deposits during 2012 ("Emporiki 4 Seasons", "Emporiki Ego Epilego", "Emporiki No Commitment" and "Emporiki Capital Return"), with a view to providing its customers with a comprehensive range of competitively priced, standardised products.

As a result of its aggressive pricing policy to offer competitive interest rates, as well as its exceptionally successful advertising campaign, term deposits increased by 58% during 2012, representing 66% of the Bank's deposit base. This drastic increase in term deposits significantly strengthened the Bank's market share in deposits to 7.4%.

At the end of 2012, total deposits amounted to Euro 12.5 billion, up by 17.1% on an annual basis, at a time when the corresponding market rate was negative at -7.3%.

Furthermore, with the objective of attracting medium-term capital, the Bank sold three issues of fixed rate bonds worth Euro 130 million via the "Euro Medium Term Note" programme.

Retail Lending

At the end of 2012, retail loans granted by Emporiki Bank totalled Euro 9.1 billion, down by 4%, in line with market trends. During the second half of the year, the Bank developed a comprehensive retail loan rescheduling programme called "ADAPT". This programme was aimed at customers who had been granted at least one secured mortgage and/or consumer loan, either performing or up to 90 days in arrears. The objective was to avoid new bad loans and facilitate customers to repay their loans. Throughout the year, mortgage and consumer loans worth approx. Euro 1.5 billion were rescheduled or restructured using collateral-based products.

Mortgages
During 2012, 1,368 mortgage applications were approved. Loans worth Euro 87.5 were disbursed and the balance on mortgages stood at Euro 7.1 billion at year end.

Consumer loans

In the consumer credit sector, Emporiki Bank continued to offer its range of "CASH4U" consumer loans, the "Emporiki Xpress" unsecured loan to cover immediate needs and the "Emporiki Home Ecological" loan for the energy upgrade of buildings. Throughout 2012, Emporiki Bank approved 1,598 consumer loan applications and disbursed Euro 9.5 million. At 31 December 2012, consumer loans totalled Euro 1.6 billion.

Credit cards

Emporiki Bank offered credit and debit cards as an issuer and acceptor of Visa and MasterCard international payment systems. At the end of 2012, 164,252 credit cards had been issued and credit card loans stood at Euro 372 million.

Emporiki Bank boasts an impressive Visa Debit card portfolio comprising 820,899 cards. In the area of acquiring, in 2012, Emporiki Bank upgraded its POS terminal network and rekindled past business relationships.

Financing of Small Businesses and Sole Proprietors

During 2012, Emporiki Bank collaborated with approximately 165,000 small businesses and sole proprietors. Due to the adverse economic climate, it intensified its efforts to facilitate small businesses and sole proprietors to repay their loans by offering a variety of bespoke loan rescheduling/restructuring solutions.

At the end of 2012, the portfolio of loans to small businesses and sole proprietors totalled Euro 2.4 billion.

The Bank had also collaborated with the Hellenic Fund for Entrepreneurship and Development (ETEAN S.A., formerly TEMPME S.A., after the greek initials) for a number of years. In 2012, it participated in the credit guarantee programme aimed at financing small and medium-sized enterprises in order to enable them to repay their suppliers and reschedule their working capital loans. It also signed a contract to participate in the programme aimed at guaranteeing letters of guarantee issued by banks on behalf of medium, small and micro enterprises. The total amount of loans granted by Emporiki Bank, within the context of its long-term collaboration with the Hellenic Fund for Entrepreneurship and Development stood at Euro 20.8 million at the end of 2012.

Furthermore, in the previous year, Emporiki Bank submitted a proposal to participate in the credit guarantee programme of the Entrepreneurship Fund (a financing division of the ETEAN S.A.) in order to strengthen the liquidity of small and medium-sized enterprises, whereas it participated in the JEREMIE ICT programme implemented by the European Investment Fund to jointly fund investment in information and communication technologies.

Financing of Medium-sized and Large Enterprises

Traditionally, Emporiki Bank has had a strong presence in the Medium-sized and Large Enterprise market. Its primary objectives throughout 2012 were:

- To more efficiently manage credit risk, also by increasing collateral requirements.
- To reprice loans with the purpose of offsetting the significant increase in the cost of raising capital.
- To support viable businesses by providing the necessary liquidity and/or by rescheduling their loan payment obligations.

In 2012, the portfolio of Large Enterprises comprised 450 Large Enterprises and 1,100 public entities and local authorities. The overall balance on loans totalled Euro 4.1 billion at the end of 2012.

The customer base of medium-sized enterprises comprised 2,500 businesses that were serviced via the Bank's ten Business Centres. Financing to this category of businesses totalled Euro 2.7 billion.

In the shipping sector, Crédit Agricole Corporate and Investment Bank acquired shipping loans worth Euro 1.2 billion from Emporiki Bank at the end of 2012, resulting in the Bank's portfolio being contained to Euro 0.6 billion, almost equally allocated to 47 sea-going dry-bulk carriers and tankers.

Furthermore, in the investment banking sector, in 2012, Emporiki Bank offered consultancy services for the privatisation of the Hellenic Horse-race Betting Organisation (ODIE S.A. after the greek initials) and the Athens Water Supply and Sewerage Company (EYDAP S.A. after the greek initials) and also offered consultancy services in collaboration with Crédit Agricole Corporate and Investment Bank to Duty Free Goods Shops S.A. on selling 51% of its travel retail business to a swiss company.

Customer Service Networks

At the end of 2012, the branch network of Emporiki Bank comprised 303 branches and 10 Business Centres. The Bank's branch network was supported by 669 ATMs (Automated Teller Machines), of which 371 were installed inside branches and the rest in other areas. The Bank also had 6 Foreign Exchange Bureaus and operated 13 Automated Transaction Centres inside 12 of its branches. On the global market, Emporiki Bank also had a presence in Cyprus with 9 branches and 4 Business Centres.

With a view to responding to customers' ever-changing needs and providing the best possible customer service via its alternative distribution networks, in 2012, the Bank radically upgraded its electronic banking services "Emporiki e.Banking" and "Emporiki Secure e.Commerce".

The number of registered users of the "Emporiki e.Banking" service increased by 21.5% compared to 2011 and the value of transactions was up by approximately 40%.

At the same time, a new electronic payment platform was launched under the "Emporiki Secure e.Commerce" service based on new technological advances in the online trading sector. The number of registered users of this service increased by 18% compared to 2011.

The table below intends to give a first impression of the new combined entity. It should be noted that the figures below have been based on Alpha Bank Group amounts as at 31.12.2012, as well as, the provisional fair values of Emporiki Group.

(Amounts in thousands of Euro)	Alpha Group 31.12.2012	Emporiki Group 31.12.2012	Combined entity*
Assets			
Cash and balances with Central Banks	1,437,260	277,964	2,082,476
Due from Banks	3,382,784	2,792,873	4,564,936
Securities held for trading	20,132	193	20,325
Derivative financial assets	736,693	176,552	782,594
Loans and advances to customers	40,495,343	14,834,315	55,458,766
Investment securities			
- Available for sale	6,038,676	395,283	6,425,702
- Held to maturity	1,535,572	6,995	1,534,978
Investments in associates	39,405	936	40,341
Investment property	517,776	112,566	646,461
Property, plant and equipment	1,155,190	218,020	1,386,414
Goodwill and other intangible assets	142,617	24,008	166,666
Deferred tax assets	1,799,893	646	1,800,539
Other assets	1,049,180	677,007	1,600,971
Non-current assets held for sale	6,804		6,804
Total Assets	**58,357,325**	**19,517,358**	**76,517,973**
Liabilities			
Due to banks	25,217,125	2,585,848	26,910,638
Derivative financial liabilities	1,518,881	130,740	1,524,847
Due to customers (including debt securities in issue)	28,451,478	12,675,937	41,347,802
Debt securities in issue and other borrowed funds	778,909	1,734,633	1,200,384
Liabilities for current income tax and other taxes	42,617	8,138	50,758
Deferred tax liabilities	413,504	240	413,944
Employee defined benefit obligations	52,525	45,794	98,325
Other liabilities	970,888	473,322	1,274,670
Provisions	138,787	135,158	273,944
Total Liabilities	**57,584,714**	**17,789,810**	**73,095,312**

*After adjustment IFRS 3 and eliminations.

(Amounts in thousands of Euro)	Alpha Group 31.12.2012	Emporiki Group 31.12.2012	Combined entity
Equity			
Equity attributable to equity owners of the Bank			
Share Capital	1,100,281	2,512,228	1,100,281
Share premium	2,757,653	3,416,566	2,757,653
Reserves	268,315	82,233	273,572
Retained earnings	(3,513,096)	(4,285,029)	(880,985)
	613,153	**1,725,998**	**3,250,521**
Non-controlling interests	11,904	1,550	24,586
Hybrid securities	147,554		147,554
Total Equity	**772,611**	**1,727,548**	**3,422,661**
Total Liabilities and Equity	**58,357,325**	**19,517,358**	**76,517,973**

ALPHA BANK

40 Stadiou Street, GR-102 52 ATHENS
Telephone: +30 210 326 0000
Fax: +30 210 326 5438
Internet: www.alpha.gr

ALPHA BANK

40 STADIOU STREET, GR-102 52 ATHENS