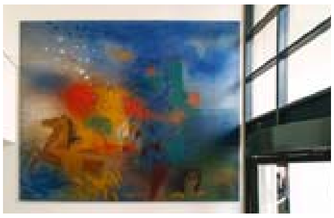
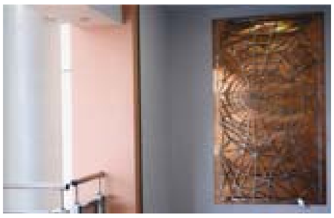
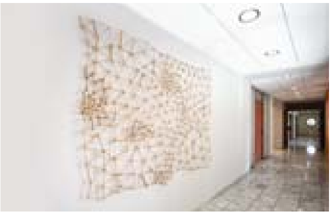
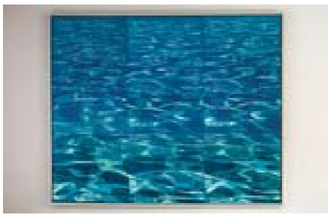
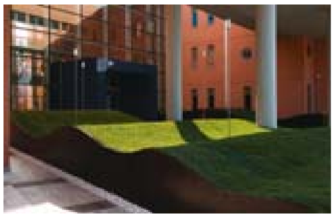
ALPHA BANK



BUSINESS REVIEW 2014

The modern premises of the Bank in Aghios Stefanos, Attica, currently house various Head Office Units as well as the exemplary Training Centre. The spacious areas, the architectural design and the position of the premises have created the proper environment to originally highlight the particular features of the works of contemporary art owned by the Collection of the Bank.

The illustration material for the Business Review 2014 is drawn from the recent publication of the Art Collection Section entitled "**The Works, the Landscape, the Buildings: Works of Art at the Alpha Bank Premises in Aghios Stefanos**".

The Business Review 2014 presents selected works embellishing areas at the premises of the Bank in Aghios Stefanos as well as works created by renowned Greek artists for specific areas or in situ.

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The facade of the first building (Building A), currently housing the Training Centre of the Bank.

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 was renamed “Banque de Crédit Commercial Hellénique” and its registered seat was moved to Athens. In 1947, it became the “Commercial Credit Bank”; in 1972, it acquired the name “Credit Bank” and in March 1994, it was renamed “Alpha Credit Bank”. “Alpha Credit Bank” grew greatly as, 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 and, in 2000, the merger of the Ionian Bank through absorption by “Alpha Credit Bank” was approved. 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. On that date, the Bank acquired control of Emporiki Bank of Greece S.A. and in June 2013 the legal merger by absorption of the latter by the former was completed. Emporiki Bank was founded in 1886 and was a historic bank, which played a key role in the economic development of Greece during the 20th century.

The successful acquisition of Emporiki Bank in 2013 was followed by the acquisition of Citibank’s Greek Retail Banking operations, which was completed in September 2014. This initiative further strengthens Alpha Bank’s position in the Greek banking system and enhances its offering to its affluent customer base.

The Alpha Bank Group offers a wide range of high-quality financial products and services, in Greece and in Southeastern Europe.

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 and on the General Electronic Commercial Registry with No 223701000.

Key Indicators

Group Data	Alpha Bank		
(in Euro million)	Change %	2014	2013
BALANCE SHEET			
Total Assets	-1.0%	72,935	73,697
Loans and Advances to Customers (gross)	-0.4%	58,387	58,634
Allowance for Impairment Losses	26.9%	-8,830	-6,956
Due to Customers	1.0%	42,901	42,485
Total Equity	-7.9%	7,707	8,368
PROFIT AND LOSS ACCOUNT			
Total Income [1]	3.8%	2,433	2,344
Total Expenses	15.4%	-1,645	-1,426
Profit/(Loss) before Taxes and Impairment Losses	**-14.2%**	**788**	**918**
Impairment Losses and Provisions to Cover Credit Risk	-3.6%	-1,853	-1,923
Negative Goodwill from Acquisitions		40	3,283
Profit/Loss after Income Tax	**-111.3%**	**-330**	**2,922**
INDICES			
Net Interest Margin [2]		2.9%	2.5%
Total Capital Adequacy Ratio [3]		14.6%	16.4%
TIER I Capital Adequacy Ratio		14.3%	16.1%
CREDIT RATINGS			
Moody's		Caa1	Caa1
Standard & Poor's		CCC+	CCC
Fitch Ratings		B-	B-
OTHER INFORMATION			
Branches [4]		1,032	1,085
Number of Employees		15,193	16,934

(1) The profit/(loss) from associate companies and joint ventures are included.
(2) The Ratio was calculated based on NII devided by the average interest bearing Assets.
(3) The Ratio for 2014 has been restated as presented in Consolidated Financial Statements as at 31.3.2015.
(4) The number of Branches in 2014 includes the 20 Branches of the former Network of Citibank in Greece.

Letter from the Chairman

View of the green area at the entrance. The particular architectural design together with the dominance of the natural landscape have created an environment which highlights the works of contemporary art belonging to the Collection of the Bank.

The year 2014 was the fifth year of fiscal adjustment for the Greek Economy, after the outbreak of the fiscal crisis in 2009. During this period, Greece lost slightly more than 25% of its Gross Domestic Product. The country's efforts to reduce the large fiscal imbalances resulted in a gradual reduction of the high primary deficit, standing at 10.2% in 2009 and turning into surpluses, albeit low ones, in the primary budget in 2013 and 2014. The extent of the necessary fiscal adjustment which our country achieved demonstrates not only the effort put into the task but also the magnitude of the sacrifices made by the Greek society.

Last year, our economy recovered and registered a positive real rate of economic activity growth. The more favourable external environment, in combination with the abating intensity of the fiscal adjustment effort and the visible benefits from the improved competitiveness of the Greek Economy were the key drivers of the said recovery.

The most important developments which improved the external economic environment were firstly, the declining trend in oil prices, secondly, the significant weakening of the euro and thirdly, the prevalence of a low interest rates environment.

On the one hand, low oil prices bolstered household budgets and strengthened consumer confidence and, as a consequence, private consumption. On the other hand, they supported the profitability of the business sector, during a period in which political uncertainty was a major hindrance to investment decisions.

In parallel, the weaker euro acted as a stabilising factor in the country's foreign trade. It rendered the Greek tourist product even more attractive and greatly supported Greek exporting activities to markets outside the Eurozone. As a result Greece achieved, for the second consecutive year, a surplus in its current account balance.

An internal factor also contributed significantly to this development. I am referring mostly to the great improvement in the competitiveness of the Greek Economy, which outweighed the losses suffered in this area during the first decade after the adoption of the euro. This development serves as proof that the citizens' sacrifices have started to bear fruit.

The increase in productivity, coupled with the reduction in the employers' social security contributions, led to a decrease in the unit labour cost in 2014. In parallel, structural competitiveness, as reflected in the corresponding "ease of doing business" indicators drawn up by the World Bank, tangibly improved. However, several structural weaknesses that adversely affect the business environment have not been addressed effectively. More specifically the financing difficulties, the unstable tax system and the weaknesses in the public administration continue to represent major hindrances to the undertaking of investment initiatives. Yet without new investments the country will never be able to deal with the big problem of high and long-term unemployment and especially youth unemployment. Further structural reforms are therefore needed to stimulate investments and improve the business environment.

The improvement in fiscal figures and competitiveness - subject to the completion of important reforms - creates the conditions that will allow the Greek Economy to come out of the recession and follow a course of recovery and sustainable growth. In the first months of 2015 these optimistic prospects came under the heavy shadow cast by the prolonged period of uncertainty, pending the outcome of the Greek Government's negotiations with the Institutions. This situation impacted adversely on the State's and the private sector's liquidity and caused a significant deterioration in the economic sentiment and business prospects.

Lifting the climate of uncertainty and insecurity is a necessary precondition if the recovery momentum gained last year is not to be lost. The agreement with our partners combined with the favourable international economic juncture will ensure a positive, even if less than anticipated, growth rate for 2015 and, at the same time, will give the new Government the opportunity to implement, within a reasonable period of time, its own priorities.

Another factor that enhances the prospects of acceleration in economic activity in Europe is the launch of the quantitative easing programme by the European Central Bank. This programme represents a big opportunity for the Eurozone's economy, as it significantly improves financing conditions. Greece must not waste any more valuable time and must actively participate in the emerging new framework where monetary policy is conducted.

Such a development requires the establishment of a new economic and reform policy programme, in the context of a new agreement with our partners. The improved financing conditions in tandem with the elimination of the climate of economic uncertainty will invigorate consumption, strengthen private investments and create the conditions for a sustainable recovery of the economic activity. Only in this way will new jobs be created and unemployment be dealt with effectively. The drastic reduction of unemployment, especially youth unemployment, must become a key priority of our national policy. This is not just a moral issue. From an economic standpoint as well, the reduction of unemployment leads to a significant expansion of the country's production potential.

Restructuring the economy and reducing unemployment require concerted efforts by all actors in the economy, as well as bold decisions that will change the way in which both the public sector and the private sector operate today. The forced shift in the productive model of Greece, following the economic recession, from domestic demand to export-led penetration in foreign markets, has resulted in a significant increase in the so-called structural unemployment and has caused a significant discrepancy between the supply of and demand for individual professional disciplines. The absorption of the unemployed cannot be a linear process to be determined exclusively by the recovery of the active demand. It will be a phased process, whose acceleration requires strengthening proactive policies in the labour market.

The reform programme should also place emphasis on the operational efficiency of the public administration and on the simplification of procedures and the legal framework in general. These changes will contribute towards reducing administrative costs, as well as compliance costs for citizens and businesses. The creation of stable and credible institutions is a necessary precondition for establishing a climate of stability and trust in the State. It is within such a framework that the rationalisation of tax rates, as well as further improvement in the tax collection mechanism should be examined. It must be understood that the extended tax evasion cannot be tackled effectively by merely enacting laws and instituting severe penalties, but it is necessary the legislation to be radically simplified and a stable framework, that will not change every year, to be established. A simple and credible framework for the resolution of tax disputes must be developed, so that citizens or the businesses need not appeal to Court so often. However, in order for the credibility of the tax system to be strengthened, public spending transparency and effectiveness must be enhanced. Citizens will begin to voluntarily comply with their fiscal obligations, only if they are persuaded that the taxes they pay deliver palpable results.

Finally, securing the smooth financing of the Greek Economy will be the cornerstone of the national effort. The Greek banks, especially after last year's share capital increases and the completion of the Stress Tests carried out by the European Central Bank in cooperation with the European Banking Authority, have an adequate capital base. The banking system's capability to finance the real economy, however, does not depend solely on its capital adequacy but on its liquidity as well. The pressure exerted on the liquidity of the banks during the last months, in terms of both deposit outflows and the inability to access the international markets, is a significant impediment to regaining this capability. The activation of the Emergency Liquidity Assistance facility of the Bank of Greece entails a significantly higher financing cost. The lifting of the uncertainty regarding the country's economic prospects and its relationship with its partners will be a turning point for this sector as well.

Restoring the country's credibility and addressing the macroeconomic imbalances through the implementation of the necessary reforms, will lead to improved operating conditions in the banking system and the renewal of its prospects for growth.

In 2014 the Bank emerged as the top Greek bank from the European Central Bank's Comprehensive Assessment, completed successfully the acquisition of Citibank's Greek Retail Banking operations including Diners Club cards and concluded the Voluntary Separation Scheme.

With a robust capital structure, Alpha Bank is fully equipped to return to a course of growth and profitability. It will continue its efforts in this direction with confidence in its strengths and faith in its prospects. Following the completion of the merger with the Emporiki Bank, the acquisition of Citibank's Greek Retail Banking operations including Diners Club cards was one more major step taken to enhance the Bank's position in the Greek banking sector and expand the range of services offered to Customers in the affluent and mass affluent segments.

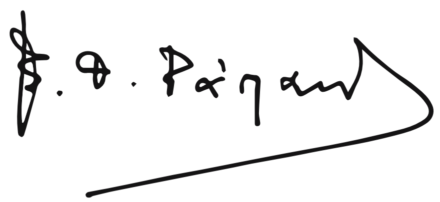
The economic crisis we have been undergoing for the past six years has evidently brought to light the capabilities which our Bank possessed in order to cope with the unprecedented difficulties faced by the entire banking system. The judicious strategy implemented by the Management in all the previous years as well as our Personnel's skills and dedication enabled our Bank to play a key part in the country's economic life. On behalf of the Board of Directors, I would like to take this opportunity to extend once again our thanks to the Personnel of the Bank, for everything they have done and continue to do with unparalleled dedication and love.

Our goal is to emerge stronger from the crisis and to support our Customers, as we have always done in the course of our long history and promise them that they will have our undivided support.

I would like to turn to our Shareholders and underline that once the conditions in the economic activity return to normality and the country is back on growth path, Alpha Bank´s profitability will recover and will justify the trust you have shown all these years.

The Bank's successful presence in the past year, as well as during all of its long history, is the result of hard and systematic work, harmonious cooperation and proper organisation. Our excellent Personnel, our long-standing relationships of trust with our Customers and the prudent risk management policy that Alpha Bank traditionally follows, will continue to form the basis for our way forward.

Athens, 26 June 2015



Vasileios T. Rapanos

Yiorgos Lappas,
Blue Sculpture, 2007
Iron
650 x 200 x 200 cm

Letter from the Managing Director - CEO

In 2014, for the first time since the beginning of the economic recession, Greece returned to a positive economic growth rate. The driving forces of the recovery were the increase in exports of goods and services, on the back of a record year in tourism, and the rebound of private consumption. Moreover, an upturn of the total fixed capital formation took place, despite the political instability that prevailed from the second half of the year onwards. The only exception and impediment to the restart of the Greek Economy was the continuing downward trend of residential investment, mainly as a result of the high tax burden on real estate property.

During the first months of 2015, however, it became evident that the achieved recovery was interrupted. The halting effect of the prolonged uncertainty on economic activity, especially on business investment, is now visible. Despite the favourable international economic environment which is characterised by the relatively weak Euro and the low oil prices, the economic growth rate cannot gain momentum.

Over the past few years, the banking system has changed significantly. It consists of four systemic banks, which, after the completion of their recapitalisation in the first half of 2014 and the implementation of restructuring plans, are well placed to face future challenges. The soundness of the banking system was confirmed by the better-than-expected results of the stress tests for Greek banks, in the context of the EU-wide Comprehensive Assessment conducted by the European Central Bank in collaboration with the European Banking Authority. The adequately capitalised banking system is set to accelerate the workout of the large stock of non-performing loans which were caused by the economic crisis, and to facilitate the re-leveraging of the Greek Economy. To achieve the aforementioned objectives though, the banking system should operate under a stable environment, which would help to maintain the national savings within the country and restore business sentiment. The political system should meet the critical challenges of the current environment. The promises, in the framework of political competition, undermine payment culture and as a result induce difficulties in the management of non-performing loans.

An agreement with the European partners is necessary for the return of deposits and the restart of investment projects. At the same time, such an agreement will restore the normal conditions of the Greek Government's and the banks' financing to the benefit of the real economy.

2014 was a historic year for Alpha Bank as it was marked by the decision of our Group Executive Chairman Mr. Yannis S. Costopoulos to resign. Mr. Costopoulos continues to provide invaluable guidance to the Bank in the capacity of Honorary Chairman. Mr. Vasileios T. Rapanos, Professor Emeritus of the University of Athens, with a profound knowledge of the banking sector, was appointed Chairman of the Board of Directors.

During the last year, the Bank confirmed its business potential, its prudent policy consistently applied throughout its long-lasting course, as well as its ability to adapt to changes. Alpha Bank comfortably increased its share capital by Euro 1.2 billion and was the first among the four systemic Greek Banks to proceed with the redemption of the Hellenic Republic's preference shares. In addition, the Bank enhanced the main operating income by reducing the cost of funding and rationalising further operating expenses, as a result of the successful implementation of its business plan.

In 2014, the Bank successfully completed the Comprehensive Assessment conducted by the European Central Bank under the assumption of both the Static and the Dynamic Balance Sheet. Alpha Bank was the only Greek systemic bank not to register any capital shortfall under both the baseline and the adverse scenario, while recording substantial capital surplus. In addition, in the context of the Asset Quality Review, Alpha Bank posted the lowest adjustment among Greek peers with an impact of only 1.8 percentage points on the Common Equity Tier 1 (CET1) Ratio.

The outcome of the Comprehensive Assessment positions Alpha Bank among the top tier of the largest listed European banks. At the end of December 2014, Alpha Bank's CET1 capital stood at Euro 7.6 billion, resulting in a CET1 Ratio of 14.4%. Our fully loaded Basel III CET1 Ratio stands at

13.1%, taking into account the effect of the recent Tax Credit legislation. Even if we assume that there is no positive impact from the above-mentioned legislation, the fully loaded CET1 Ratio stands at 8.9% as of 2024, when amortisation ends. The fact that Alpha Bank was named “Bank of the Year” in Greece, for 2014, for the third time in the last five years, by the “The Banker” magazine, confirms its remarkable performance.

After the completion of the operational merger with Emporiki Bank, Alpha Bank proceeded with the strategic acquisition of Citibank’s Greek Retail Banking operations, including Diners Club cards, which was completed in September 2014. Furthermore, the Bank launched a partnership with China UnionPay (CUP), the leading card issuer in the world. These deals provided an added impetus to our market share in Greece, particularly as regards the affluent segment banking and the card acquiring business.

The financial performance of the Bank in 2014 underlines our commitment to improve operating efficiency and profitability during a very critical period. More specifically, Net Interest Income in 2014 increased by 16.2% year-on-year, benefiting mostly from the reduction of new time deposit rates throughout the year and the declining wholesale funding costs, as a result of a lower European Central Bank (ECB) refinancing rate and the disengagement from the Bank of Greece’s expensive Emergency Liquidity Assistance (ELA) funding from May until the end of 2014.

However, the heightened uncertainty, during the current year, results in the deterioration of the Bank’s liquidity and the subsequent increased reliance on the Central Banks of the Eurosystem, as well as in the reversal of the portfolio quality improvement trend, that emerged during 2014.

Net Fee and Commission Income was up by 5.2%, mainly due to the increase in transactions, foreign exchange trades and the expansion of brokerage, asset management and bancassurance operations.

The Bank continued successfully the implementation of its Business Plan in order to restore its operational profitability. In this context, further cost-cutting has been achieved. More specifically, Operating Expenses were reduced by 5.8% in 2014 on a comparable basis, i.e. excluding extraordinary items and integration costs, and were adjusted for the impact of Citibank’s Greek Retail Banking operations acquisition. Similarly, in 2014, Personnel Expenses decreased by 9.2% on a comparable basis, attributed partly to the phasing-in of salary realignments, as well as to the continued Personnel attrition. Group headcount reduction accelerated in 2014, down by 2,460 FTEs (Full Time Equivalents) - without taking into account the 719 Employees from Citibank - following the successful completion of the Voluntary Separation Scheme with an annual benefit of Euro 120 million. Finally, General Expenses decreased by 3.5% on a comparable basis, attributed to the realisation of synergies from the acquisition of Emporiki Bank and further cost containment initiatives.

The main priority of the Bank is the quality of its portfolio which, given the deep recession, deteriorated in the previous years. At the end of 2014, our NPL Ratio stood at 33% at Group level, at 34% in Greece and at 27.8% in Southeastern Europe.

We maintained our strategy to increase coverage, in order to fully address the Asset Quality Review results, and withstand future headwinds. As a result, in the last quarter of 2014, our provisions increased by Euro 773 million of impairments, raising our accumulated balance sheet provisions for the Group to Euro 12.8 billion at the end of December 2014, corresponding to 21% of the total loan portfolio. Consequently, our NPL cash coverage ratio increased further to 62% from 54% in 2013.

Gross Loans of the Group amounted to Euro 62.3 billion as of 31 December 2014, marginally increased versus 31 December 2013, excluding the impact of the write-offs booked in the last quarter of 2014, mainly due to the acquisition of Citibank’s Greek Retail Banking operations, and the marginal increase in balances from disbursements in the Greek wholesale portfolio during the same period. Loan balances in Greece stood at Euro 52.2 billion, while Southeastern Europe loans amounted to Euro 9.8 billion.

Group deposits at the end of December 2014 stood at Euro 42.9 billion, increased by 1% or Euro 400 million. Deposits in Greece stood at Euro 36.9 billion, negatively affected by outflows in the last quarter of 2014, while deposits in Southeastern Europe stood at Euro 5.4 billion, increased by Euro 300 million. The Loan to Deposit Ratio at the end of December 2014 for the Group and in Greece stood at 116% and 113% respectively.

In Southeastern Europe, our restructuring efforts continue to produce tangible results. Operating Profitability totalled Euro 189.2 million, increased by 12.7% year-on-year, mainly due to the increasing Net Interest Income from continued deposit repricing, and the further streamlining of our cost base. Total Branches in Southeastern Europe stood at 403 at the end of 2014, versus 429 at the end of 2013. Deposits in our International Network increased by Euro 300 million year-on-year benefiting our Net Loans to Deposits ratio, which stood at 142% at the end of December 2014.

Having adopted, since 1994, the principles of Corporate Governance, Alpha Bank takes a number of initiatives that are fully aligned with European and international standards. In accordance with its Corporate Social Responsibility policy, the Bank provides financial assistance to Foundations, Societies and Organisations that support those in need. With consistency and efficient planning, it allocates part of its budget to social contribution purposes, continuing in parallel to invest in education, culture, healthcare and the environment.

In 2014, the Bank devoted most of its social contribution activities to supporting the SOS Children’s Villages Greece and organised, among others, visits and social contribution events for collecting school supplies and sportswear. Mention should also be made of the “Together, for better health” programme, designed to donate medical and pharmaceutical supplies and equipment to the inhabitants of Greek islands (eight islands until today), of the “Helping Hand” programme, under which 11,500 carts with food supplies have been distributed to socially vulnerable groups from 2012 to this day and, finally, of the Bank’s collaboration with the voluntary organisation “Boroume” (“We Can”) for supporting 27 social organisations across Greece, to which 1,085 cartons with food supplies and 560 kilos of olive oil were offered.

With regard to Volunteerism, the Bank has an active and strong presence both in Greece and abroad. Indicatively, during the “Alpha Bank Group Volunteer Day”, which is held every year in May, in all the countries where the Group is present, participations numbered more than 1,700 Volunteers, while participations in social or environmental actions organised during the year, in Greece, exceeded 1,000 Volunteers.

Alpha Bank has also been demonstrating, for many years now, its keen interest in Arts and Culture. In this context, the programme “The defacements that hurt” for the restoration of sculptures in downtown Athens was developed and launched by the Bank in 2013 and continued during 2014, with the restoration of sculptures located at the University of Athens and the National Library.

Furthermore, Alpha Bank, in the framework of the world celebrations to mark the 400th anniversary of the death of El Greco, sponsored the exhibitions “Domenikos Theotokopoulos between Venice and Rome” and “Friends and Patrons of El Greco in Toledo”, which were presented in Athens, as well as the international conference “El Greco: From Crete to Venice, to Rome, to Toledo”.

Finally, in line with its commitment to promoting Greek History and Culture through its Collections, the Bank organised several exhibitions and launched a series of publications, the most important of which were the following:

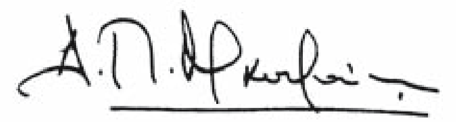
The exhibition “The Europe of Greece: Colonies and Coins from the Alpha Bank Collection”, which was organised by the Bank’s Numismatic Collection and the Archaeological Museum of Thessaloniki and drew approximately 140,000 visitors between April 2014 and June 2015, as well as the exhibition “Coins in the Ancient Greek World”, presented at the permanent Exhibition Space of the Numismatic Collection in Athens. At the Banknote Museum of the Ionian Bank in Corfu, the Historical Archives presented the exhibition “The Ionian Bank and Its Privilege of Issue (1839-1920)”, dedicated to the history of the Ionian Bank’s exclusive privilege of issuing banknotes. The Art Collection, in collaboration with the National Bank of Greece Cultural Foundation (MIET), staged the exhibition “Dimitris Galanis: The Illustrated Books”, on the occasion of the publication under the same title. Finally, the Library presented at the Exhibition Area of the Main Building of the Bank in Athens, the exhibition “Alpha Bank: Publications 1957-2014”, showcasing all publications issued by the Banks that have composed Alpha Bank.

In 2015, the Bank is moving along the same lines with regard to business operations, intensifying its efforts towards the preservation of capital by further improving operating performance and managing actively its asset quality.

The removal of the uncertainty, prevailing in the market, is extremely significant for the Greek Economy and the banking system , and depends, to a large extent, on the successful finalisation of the negotiations between Greece and its European partners. Following the resolution of outstanding issues, Greece will be better positioned to benefit from its recovery potential. Being fully aware of the circumstances, the Bank assists the efforts for the revival of the Greek Economy.

Under the current adverse economic environment, supporting our Customers, safeguarding the interests of our Shareholders and restoring the private character of the Bank, constitute duties of the utmost importance for us. The Alpha Bank Employees are, once again, at the forefront of these efforts. I would like to thank them for their dedication and hard work.

Athens, 26 June 2015



Demetrios P. Mantzounis

Nella Golanda,
Wall Sculpture No 3, 1982
Enamel paint on Plexiglas
120 x 180 x 29 cm

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. On 31.12.2014, the capitalisation of the Bank stood at Euro 5,976 million and represented 5.2% and 24.2% of the capitalisation of the companies in the General and Banking Indexes of the Athens Exchange, respectively, while the participation of its share in the FTSE/Athex Large Cap Index was 8.6%. In addition to the Greek stock exchange, the share is also listed on the London Stock Exchange in the form of Global Depository Receipts (GDRs) while it is traded over-the-counter on the New York exchange in the form of American Depository Receipts (ADRs). The share is also included in international indexes such as the MSCI Emerging Markets Index (as of 26.11.2013), the FTSE All-World Index (as of 10.4.2014), the FTSE Med 100 Index and the STOXX Europe 600 Index.

On 31.12.2014, the Bank's share capital stood at Euro 3,830,717,957.40 divided into 12,769,059,858 ordinary voting shares at a nominal value of Euro 0.30 per share. Out of these, 4,310,200,279 ordinary shares of the Bank are traded on the Athens Exchange, while the Hellenic Financial Stability Fund holds the remaining 8,458,859,579 ordinary, registered, voting, dematerialised shares or 66.2% of the total number of ordinary shares issued by the Bank.

The shares in circulation on 31.12.2014 were held by approximately 130,000 Private and Institutional Investors. Specifically, as of 31.12.2014, excluding the stake held by the Hellenic Financial Stability Fund, the Bank's shareholder base was composed of Individual Investors (19%), Institutional Investors (79%) and the Costopoulos Family (2%).

The share's trading volume for 2014 amounted on average to 24,665,477 shares per session, with an average daily value of transactions of Euro 15,721,587. Correspondingly, with regard to the Warrants, the average daily trading volume stood at 2,537,889 warrants, with an average daily value of transactions in 2014 of Euro 3,748,826.

View of the auditorium
of the Training Centre
of the Bank.

The Main Milestones of 2014

In 2014, the Alpha Bank Group managed to navigate its business plan business plan successfully through the alternating challenges of evolving regulatory standards and fragile economic recovery in the Greek Economy. The main milestones of the year were:

- The Share Capital Increase in March of Euro 1.2 billion. This was completed through private placement to international investors, broadening our shareholder base and strengthening our capital position with high-quality capital. The Bank was the first among Greek banks to proceed with the redemption of the Hellenic Republic's preference shares, amounting to Euro 940 million, issued at the onset of the economic crisis in 2009.
- The approval of the Bank's Restructuring Plan by the European Commission in July, which sets the roadmap for exiting the state-aid status. The said Plan includes the rationalisation of operating expenses and the cost of deposits in Greece, the further strengthening of the balance sheet and the application of enhanced risk monitoring and management.
- The conclusion of the acquisition of Citibank's Greek Retail Banking operations, including Diners Club cards, in September. This deal provides an added impetus to our foray into the affluent segment banking. In the same period, the launch of our partnership with China UnionPay, the leading card issuer in the world, cemented our top position in the card acquiring business.
- The conclusion of the European Central Bank Comprehensive Assessment in October, marked by the Bank's exemplary performance, both on a Europe-wide basis but also as the best among the four systemic Greek banks. The ECB Comprehensive Assessment of the Bank's capital adequacy was carried out in the Static Adverse Scenario with Common Equity Tier 1 (CET1) 8.07% and a capital surplus of Euro 1.3 billion whereas based on the Dynamic Adverse Scenario, CET1 stood at 8.45% with a capital surplus of Euro 1.8 billion, without taking into account the Bank's prior Share Capital Increase of Euro 1.2 billion. In addition, Alpha Bank stood out as the Greek bank with the best-in-class capital base.
- In 2014, the Bank implemented a Voluntary Separation Scheme, with the participation of approximately 2,200 Employees. At the same time, significant career opportunity paths were made available to existing and new Personnel.
- Furthermore, the Bank proceeded with the sale of all the shares it held at Euler Hermes Hellas Insurance SA, at M.J. MAILLIS S.A., and at the insurance Group Company in Cyprus, Alpha Insurance Limited.

The main strategic targets of the Bank for 2015 are the maintenance and strengthening of its position regarding balance sheet quality, capital equity ratios and operational performance, the implementation of the Restructuring Plan, in order to maximise value for Shareholders and the Hellenic Financial Stability Fund as well as the undertaking of initiatives for further privatisation, in the context of the ongoing progress towards this end. Finally, the Bank aims to further strengthen its excellent cooperation with the European Central Bank, the Monitoring Trustee and the Hellenic Financial Stability Fund.

Yiorgos Stathopoulos,
Untitled, 1982
Hexaptych. Acrylic on chipboard,
480 x 400 cm

1. The Greek and the International Economy in 2014 and the Outlook for 2015

The Greek Economy

The Greek Economy has been in the process of transforming its production model in the last five years since the beginning of the Economic Adjustment Programme. After a prolonged recession during which the country lost about 1/4 of its gross domestic product, the economic sentiment indicators and competitiveness improved significantly in the past year. Consequently, critical economic figures have been enhanced and real economy has stabilised.

This favourable development has come at a significant social cost, as a result of the implementation of the Economic Adjustment Programme. Social cohesion was seriously hurt, due to the increased tax burden that was distributed mainly to salaried employees and retirees, and which aimed to achieve a fiscal balance, a surplus in the current account balance as well as a boost in competitiveness.

In 2014, the main feature of the economic activity was the positive growth rate that was recorded in GDP and employment, for the first time since the beginning of the economic crisis. The driving forces of recovery were the increase in exports of goods and services and the rebound of private consumption. Moreover, an upturn in investment (excluding housing) has taken place. On the other hand, the continuing downward trend of housing investment remains an impediment to economic recovery.

Greece is currently on the road to recovery after six years of a prolonged and deep recession, which occurred as a result of the introverted development model that prevailed in the past decades, in contrast to the process of globalisation and economic integration in Europe. As a consequence of the economic crisis, the shift of the growth model towards an economy of healthy entrepreneurship and extroversion is considered imperative.

The fiscal primary surplus was achieved for a second year in a row, structural reforms carried on and competitiveness has been enhanced. At the same time, large corporations raised significant funds from international bond markets during the first semester of 2014, while unemployment kept declining throughout the year and exports of goods and services increased. High growth rates are thus possible to be achieved in the following years. However, the political uncertainty, which was reinforced due to the pre-election period in Greece and the difficulties in reaching an agreement between Greece and its European partners, has negatively affected confidence.

Nevertheless, economic indicators are improving significantly. In the second quarter of 2014, the Greek Economy already recorded a positive growth rate, a quarter earlier than expected. Yet, the uncertainty caused by the prolonged negotiations may restrain the growth rate in 2015.

More specifically:

A. After six years of recession, the Greek Economy registered a positive Gross Domestic Product (GDP) growth of 0.7% in 2014, for the first time since 2007, against a reduction by 4.0% in 2013. It is worth noting that, for the first time since the first quarter of 2010, GDP registered a positive growth rate in the second quarter of 2014. The turnaround of economic activity is mainly attributed to:

- The recovery of private consumption (2014: +1.4%, 2013: -2.2%), due to the fact that real disposable income contracted at a decelerated pace, making households less reluctant to spend.
- The pick-up of exports of goods and services (2014: +8.7%, 2013: +1.5%). The gains of the country's international competitiveness led to the increase in the exports of goods and services. The main export-oriented sectors, in which Greece has a valuable comparative advantage, are tourism and shipping, but exports of goods such as oil, food, chemicals and plastics also showed remarkable positive growth rates.
- Total investment showed small but positive growth (2014: +2.9%, 2013: -9.5%), presumably driven by a recovery in machinery, equipment and Research and Development (R&D), all of which increased significantly compared to 2013. In contrast, housing investment continued to fall drastically in 2014, thus having a negative impact on growth; however, a reverse tendency is expected in 2015. The limited increase of gross fixed capital investment has not yet had a positive effect on investment demand, despite

the significant improvement of the economic sentiment indicator (2014: 99.5, 2013: 90.6), as reported by the Foundation for Economic & Industrial Research (IOBE).

Based on the current facts and under the assumption that the transition agreement with the European partners is realised, the GDP growth rate is estimated to be positive in 2015 and to accelerate in 2016. Exports and private consumption are expected to be the main drivers for growth, while increased business investments will assist the Greek Economy in the same direction. It is estimated that the Greek Government, in collaboration with its European partners, will commit towards a new growth-oriented framework for sustainability. On top of this, progress already realised in fiscal adjustment and structural reforms, as well as the Euro depreciation, are all expected to have a further positive impact on economic activity in 2015.

Fiscal structural policies and measures for economic stabilisation and growth, which the new Government pledged as an obligation to its European partners, will also have a positive effect on growth perspective. These measures include: a) Tax policy (reforming VAT policy, fighting tax fraud and evasion, disbanding tax immunity etc.), public finances management (budget implementation, clearance of arrears, etc.) and tax revenues administration system, b) public expenditures rationalisation, c) social security system reform, d) modernisation of public administration and measures to fight corruption, e) settlement of Non-Performing Loans (NPLs) and unpaid taxes and social security contributions owed by households and businesses.

At the same time, the new Government pledged to continue privatisations and to maximise the value of public property. Concerning the labour market, the Government committed to adopt the best practices applied in the European Union (EU) and to expand and develop the existing scheme that provides temporary employment for the unemployed. Finally, the Government committed to reform the judicial system and tackle the humanitarian crisis.

Another key element of the economic resurgence and the investment activity during 2015 is the utilisation of the resources available under the new National Strategic Reference Framework (NSRF) and the European Investment Bank, as well as the newly established Greek Investment Fund. It is indicative that in 2014, Greece absorbed 85% from EU structural funds, which is one of the highest ratios among member states, while in 2015 Greece is expected to receive a significant amount of the new NSRF (2014-2020) funds in advance.

Major projects, including the resumption of construction works on the four major motorways, as well as the upgrade of the railway infrastructure, have been accelerated. In 2014, the State received Euro 1.5 billion from privatisation revenues. The privatisation scheme will be reformed by the new Government in the context of the new programme which is underway.

B. Regarding the labour market, the downward trend in employment was completely reversed in 2014, as it registered a positive growth of 0.6% for the first time after many years, following a decline over the time period 2011-2013. Moreover, the number of unemployed fell drastically by 4.2% in 2014. As a result, the unemployment rate receded to 26.5% in 2014 from 27.5% in 2013. Other strong signs of recovery in the labour market in 2014 are coming from the employment flows statistics in the private sector. The net hirings have increased by 99.1 thousand in 2014, compared, however, to 133.5 thousand in 2013. The decrease of the unemployment rate is mainly attributed to the reduction of labour costs and the conversion of labour contracts to more flexible ones.

C. Regarding the balance of payments, the current account recorded a surplus of 0.9% of GDP, for the second consecutive year (2013: 0.6%). This improvement, which is expected to continue in 2015, is mainly due to the remarkable increase in the surplus of the services balance by 16.6%.

In particular, tourism receipts increased by 10.6%, reflecting a significant increase of tourist arrivals from abroad, which reached 24 million in 2014 (including cruise passengers) from 19.9 million in 2013. Tourism resisted the economic crisis and is one of the main pillars of the economic resurgence. It is indicative that tourism receipts in 2014 accounted for almost 25% of total export activity and for 75% of the trade deficit.

Moreover, the surplus in the transportation balance (2014: 21.3% increase) coming mainly from shipping receipts, that increased by 9%, had a positive effect on growth stemming from the improvement of freight rates in international markets and the deceleration of the growth rate of the world fleet check.

D. Greece has made substantive progress in fiscal consolidation for the third consecutive year, as it recorded a General Government primary surplus of 0.3% of GDP in 2014 (2013: +1%, 2012: -1%). The primary surplus achieved in 2014 is mainly the result of the steep fall of primary expenditure.

The above positive developments in public finances pave the way for the country's financing from the international markets and allow Greece to proceed gradually to the fulfillment of its commitments to its European partners regarding public debt sustainability.

The programmatic statements on fiscal policy planning presented by the Government in the Parliament along with its pledge to take decisive action in order to strengthen fiscal sustainability ensure financial stability and promote growth.

It is estimated therefore, that a downward revision of the targeted primary surpluses for the following years, in the context of a new economic adjustment programme, will release financial resources. This would speed up significantly the recovery in economic activity and is expected to shape the government's debt-to-GDP ratio to 180.2% in 2015 (source: Spring Forecasts European Commission) from 177.1% in 2014 (2013: 175.0%). It is noted that structural reforms and the restart of major infrastructure projects will equally pave the way for a debt relief.

E. Significant progress has been made with regard to structural competitiveness. Successful growth-enhancing structural reforms are reflected on the constant improvements recorded in the rankings of the OECD and other leading organisations. In particular, the OECD's "Going for Growth" report, as well as the "Adjustment Progress Indicator - Lisbon Indicator", rank Greece on top regarding structural reforms for 2014. As far as starting a new business is concerned, Greece has improved its position in the world ranking, climbing to the 36th place in 2014, up by 111 places from the 147th in 2012. Furthermore, initiatives have been undertaken in order to reinforce the liquidity of Small and Medium-sized Enterprises through the reduction of interest rates on loans and collateral required by the banking system.

Concerning the public sector, further rationalisation efforts were made. The number of civil servants in the wider public sector was drastically reduced to 650 thousand in 2014, from 1 million by the end of 2009. Managerial positions in many government services decreased significantly (by 40%), while expenditure audits are performed in every Municipality.

Another breakthrough initiative launched was the e-government system comprising, among others, the new electronic tax services and the electronic recording of social security contributions, pricing and pharmaceutical prescriptions. Additionally, a simple modern system of import and export lists through Customs has been introduced.

F. In 2014 important developments also took place in the banking sector. The successful completion of the comprehensive assessment (comprising a stress test and an asset quality review) conducted by the European Central Bank (ECB) revealed that the Greek banking sector is strong. The successful recapitalisation and the fundamental restructuring of the banking sector has laid the solid foundation needed for establishing the conditions to support further economic recovery. Strengthening economic conditions have also been evident in the commercial banks' balance sheets. The banks' profitability showed gradual and steady improvement, while the capital adequacy and the restructuring plans of the banking sector are set to respond and contribute to the establishment of a new necessary economic development model.

At the same time, strong economic activity will create a self-sustaining process in order for the banks to reduce their non-performing loans and improve collection techniques regarding households and businesses. The incipient economic recovery, coupled with strengthening confidence, is expected to gradually increase deposit reflows, facilitating the re-leveraging of the economy in the medium term.

The International Economy

According to the International Monetary Fund (IMF), the world Gross Domestic Product (GDP) growth remained moderate for the third consecutive year at 3.4% in 2014, while it is expected to accelerate to 3.5% in 2015. Despite the gradual improvement in financial conditions, especially in the countries most affected by the debt crisis, geopolitical risks to global growth have increased during the year and had a negative effect on the recovery of both fixed capital investment and world trade. The rate of economic growth remained uneven among major countries and economic areas. Economic growth accelerated in advanced economies, while it slowed down in developing economies. In advanced economies, monetary policy continued to facilitate and support recovery, while fiscal policy contributed to economic growth through a significant deceleration in the rate of reduction of structural deficits.

In particular, developed economies were strengthened in 2014 (1.8% from 1.4% in 2013), although heterogeneity was observed in the developments in each of these. Growth in the United Kingdom and the USA accelerated. In contrast, in Japan it decelerated, while in the Eurozone it returned to a positive rate (+0.9%). In general, the stimulation of international domestic demand (mainly fixed capital investment) more than offset sluggish foreign demand, which was affected by uncertainty and geopolitical tensions. The implementation of fiscal adjustment programmes (in advanced economies excluding Japan) and pressures to the private sector for deleveraging were milder, while borrowing cost fell further. The risk of being trapped in deflation and low growth in the Eurozone led the European Central Bank (ECB) to take new conventional and unconventional monetary policy measures, while the rate of the euro against the dollar and the pound declined significantly during the year and especially towards the end of 2014.

In emerging and developing economies, GDP growth slowed to 4.6% in 2014 from 5% in 2013 due to the deceleration of growth in China, Russia and Latin America (note that Argentina, after many years, returned to recession). The reasons for the growth slowdown in emerging economies vary in each case, their common feature, however, being the reduced international demand and the slowdown in foreign trade between them.

Monetary policy in advanced economies continued to be expansive in 2014, keeping policy rates near zero thus supporting recovery efforts of the private sector and fiscal consolidation. In the USA, the Federal Reserve Bank completed its third quantitative easing programme (QE3), when the target for unemployment rate below 6% was achieved. In the Eurozone, the unemployment rate remained high (2014: 11.6%, 2013: 12%), fixed capital investment continued to be subdued, risk of deflation and a new recession rose and financing of the real economy remained negative. These facts led ECB (22.1.2015) to additional quantitative easing by further use of monetary policy measures.

The growth in the volume of international trade in goods and services slowed in 2014 (2014: +3.4%, 2013: +3.5%) as it was negatively affected by the trade sanctions of Europe and Russia, the increased geopolitical uncertainties and the slowdown in foreign trade among emerging economies. In 2015 international trade is expected to expand by 3.7%.

International crude oil prices remained high in the first half of the year and then collapsed due to excess international supply. International prices declined by 7.5% at an average annual level in 2014, compared with a reduction of 0.9% in the previous year, despite serious geopolitical tensions in the Middle East and Ukraine, as weak international demand was combined with increased crude oil supply. The growing extraction of shale oil deposits in the USA and the decreasing energy dependence of the country from abroad, led the oil producing countries of the Organization of the Petroleum Exporting Countries (OPEC) to postpone the reduction of their production, in an effort to regain international market shares by setting lower prices of crude oil in international markets, closer to levels of zero profit for the relevant new USA businesses. The reduced price of crude oil is expected to boost world economic activity in 2015.

The Eurozone, after two years of recession, recovered in 2014 and its GDP grew by 0.9%, compared with a reduction of 0.5% in 2013. The contribution of private consumption to recovery was greater than the contribution of net exports due to sluggish external demand. However, the recovery from the recession of 2012-2013 was slower than expected as well as fragile and uneven across the countries. Growth is overshadowed by both the weaknesses the crisis inherited to the private financial sector and the trade sanctions imposed by Europe and Russia against each other because of the crisis in Ukraine.

Developments vary significantly among member-economies. In 2014, three out of 19 member countries of the Eurozone (on 1.1.2015 Lithuania joined the Eurozone) were in recession compared with eight countries last year. Among the countries that faced severe macroeconomic imbalances during the crisis, Greece, Spain and Portugal came out of recession, while Cyprus and Italy showed a decline in GDP for the third consecutive year.

To a large extent, the economic recovery occurred without creating new jobs. The unemployment rate in the Eurozone, while easing against the historical high of 2013 (to 11.6% from 12%), remained very high and it is expected to decline only slightly in 2015. Differences in unemployment rates among member countries are expected to remain large in 2015. Unemployment rates are expected to be lower but still very high, in those countries of the Eurozone with severe internal and external imbalances existing before the crisis, namely Greece, Spain, Cyprus and Portugal.

Restricting budget deficit policies were carried on in almost all Eurozone economies but at a slower pace compared to previous years, in order to remove debt crisis risks and to push downwards the government debt yields, but also in order for the economies that had been excluded from international capital markets in 2010-2012 to make the comeback. Over the last five years, the efforts of all member-states on the front of public finances resulted in stabilising the previously rising ratio of public debt to GDP, while yields of government bonds of the economies that were in distress declined significantly in 2014 compared to 2013. The next efforts should focus on both the containment of public debt to viable levels and the creation of surpluses to cope with potential contingency risks.

The Eurozone total General Government deficit declined further to 2.4% of GDP in 2014 from 2.9% in 2013 (and 3.6% in 2012), while a further slight decline down to 2% is forecasted for 2015. Public debt increased slightly to 94.2% of GDP in 2014 from 93.2% in 2013, and is expected to start declining as a percentage of GDP from 2015 onwards. It is noted that the public debt-to-GDP ratio fell slightly in 2014 in Ireland and Portugal, while it increased in Italy, Spain and Greece.

In 2015, the Eurozone economy is expected to slightly accelerate by 1.5%, a pace of growth which nevertheless will remain fragile and will not create any new jobs. All Eurozone economies found in difficulty and forced to implement adjustment programmes are expected to achieve positive economic growth, while France and Italy will continue to remain a drag to a stronger recovery. The observed uneven and asymmetric adjustment of Eurozone economies to external imbalances (all economies “with a deficit” now have a “surplus” although the ones with a “surplus” did not reduce their excessive surpluses) and the reluctance of all member-states to proceed with fiscal adjustment and structural reforms, as well as high unemployment in some member-states, are the main obstacles to a more robust recovery.

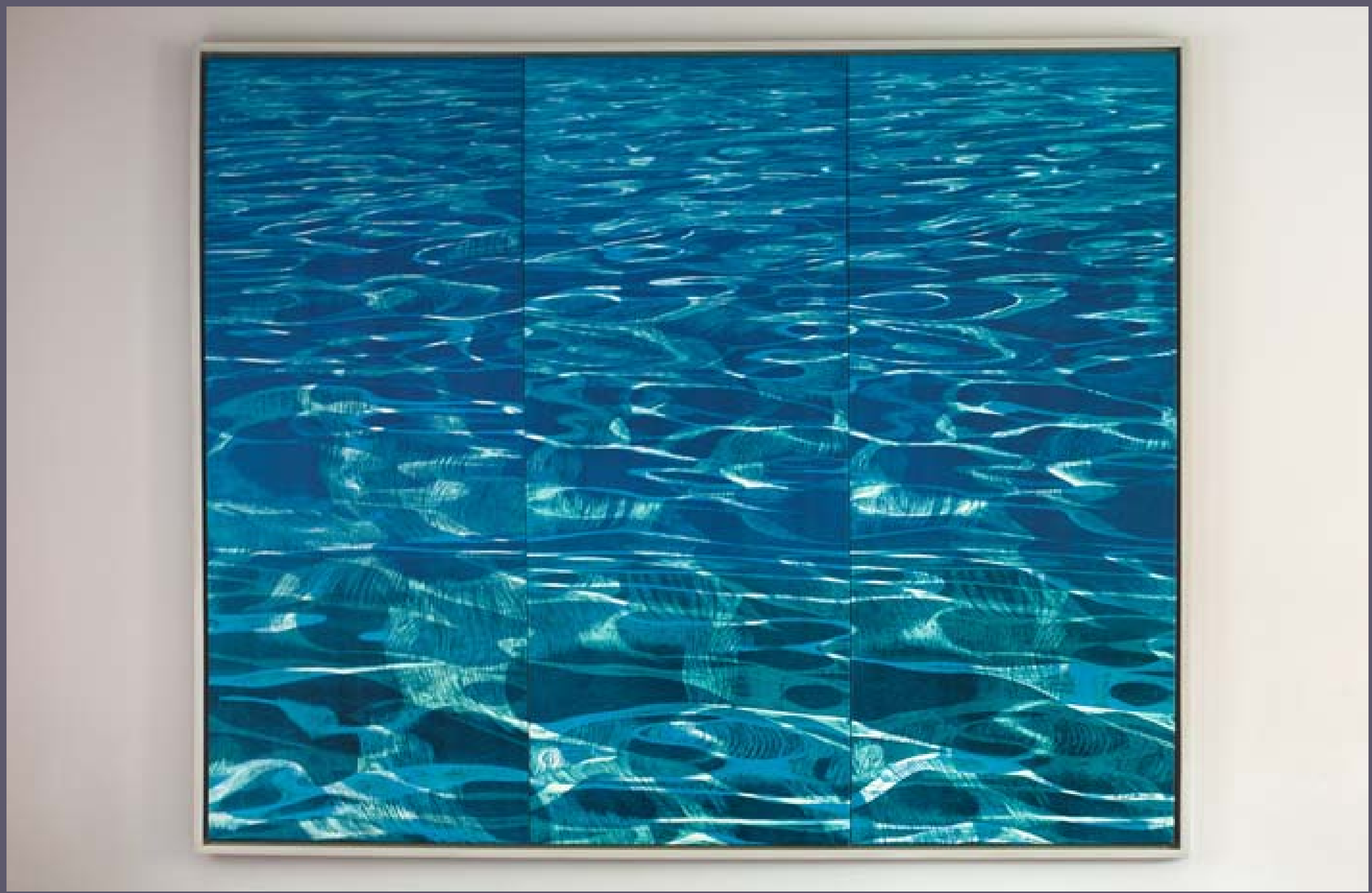
In the USA, GDP growth was better than forecasts and eventually climbed to 2.4% in 2014. The deterioration in net exports was more than counterbalanced by the acceleration of domestic demand. The less extensive fiscal tightening under extremely loose monetary policy conditions and the improvement of the households’ financial situation as well as the further decline in the unemployment rate have boosted consumer and investment spending in the American economy. The external balance had a negative contribution in 2014, as imports grew faster than exports (+4.1% and +3.2% respectively in 2014). The unemployment rate, which was compressed to 4.6% before the crisis and escalated during the crisis to 9.6% in 2010, fell again to a notable 6.2% in 2014, leading the Federal Reserve Bank to end the third quantitative easing programme it had adopted. In 2015 a further acceleration of GDP to 3.1% is expected as well as a further decline in the unemployment rate to 5.6%, mainly due to robust domestic demand.

In Japan, GDP decreased by 0.1% in 2014, while increased by 1.6% in 2013, since the pre-announced increase in excise tax from 5% to 8% in the second quarter of the year led to a contraction of private consumption in 2014. In an environment of anemic international demand and despite the significant depreciation of the Japanese yen (it is estimated to be 18.5% in 2013 and 5.5% in 2014 in terms of nominal effective exchange rate), the trade deficit increased to 2.1% of GDP from 1.9% in 2013. However, the increase in the excise tax led -as planned- to a stimulated inflation (2014: 2.7%, 2013: 0.4%) but also to enhanced public revenues and a reduced budget deficit. For 2015, a slight increase of the Japanese GDP by 1.0% is forecasted.

In China, there is evidence for permanent rather than cyclical slowdown in economic growth compared to the past high rates. This will bear a large and broader impact on international trade and international commodity prices but also partly on Greek shipping. GDP growth, although high, declined further to 7.4% in 2014, its lowest level since 1990, from 7.8% in 2013. The increase in the volume of exports, with an average rate of 16% in the time period 1994-2009, declined further to 4.1% from 8.7% in 2013 and the current account surplus is estimated to have returned to 2.4% of GDP since its decline to 1.9% in 2013. In 2015 the GDP growth rate is estimated to decline to 6.8%.

In Russia, economic activity declined further in 2014 (0.6% from 1.3% in 2013), under the weight of the large devaluation of the rouble, the trade sanctions imposed by the USA and the European Union because of the crisis in Ukraine, but also because of the fall in international oil prices. For 2015 it is expected that the economy will go into recession, with GDP declining by 3.8% as negative macroeconomic conditions and geopolitical uncertainties in the region are expected to persist.

Regarding Southeastern Europe countries, most of them registered an increase of GDP in 2014. In some countries (Bulgaria, Albania, F.Y.R.O.M.) economic growth was accelerated compared to 2013, whereas Romania recorded a slowdown of the GDP growth rate. In contrast, Serbia's GDP declined because of natural disasters that occurred in May 2014, while Cyprus' GDP decrease was due to a reduction in the production of the secondary sector and the adverse environment in the financial sector. However, the observed decline in Cyprus was smaller than anticipated by the international organisations. In 2014, the total average growth rate in the countries of Southeastern Europe (excluding Turkey) remained at 1% for the second consecutive year, and is projected to accelerate to 1.7% in 2015.



Mary Schina,
Aegean Sea-Light and Colour, 2007
Woodcut and digital print on canvas
160 x 200 cm

2. Business Units

Alpha Bank offers a number of financial products and services to individuals and businesses, and is active both in Greece and abroad. With a 21.6% market share in deposits as of 31.12.2014 and an extensive loan portfolio that covers all key activity sectors of the Greek Economy, the Alpha Bank Group is one of the largest Greek financing groups, with a strong presence in the domestic and international banking market. In 2014, the market share in domestic business loans stood at 21.9%, thus making the Group one of the market leaders in terms of Greek enterprises' financing.

The Group's activities encompass retail banking, wholesale banking, asset management and insurance, investment banking and treasury, as well as hotels. The Retail Banking Business Unit pertains to all individuals-Customers of the Group, self-employed persons and small and very small enterprises. The Wholesale Banking Business Unit pertains to the cooperating medium-sized enterprises and large corporations, to enterprises with multinational activities and to shipping companies. In addition, the Group offers a wide range of high-quality financial products and services, including asset management and private banking, the sale of insurance products, factoring and leasing, investment banking, brokerage and real estate management.

The Alpha Bank Group is present in Southeastern Europe via the Bank's Branch Network and the Group Companies that operate in Albania, Bulgaria, Cyprus, F.Y.R.O.M., Romania and Serbia. The Group is also present in the United Kingdom, through the London Branch and the Group Company Alpha Bank London Ltd

Retail Banking and Small Enterprises

Credit expansion to the private sector for the entire banking system declined by 3.1% in 2014, versus 3.9% in 2013, as a result of the adverse economic conditions of the previous years. In particular, the declining rate of household lending slowed down by 2.9% in 2014, after a more pronounced decline by 3.5% in 2013. This development reflects the slowdown in the negative trend, mostly in consumer loans (2014: -2.8%, 2013: -3.9%) and housing loans (2014: -3%, 2013: -3.3%).

In December 2014, private sector deposits stood at Euro 160.3 billion with an annual decline rate of 2.4%, versus an increase by 1.4% in December 2013 and a drop by 7.3% in December 2012.

Housing Loans

Mortgage lending continued to decline during 2014, although the negative trend slowed down to 3%, versus 3.3% in 2013. The weak economic growth, the difficulties in drawing up contracts during the first half of 2014 due to ambiguities in the tax legislation, as well as the political uncertainty created an adverse macroeconomic environment that stunted demand for housing loans.

These developments resulted in the decrease in the number of applications for housing loans and, consequently, in a limited volume of new loan disbursements. In 2014 the Bank disbursed Euro 40 million of new loans, versus Euro 67 million in 2013 (on a consolidated basis). In line with the negative trend in the market, this result allowed the Bank to maintain its share of mortgage loan balances at a stable 23.7%.

During 2014, the Bank placed particular emphasis on developing and supporting housing loan restructuring and settlement products. One of the Bank's initiatives in this context was the creation of a new website (http://www.vriskoumelyseis.gr/), accessible by the general public and aiming to offer solutions with regard to debt settlement. With the use of appropriate calculation tools, the said website presents borrowers with alternative arrangements for the repayment of their debts in arrears and functions as a dynamic channel of communication between the Bank and its Customers.

Moreover, the State facility for the debt relief of individuals who promptly service their loans was extended until the first quarter of 2014. The said facility, first introduced in 2013, provides for the inclusion of natural persons in a restructuring programme with favourable terms for debts related to mortgage loans. The programme aims to provide relief to specific social groups which have sustained substantial reductions in their income.

In the last quarter of the year, as soon as the legislation allowed it, the Bank offered the programme for the rescheduling of subsidised housing loans granted to beneficiaries of the former Workers Housing Organisation (OEK) for purchasing their first home, with the aim of enabling this particular category of borrowers to repay their debts.

Regarding the systems and the operational support of housing loans, it is noteworthy that in early 2014 the full operational integration of housing loans was successfully completed through the migration of the respective portfolio of the former Emporiki Bank.

For 2015, Alpha Bank aims to maintain its position in the housing credit market by developing new products adapted to the current economic conditions. At the same time, it will continue to support its existing Customers by offering comprehensive solutions to allow them to service their loans promptly.

Consumer Loans

At the end of 2014, Alpha Bank's consumer loan portfolio stood at approximately Euro 5 billion.

The disbursement of new **purpose loans**, including car loans, posted a considerable increase in 2014 amounting to approximately Euro 100 million.

Furthermore, emphasis was placed for yet another year on managing debts in arrears from consumer loans and cards through the "**Alpha Facilitation**" programme that the Bank has developed in order to support its Customers.

The "Alpha Facilitation" programme aims to help Customers better plan and control their consumer loan and card debt repayments, by significantly reducing monthly instalments and by restructuring them according to their financial capabilities. The Programme's results in managing debts in arrears have been quite satisfactory.

During 2014, the Bank continued to offer, in cooperation with the Ministry of Environment, Energy and Climate Change (YPEKA), the "**Energy Efficiency at Household Buildings**" programme, which is subsidised by the Hellenic Fund for Entrepreneurship and Development (ETEAN). The programme offers exceptionally low-cost loans with flexible repayment terms for the upgrade of home energy performance.

Cards

In 2014, Alpha Bank cards maintained their top position in the Greek card market. With the acquisition of Citibank's Greek Retail Banking operations, the Bank became the only issuer of cards in Greece for the four major international payment schemes (American Express®, Diners, Visa and MasterCard). Moreover, after the conclusion of its major agreement with UnionPay International, a subsidiary of China Union Pay, the Bank is also an acquirer of cards from the five major global brands (American Express, Diners, Visa, MasterCard and China UnionPay). In September 2014, Alpha Bank was the first to launch a partnership with China UnionPay (CUP), the leading card issuer in the world with a portfolio exceeding 4.2 billion payment cards. This agreement allows businesses collaborating with the Bank in Greece to enhance their customer base from China and Southeastern Asia, entering a high-spending market which grows rapidly on an annual basis. In 2014, more than 230,000 new credit and debit cards were issued, the majority of which participate in the Bank's Reward Programmes and offer their holders access to the benefits of the said Programmes.

In the Merchant Acquiring Business, the Bank further strengthened its leading position, as its market share exceeded 45%, driven by both organic growth and the integration of Citibank's card operations in Greece. Although the economic crisis drove many businesses to close down, in 2014 the Bank boasted the market's largest network of participating businesses (95,000), with over 115,000 sales points accepting all major international cards (American Express, Diners, Visa and MasteCard). Turnover for 2014, including Citibank's turnover from card operations in Greece, grew by 11%, amounting to Euro 3.65 billion. Revenues from commissions posted a corresponding growth, with the average commission remaining at levels near those of 2013. Turnover from partnerships with electronic commerce (e-commerce) businesses grew by 50% to more than Euro 300 million.

The "**Membership Rewards**" and "**Alpha Bank Visa Gold**" Reward Programmes kept steadily their successful course, offering unique privileges to gold cardholders. The Dynamic card "**Cash Back Programme**" remains one of the most popular cash back programmes available. The programme's redemption rates remained very high (over 90%), confirming customer loyalty and satisfaction with the Programme. In 2014, the "**Bonus Reward Programme**" expanded its list of Main Partners with the addition of the **Kotsovolos** chain of stores. This major new partnership was particularly well-received by consumers and proved highly successful in driving transaction volume growth as well as in attracting new card Customers through the Kotsovolos stores. Additionally, in 2014, the list of the Programme's Main Partners was expanded to include **Hondos Center** and **AXA Insurance**. Finally, the list of stores where Bonus points can be redeemed under the Programme was also expanded, with the addition of new important partners such as Pirelli, Peugeot, Citroën, Cellier, Coco-mat, Tous, A. Ismailos S.A., oroloi.gr, La Pasteria, T-Square, Aleria, Jamon, Ambassador Hotel, Apanema Hotel, Gas Express, Gazpro, Metro & Beauty, Anastasiadis Optica Stores etc.

Of major significance for the Bank was the distinction it won in the internationally established event "**The Loyalty Awards 2014**", as it was presented, once again after 2012, with the award for "**Best Use of Technology in a Loyalty Programme**", in recognition of the success of the Bank's "Multi-Scheme Loyalty" platform, which was developed in collaboration with the company Welcome Real-time. The new platform, which has been operational since December 2013, has already been used to upgrade three different Programmes (Bonus, Alpha Bank Visa Gold, Membership Rewards) with the introduction of significant innovations, such as instant rewards and segmented campaigns based on customer transaction history. This innovative platform will very soon also support the reward programmes of the Citibank cards portfolio. In addition, the said platform is also used in the countries where Alpha Bank is active, starting with Bulgaria, where the upgraded "**Dynamic Programme**" was launched in the summer of 2014, while the launch of the same programme is scheduled for the immediate future in Romania, and then in Serbia, Albania and Cyprus.

Alpha Bank remains committed to innovation and to providing leading payment solutions that build on developments in the international markets. In this context, in February 2014 the Bank introduced in the Greek market "**Tap 'n Pay**", the very first mobile payments application in Greece that uses contactless communication technology, in cooperation with Vodafone and with the support of First Data and Visa. After operating initially as a pilot application, it has been available to all Alpha Bank and Vodafone Customers since June 2014. "**Tap 'n Pay**" met with considerable interest, received wide press coverage and won the **Gold Award** in the E-banking/Contactless Payment Systems category of the e-volution awards 2015, as well as the **Silver Award** in the Ermis Awards 2014. It is noteworthy that a study is currently under way to identify the best practices to support the expansion of this modern and fast-growing payment method.

Significant progress was also made in the promotion of contactless transactions cards. Over 150,000 such cards are in circulation, while it is worth noting that all Enter debit cards of the Bank are currently using the contactless technology. The upgrade of the Bank's credit cards to contactless technology is already in progress, so that all newly-issued cards, as well as those issued in renewal of older ones, support this modern payment method.

Major initiatives were also taken to promote the Alpha e-statements and Alpha alerts modern services, implemented via telephone calls. In 2014 over 40,000 cardholders subscribed to the Alpha e-statements service and over 20,000 cardholders to the Alpha alerts service. As a result, more Customers are provided with high-quality services, while operating costs have been reduced and the Bank's income has increased.

In partnership with Visa, the Bank was appointed contractor in the tender procedure initiated by the Athens Urban Transport Organisation (OASA) in the autumn of 2014, inviting offers for a solution to support card-based purchases for all fare products of the OASA Group. Under the contract awarded, contactless POS terminals were installed in all ticket sales points of the Athens Metro. Wireless contactless payment terminals were also installed in selected bus and tram stops. A competition for passengers, organised by the Bank in cooperation with Visa, ran during the Christmas season, with the aim of increasing the use of cards in purchasing Athens transport tickets. The competition was highly advertised at the "Syntagma" Metro Station.

With regard to its cards business, the Bank's priorities for 2015 are to increase the penetration of cards into its customer base, to drive the evolution of the Bonus Reward Programme into a Reward Programme that will cover the Customer's integrated relationship with the Bank, to ensure the smooth integration of Citibank and Diners Club cards to the Bank's systems with parallel upgrades of the respective product and service offerings, and to further differentiate the Bank's profile in connection with the use of modern and innovative products such as Digital Wallets and Personal Payments.

Small Business Loans

In the sector of loans granted to Small Businesses (including freelancers), Alpha Bank offers a wide range of products and services, emphasizing on Customers' particular requirements. At the end of 2014, the balance of Small Businesses loans (with credit limits up to Euro 1 million) stood at Euro 5.64 billion.

During 2014, regarding Small Businesses, the Bank focused on:

- Providing substantial and effective support to Borrowers and carrying out targeted actions per customer segment, in order to optimise the management of portfolio in arrears.
- Promoting business loans to cover short-term financing needs and to support entity's new investment plans.
- Becoming active in the agricultural products sector, by promoting "**Contract Farming Flexible Programmes**", which have been developed in order to offer substantial support to every healthy agricultural - related business, covering the entire chain of related activities, from production and processing, up to the export of agricultural products.
- Supporting entrepreneurship by promoting on regular basis the programmes of the Hellenic Fund for Entrepreneurship and Development (ETEAN), as well as by participating in programmes under the National Strategic Reference Framework (NSRF) 2007-2013, managed by third parties.
- Strengthening the business extroversion of export companies providing financing in collaboration with the Export Credit Insurance Organization (ECIO).

More specifically, concerning the support of Small Businesses, the Bank developed a new line of products, "**Alpha Support**", addressed both to physical and legal entities. "Alpha Support" aims at speeding up the restructuring process for Small Business portfolio and at offering viable settlement solutions, in full compliance between the regulations and the settlement products, according to the Bank of Greece Executive Committee Act 42/30.5.201, as amended by the Bank of Greece Executive Committee Act 47/9.2.2015.

In June 2014, the Bank launched "**Contract Farming Flexible Programmes**", whereas it has already concluded eight partnerships with the following export-oriented businesses, all of which being leaders in trade, processing and distribution of agricultural products: Siarkos S.A. Cotton Ginning, Pavlos N. Pettas S.A., D. Nomikos S.A., Kappa-Sigma Cotton S.A., N. Karagiorgos Bros S.A., Kronos S.A., Intercomm Foods S.A., and E. & D. Kontos S.A.

Through its "Contract Farming Flexible Programmes", the Bank:

- Supports the production process and partially finances the production costs of the agricultural products, during the growing season.
- Strengthens businesses' liquidity related to the agricultural production (i.e. processing/exporting companies, companies activating in the trade of agricultural supplies etc.).
- Aims at establishing mutually profitable partnerships among agricultural producers and companies active in the trade, processing and export of agricultural products.

The "Contract Farming Flexible Programmes" have strategic significance to the Bank, since they are expected to contribute to the following:

- The attraction of deposits and transactions performed by producers and agriculture-related businesses.
- The development of cross-selling opportunities for other banking products and services, to the associated companies providing agricultural supplies (installation of POS terminals, e-banking services etc.).
- The modernisation of agricultural economy's transaction cycle and the more rational organisation of the entities involved.

In 2014, the Bank completed successfully its operational integration with the former Emporiki Bank and continued to provide the product line "**Alpha In Business**", offering flexible financing solutions to all Business-Customers, in order to correspond effectively to all new customers' requests for short-term financing for working capital requirements and/or for business premises and equipment financing. Furthermore, the Bank continued to manage the Small Business loans portfolio through targeted assignments, addressed to the Branch Network, aiming at offering way, flexible solutions to meet their current needs derived from new market conditions.

In order to strengthen competitiveness of Small and Medium-sized Enterprises, the Bank continued to offer the programme "**Entrepreneurship Fund - Business Restarting**", in collaboration with the Hellenic Fund for Entrepreneurship and Development (ETEAN). The said Programme secures access to interest-free loans subsidised at 50%, in order to provide Small and Medium-sized Enterprises with immediate liquidity for financing their business development and several investment needs. The programme has been extended and is now due to expire on 31.10.2015. It is mentioned that, until 31.12.2014, 736 loan applications of Euro 137.86 million in total have been approved, while total disbursements stood at Euro 96.77 million.

In the context of the Action "**Entrepreneurship Fund - Guarantee Fund**", the Bank continued to disburse business development loans to Small and Medium-sized Enterprises guaranteed up to 80% by ETEAN, for financing investment plans and working capital requirements, against assignment of the corresponding subsidy amount. It is mentioned that, as of 31.12.2014, 96 applications of Euro 30.28 million in total have been submitted, whereas total disbursements stood at Euro 21.37 million. At the same time, during 2014, the "**Letters of Guarantee Issuance Programme**" was completed, which strengthened the liquidity of Medium-sized, Small and Very Small Enterprises by granting a 50% guarantee by ETEAN, for a portfolio of letters of guarantee up to Euro 150,000 per enterprise.

In December 2014, following the Bank's successful collaboration with the European Investment Fund for the promotion of JEREMIE programmes (Joint European Resources for Micro to Medium Enterprises), the Bank negotiated the new **JEREMIE FRFSI** programme, which will be effective until the end of 2015. The progamme will offer to Small and Medium-sized Enterprises access to interest-free co-funded loans subsidised at 50% for financing their investment and business development plans.

Furthermore, regarding the promotion of private investments in the country, Alpha Bank, during 2014, remained actively involved in funding investment plans, which fall under various NSRF programmes and are managed by third parties (Intermediary Body of the Operational Program "Competitiveness & Entrepreneurship" - EFEPAE and Regional Administrations) and offered competitive financing terms while playing a key role in monitoring the implementation progress of such plans.

Finally, in order to provide support to export businesses, Alpha Bank, in collaboration with the Export Credit Insurance Organization (ECIO), continued to promote the "**Extroversion**" insurance programme to export oriented companies. Under this programme, an exporter, upon concluding an insurance policy with the ECIO covering 80% against non-payment risk, can apply to the Bank in order to be granted with financing up to Euro 1 million, through the "**Alpha Exports Development**" product, enjoying favourable repayment terms and without providing any mortgage as collateral.

Deposit Products

The year 2014 was marked by fluctuations in the balance of the deposits of the Greek banking system, which ultimately led to total losses of Euro 3 billion, according to data released by the Bank of Greece. The highest decline occurred in December 2014 and is attributed to the political uncertainty. Nevertheless, in the course of the year, Alpha Bank managed to increase significantly its total retail and corporate deposits in Greece and to expand its share of deposits.

In the first months of 2014 a decline in domestic retail and corporate deposits was registered, with the amounts withdrawn being used to meet tax obligations and other current needs.

This was followed, in the second quarter of 2014, by an inflow in the banking system of approximately Euro 2 billion of deposits, mostly from businesses. The Bank absorbed a significant part of the total amount, thus increasing its market share.

The inflow of deposits in the banking system continued during the third quarter of 2014, with total inflows standing at Euro 1.7 billion. At the end of September, the Bank completed the acquisition of Citibank's Greek Retail Banking operations, which contributed substantially to the increase of the Bank's total deposits.

In the last quarter of 2014, banking system deposits declined by Euro 4.4 billion, mainly as a result of the political uncertainty. Given that the decrease percentage of Alpha Bank was significantly lower than its market share, the Bank's total share of deposits ultimately increased at the end of 2014.

In order to further reduce the cost of term deposits and increase its market share, the Bank:

- Reduced the maximum interest rate offered on term deposits nine times during the year, taking also into account the market conditions.
- Offered the "**Alpha Bonus Term Deposit**" line of products

with a duration of three (3), six (6) and twelve (12) months, attracting significant part of the total retail customer assets placed in term deposits in Euro.

- Implemented a re-pricing strategy for the largest part of the term deposits portfolio by means of favourable six-month pricing schemes.

The above initiatives contributed to the noticeable decrease of the average interest rate of new retail term deposits and the weighted average cost of the corresponding deposits portfolio.

Also, it is noted that in the course of the year the interest rates offered on all sight and savings accounts held by both retail and corporate Customers were reduced twice.

In 2014 the Bank launched the following new term deposit products:

- "**Alpha Bonus Term Deposit**": These term deposits, which were first launched in December 2013, were further enhanced during 2014 and are today offered with a duration of three (3), six (6) and twelve (12) months and for initial deposit amounts starting at Euro 10,000, Euro 30,000 and Euro 50,000, respectively. Their competitive advantage lies in the combination of the benefit of preferential graded interest rates with the privileges of the Bank's highly successful "**Bonus Reward Programme**". Depositors are rewarded with thousands of Bonus points, part of which are paid in advance, at the start of the deposit term. The Bonus points collected through the "**Alpha Bonus Term Deposit**" products can be redeemed in purchases made from the Bonus Programme Partners, which include air tickets, electronic goods, VAT-free fuel, daily commodities and many more.
- "**Alpha Progress**": As of July 2014, the Bank launched three new term deposits with twelve-month duration, for initial deposit amounts starting at Euro 20,000, Euro 50,000 and Euro 100,000. The new deposits offer competitive graded interest rates which increase every two months and the option to withdraw the entire capital, without penalty, on the anniversary of the product, as well as the option to increase the initial capital through additional deposits during the two-month period.
- "**Extra Profit Euro**" and "**Extra Profit US Dollar**" Composite Term Deposits: The new products were offered on a subscription basis to Alpha Prime Personal Banking and Private Banking Customers for a limited period of time in November and December 2014. The main feature of these products is the combination of a fixed (contractual) and guaranteed interest rate for the Term Deposit with an additional "Extra Profit" interest rate, which is paid to the depositor in the event that a specific condition, which is based on the EUR/USD parity, is fulfilled.

In addition to the above, the following products also contributed significantly to the retention of deposits:

- "**New Alpha Plus!**" Combination of Term Deposits and Mutual Funds: In an environment of continuously declining deposit interest rates, 'Alpha Plus!' products played a key role in retaining funds of the Bank's affluent Customers and increasing the assets under management of the Mutual Funds. In addition, all the products of this category achieved exceptionally high returns, benefiting from the favourable conditions that prevailed throughout the year, in the markets in which they invest.
- "**Alpha New Era**": The products attracted substantial part of the total retail Customer assets placed in term deposits in Euro. Their key feature is that they secure competitive returns that increase on a quarterly basis, over a total period of twelve months.
- "**Alpha 1|2|3**": During 2014, the outstanding balance of the Alpha 1|2|3 line of deposit products increased significantly.

  In addition, the Bank financed exclusively the publication of the children's book entitled "**To the Moon and Beyond...**" an allegory that promotes the value of savings and the need for rewarding all efforts. The book will be offered as the new welcome gift to those who open an Alpha 1|2|3 deposit account for children.

In the middle of 2013, about 100 additional Branches were added in the Alpha Prime Personal Banking Branches Network, bringing their total number to 225. This expansion led to a significant increase in sales during 2014, not only in terms of absolute figures, but also in terms of their share of the Bank's total sales.

For the Alpha Prime Personal Banking Service, the most important development in 2014 was the acquisition of Citibank's Greek Retail Banking operations. Through Citigold, Alpha Bank gained access to the most widely recognised Personal Banking service worldwide. This agreement will contribute significantly to the expansion of the products and services offered to Alpha Bank's affluent Customers. Since mid-2014, the Bank's Executives worked closely with the Executives of the former Branch Network of Citibank in Greece, in order to ensure business continuity and the provision of high-quality services after the legal merger and to prepare the ground for integrating the Alpha Prime Personal Banking Service and Citigold into the new Alpha Bank Gold Personal Banking Service.

Given the outflow of deposits that began in late 2014, driven mainly by the climate of political uncertainty, the Bank's primary objective is to strengthen its deposit base. Restoring stability and improving confidence in the Greek Economy will contribute significantly in reattracting deposits.

Bancassurance

In order to cater to the needs of its Customers, Alpha Bank offers a comprehensive range of insurance products. These products are either linked to other products and services of the Bank or they are offered as standalone insurance products and include general and life insurance plans, as well as investment-savings plans. More specifically, investment-savings plans, which are a subcategory of life insurance plans, are offered by the Group Company **AlphaLife Insurance Company S.A.**, whilst general and life insurance plans are offered in collaboration with **AXA Insurance Company S.A.**

The Greek insurance market declined by 0.6% in 2014, mainly affected by the decline in general insurance premiums. More specifically, general insurance premiums declined by 9.6%, while life insurance premiums posted an increase by 11.4%.

As regards the mortgage insurance segment, despite the continuing decline in new loan disbursements and in the pricing of premiums due to stiff competition, the Bank's position in terms of new general insurance premiums through AXA Insurance remained virtually unchanged. Customers whose mortgaged property is insured with AXA Insurance through the Bank were offered the "**One Month Free Insurance**" special promotional discount for the "Alpha Safe Auto" insurance plan. As of 1.4.2014 the insurance policies on mortgaged properties of the former Emporiki Bank, which had been concluded with Crédit Agricole Insurance, have been renewed through AXA Insurance.

In the car insurance segment, the Bank, in collaboration with AXA Insurance, offers the "**Alpha Safe Auto**" insurance plan. In order to strengthen the competitiveness of the said plan, in June 2014 AXA Insurance introduced significant reductions in premiums, in accordance with specific pricing parameters, thus making it one of the most competitive products in the market.

In the life insurance segment, in collaboration with Biomedicine S.A. and AXA Insurance, the Bank offers the "**Alpha Health Care for All**" insurance plan, which is now also offered as a group insurance plan for the personnel of companies which cooperate with the Bank.

Furthermore, in 2014 the activities for the inclusion of AXA Insurance as a "Main Partner" of the Bonus Reward Programme, were completed thus opening up new opportunities for further promoting bancassurance products and for offering the Programme's redemption and Bonus collection benefits to AXA Customers.

With regard to investment-savings plans, the Bank offers to its Customers, in collaboration with AlphaLife Insurance, the "**Alpha Life**" and "**Alpha Prospects**" plans. The "Alpha Life" plan, was further improved in order to be a highly attractive proposal to Customers for the gradual formation of guaranteed capital through systematic savings. In parallel, the "Alpha Prospects" plan launched new product offerings that combine the said Plan with a term deposit, which in 2014 led to an increase of new premiums through the Branches by 37%, compared to 2013.

In 2014, total new insurance premiums for the investment-savings plans offered through the Bank's Branch Network, in collaboration with AlphaLife Insurance, increased by 34% compared to 2013.

Medium-sized Enterprises and Large Corporations

The prolonged recession was largely reflected in the domestic credit expansion, as the year-on-year growth rate of corporate lending for the entire banking system remained negative throughout 2014. The last months of the year, however, saw indications of a slowdown in this negative trend.

For yet another year, Alpha Bank continued in 2014 to support its Customers by catering to their needs in a timely and effective manner, in line with the foreseen credit criteria.

It also restructured its lending portfolio, where this was considered necessary, in order to assist its Customers to promptly service their debts. In parallel, it further pursued its policy of securing its claims through obtaining additional collateral, necessitated by the prevailing economic conditions.

With a total balance of loans to Medium-sized Enterprises and Large Corporations standing at approximately Euro 7.6 billion, the Bank succeeded in maintaining a significant share of the market, a result that is evidence of the tangible support it provides to its Customers and, in particular, to the largest Greek enterprises. The Bank's role as Arranger for the majority of the syndicated loans in the market contributed greatly to its efforts to financially support its Customers. With the help of the other participating - primarily Greek - banks, Alpha Bank provided enterprises with the necessary liquidity, by restructuring/rescheduling their loans with a view to supporting entrepreneurship and business viability in the adverse economic conditions of the country.

With regard to collateral, the review of risks in the light of the adverse conditions of the economy led to an increase in the Bank's requirements for collateral. This practice, introduced over the past few years, was continued throughout 2014 as one of the means available for offsetting the increased credit risk. As a result, the total value of collateral held by the Bank currently secures a significant percentage of loan balances.

In 2014, the Greek banking system continued to face significant challenges, the most important of which was the need for efficient non-performing loans management. In this regard, the credit rating of the Businesses-Customers of the Bank suffered a significantly less serious deterioration than elsewhere in the banking system, and thus a high percentage of the loans are granted to acceptable-, medium- and low-risk Borrowers. The Bank's efficient risk management was positively assessed during the recent Asset Quality Review (AQR) carried out by the European Central Bank.

The above initiatives helped maintain the income from fees and the net interest income on the loans granted at satisfactory levels, which for 2014 totalled Euro 470 million. This allowed the Bank to meet the cost of money, to offset the increase in the provisions for bad debts and, ultimately, to maintain the satisfactory profitability and quality of its lending portfolio. For the Bank, balancing the income from the fees collected on its mediation services and the net income from asset-liability management is a fixed strategic choice for achieving organic growth.

The Bank's primary objective is to pursue the effective management of its Customers, in terms of income/profitability as well as in terms of mitigating credit and operational risk. Once the domestic economic environment is stabilised and further improved, an additional objective will be to selectively develop lending and other financing business with Customers with an acceptable credit risk rating.

Shipping Finance

The Bank has been successfully involved in shipping finance during the last seventeen years, providing specialized lending and operational products and services (remittances, foreign exchange transactions, hedging solutions etc.) to the Greek-owned ocean-going and coastal shipping.

The Bank remains one of the main lenders of Greek shipping and, in that respect in 2014 it granted a small number of new loans with conservative criteria. With a shipping loan portfolio of around Euro 2.1 billion on 31.12.2014, exposure to ocean-going shipping accounted for 86% (46% dry bulk carriers, 40% tankers, 5% container carriers), while loans to coastal shipping accounted for 9. At the same time, the Bank strengthened its position in the shipping sector through a substantial increase of the volume of operations with regard to the provision of banking products (both traditional and specialised) provided to its shipping Customers.

Finally, at the end of 2014, Alpha Bank (first among Greek banks) concluded successfully the shipping loans' securitization, raising liquidity of USD 500 million.

Leasing

Despite the extremely adverse economic conditions which continued to persist throughout 2014, the Group Company Alpha Leasing improved significantly its performance in terms of new leasing business acquisition and ranks second in the leasing sector, compared to third in the previous year.

Total income in 2014 stood at Euro 23.9 million, down by 8.8% compared to 2013, mainly due to the successive reductions in the Euribor rate, the selective deleveraging of the balance sheet and the settlement of debts related to existing leasing contracts. Production of new contracts, however, increased to Euro 50 million from Euro 29 million in the previous year, with collections in the last semester posting a growth by 13%. The portfolio of accounts receivable from leasing agreements prior to impairment stood at Euro 862 million, down by 2.5% from Euro 884 million at the end of 2013. Alpha Leasing ranks third in the leasing sector according to the residual capital of leasing contracts.

Maintaining a strong coverage ratio led to a further increase of provisions for the impairment of bad debts by Euro 20 million. Thus total provisions were further strengthened, standing at the end of 2014 at Euro 92.4 million and accounting for 11% of the portfolio, compared to 8% in 2013. Maintaining adequate provisions for credit risk and ensuring solid capital adequacy remain the Company's primary objectives in order to cope effectively with the crisis. Alpha Leasing' s strong capital base places it first in the leasing sector.

In this environment, throughout 2014 as well, the Company continued to actively manage the leasing contracts portfolio, focusing on finding solutions to address the financial difficulties that Customers face in repaying their loans, through debt restructurings and settlements, while obtaining additional collateral in order to protect the Shareholders' interests and the viability of its Customers' businesses. In addition, organisational, procedural and regulatory changes were introduced while promotional activities were carried out, despite the Company's intent to selectively acquire new business.

Drawing on the experience amassed over the previous years, while applying a prudent pricing policy, Alpha Leasing supports its Customers by providing credit facilities to sectors of the economy with significant growth prospects in the coming years and by developing solutions to help Customers experiencing difficulties in servicing their debts.

Factoring

ABC Factors, the Group Company via which the Bank is active in the factoring services sector, has been a member of the Factors Chain International (FCI) since 1995 and of the International Trade & Forfaiting Association (I.T.F.A.) since 2006, regarding forfaiting services. In addition, in 2009 it was one of the founding members of the Hellenic Factors Association.

The improvement in the Greek economic activity in 2014 was reflected in the total turnover of the factoring market, which increased by 7.5% compared to 2013 and stood at Euro 13 billion, driven primarily by the growth of export factoring services.

In 2014, the Company achieved a significant increase in turnover (the value of accounts receivable which are subject to factoring), that grew by 10.9% compared to 2013 and stood at Euro 4,235.8 million, driven by its successful further penetration in individual market segments. At the same time, it expanded its share in the Greek factoring market to 32.5%, versus 31.5% in 2013, where it maintained its leading position.

In addition, in 2014 ABC Factors had yet another profitable year, as earnings before tax stood at Euro 16.1 million, up by 15.7% compared to 2013, while profit after tax stood at Euro 11.7 million, up by 27.5% compared to 2013. During 2014, the Company continued the successful restructuring of its portfolio and managed to increase the average balance of discounts by 15.9% compared to 2013, which stood at Euro 557.6 million on 31.12.2014. The percentage of impairment stood at 0.6% of total discounts on 31.12.2014, due to the emphasis placed on rational credit risk management and on the implementation of best practices.

During 2014, in line with the systematic and stringent risk management framework it introduced over the previous years, the Company continued to take all the necessary and appropriate measures to better shield itself against all kinds of financial risks. With the aim of implementing and continuously improving this framework, ABC Factors focused on minimising its exposure to the risk of price fluctuations (interest rate risk), credit and operational risk, as well as to liquidity and cash flow risk, all of which are monitored by the competent Alpha Bank Group bodies.

The main developments that had a major impact on the Company's course during 2014 were the following:

- The Company's strengthened status as a member of Factors Chain International, driven by the attempted extroversion and interest of businesses to address markets with growth potential, aiming equally at obtaining liquidity and at securing their sales.
- The consolidation of cooperation with the Business Centres and the Corporate Banking Division of Alpha Bank.

- The gradual incorporation, in 2014 as well, of quality improvements and additions, such as the Risk and Fraud Detection modules, in the new "proxima+" IT application for factoring, in order to optimise and further automate the risk analysis/rating processes for Customers and buyers. This will allow for a more accurate identification of business risks, through the combinatorial analysis of several parameters such as Customer-buyer relationships, product combinations, risk reinsurance and industry risk.
- The further automation of input data flows into the new "proxima+" IT application for factoring, which significantly improves productivity.

For 2015, the Company has the following strategic goals:

- To maintain its leadership in the sector, in terms of both market share and high profitability, taking advantage of the opportunities arising in the sectors of the Greek Economy.
- To place emphasis on further developing international factoring, either through direct involvement in foreign markets or through bilateral factoring, working with members of the Factors Chain International.
- To promote forfaiting and reverse forfaiting derivative products, through the International Trade and Forfaiting Association network as well as the Alpha Bank Network.
- To exploit the full potential offered by the new "proxima+" IT application for factoring, in order to achieve new economies of scale, in tandem with making efforts to reduce general operating costs and increase the productivity of the Company's Personnel.
- To complete the parameterisation of the Risk Management modules and activate the Client/Web Interface. These developments add further value to the Company's cooperation with its Customers and support the growth and differentiation of its services, in line with the developments in the European market, while also enhancing the effectiveness of the processes required by the regulatory framework and the supervisory authorities.

The sustained growth of ABC Factors is driven by the high-quality expertise of its skilled Personnel and the support of the Bank but mainly by the Company's commitment to create value for its Customers by providing them with services and products tailored to their needs.

Asset Management and Brokerage Services

Mutual Funds

2014 was an important year for Alpha Mutual Funds. Assets under management increased by 10% and stood at Euro 1.191 billion on 31.12.2014, versus Euro 1.082 billion on 31.12.2013, while the corresponding increase in terms of average annual assets stood at 38%. Alpha Asset Management A.E.D.A.K. further strengthened its position by increasing its assets and expanding its market share to 19.7% versus 17.3% in 2013. In contrast, total market assets of mutual funds decreased by 3.3% compared to 2013, mainly due to the decline in the domestic equities and bonds prices. More specifically, total assets under management of the Greek mutual funds management companies stood at Euro 6.05 billion versus Euro 6.25 billion on 31.12.2013.

The Company's assets under management grew due to the positive balance of subscriptions and redemptions, the assumption of the management of "**Hermes**" Mutual Funds as well as the newly attained institutional funds. This increase was, however, moderated at the end of 2014, due to significantly adverse changes in the Greek stock and bond prices. For the second consecutive year, the Company's income from fees and fund management commissions coming from Mutual Funds and institutional portfolios, exhibited a significant increase. In 2014, the amount of income reached Euro 21.8 million, increased by 44% compared to 2013.

Alpha Asset Management A.E.D.A.K. offers 27 Mutual Funds spanning a wide range of investment options in terms of basic investment categories (equities, bonds, money market), geographical and sectoral diversification, as well as alternative investments such as commodities. It also offers specially-designed Mutual Funds which incorporate bancassurance schemes, in cooperation with the competent Division of the Bank. In parallel, the Company is actively engaged in the management of institutional investors' portfolios.

The Alpha Mutual Funds recorded, in 2014 as well, remarkable returns and achieved top rankings in their respective categories. More specifically, the mutual funds exposed to the European bond and global equity market performed notably well with "**Alpha Global Allocation Balanced Fund**" ranking first in its category with a return of 8.97% and "**Alpha Euro (€) Corporate Bond Fund**" ranking second with a return of 6.33%. "**Alpha Global Blue Chips Equity Fund**" and "**Alpha European Government Bond Fund**", were also distinguished, with 12.5% and 11.2% respectively and ranked third in their category.

In the Equity Funds of Funds category, "**Alpha Cosmos Stars Silk Route Asia Equity Fund of Funds**" and "**Alpha Cosmos Stars USA Equity Fund of Funds**" recorded significant gains of 23.44% and 22.98% respectively and were ranked at the top six among a total of 265 mutual funds managed by Greek Asset Management companies. Yet, the high returns of the above Alpha Mutual Funds were not achieved only in 2014, but were also consistently high during the last three and five years.

Finally, it should also be noted that for the last four years the Alpha Mutual Funds have been assessed by the international rating house Morningstar and have consistently received excellent ratings concerning their risk/return ratios. The relevant information is available on the Alpha Asset Management A.E.D.A.K. website (www.alphamutual.gr).

During 2014, notable events took place, which led to further strengthening of the Company's presence in the field of Asset Management. In particular:

- Since 1.2.2014 the Company has assumed the management of the three "**Hermes**" Mutual Funds managed by Amundi Hellas A.E.D.A.K., with total assets of about Euro 100 million.
- The Company expanded its collaboration with institutional investors such as professional pension funds and insurance bodies, either by signing investment services and portfolio management contracts, or by creating funds with specific investment objectives. In this context, two new Mutual Funds were created, "**Petrochemical Companies Occupational Pension Fund Global Balanced**" and "**Dynamis Global Balanced Fund**".

It is expected that 2015 will be a particularly crucial year for our country and the developments in the domestic Mutual Funds market will depend to a significant extent on the general conditions that will prevail in the Greek Economy. The primary objective of the Company is to increase the funds under management via the positive balance of participations and redemptions of the Bank's sales network. In parallel, the Company aims at further developing its institutional funds management business and at expanding the services currently offered.

Private Banking

Alpha Bank, a pioneer in Private Banking, has been providing for over twenty-one years comprehensive portfolio management and banking services to high net-worth Customers. These services are provided through the Alpha Private Bank Centres in Athens, Thessaloniki, Patra, Volos, Iraklion and London, which are staffed by certified and specialised investment advisors. Private Banking Customers have at their disposal a flexible framework of services offered under the trade name "Alpha Private Bank". More specifically, they can select from three types of portfolio management service, which can also be combined to ensure the best possible coverage of their needs:

- **Discretionary Portfolio Management**, where the Bank assumes unrestricted management of the Customer's funds.
- **Advisory Investment Management**, where the Bank provides active 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 line with the Bank's corporate culture and in full compliance with MiFID, the services are offered after having considered the amount to be invested (minimum portfolio size of Euro 300,000), the Customer's investment goals (capital protection, maximisation of capital gain, normal volatility), time frame, investment experience and known or estimated cash flows, along with the applicable tax framework at the Customer's country of residence.

In 2014 the Private Banking Division focused its efforts on the following three key priorities:

- The maintenance and qualitative growth of its customer base.
- The redesigning of the Advisory Services in order to generate added value for actual and potential Private Banking Customers.
- The absorption of a part of the Retail Banking activities of

former Citibank and more specifically the Citigold Select Customers, who, after the operational integration of Alpha Bank's systems with those of the former Branch Network of Citibank in Greece, will have access to an extended range of Private Banking products and services.

Despite the difficulty in attracting new funds, given the prevailing conditions in the economy, the Private Banking Division managed to attract Customers both from the competition as well as from the former Emporiki Bank's customer base. Moreover, the funds under management of the Private Banking Division were reinforced by the funds of the former Branch Network of Citibank in Greece Customers by Euro 0.7 billion, resulting in total funds of over Euro 4 billion. It is worth noting that in 2014 as well, the Discretionary Portfolios (Conservative, Balanced, Dynamic) continued to achieve high returns. In particular, the returns of the Conservative Portfolio reached 5.16%, with a fluctuation of 6.6%, the Balanced Portfolio reached 7.84%, with a fluctuation of 6.4% and the Dynamic Portfolio reached 9.89%, with a fluctuation of 7.2%.

Seeking to provide Customers with high value-added services, the Bank is constantly increasing its support regarding investment products. In this context, the new Investment Portfolio Analysis Division was established, under the supervision of the Private and Investment Banking Executive General Manager, aiming at providing continuous and systematic support to Private Bankers and Customers regarding portfolio management and the provision of investment services. At the same time, within the scope of absorbing the former Branch Network of Citibank in Greece activities, the maximum effort is made in order to utilise and timely integrate its expertise and best practices as a member of an international organisation.

In 2015, the Private Banking Division will focus on the following objectives:

(a) The further expansion of its customer base by attracting Customers' funds from domestic and international competition.

(b) The rationalisation of the Alpha Private Bank Centres Network, taking into account that after the operational integration with the former Branch Network of Citibank in Greece, a new Branch model specialising in wealth management will incorporate the presence of Private Bankers at selected service points.

(c) The upgrading of the sales support and monitoring mechanism by using new technology.

(d) The promotion of the Service to Customers, who are currently not receiving it, through the rational allocation of the Customers among the Bank's Networks.

(e) The offering of new products by taking full advantage of Citibank's expertise, which will contribute in strengthening relations with Customers and at the same time will increase their investment options.

(f) The adjustment of the pricing policy, where deemed appropriate, so that the expected revenue corresponds to the actual value of the Service.

Brokerage Services

Escalated volatility in Greek Market prices was the main characteristic of 2014. Increased political risk translated into Market underperformance, versus almost all European Markets for the full year, despite relative gains during first half. More specifically, Athens General Index posted a 28.9% year-on-year drop for the full year 2014, compared with DAX+2.6%, FTSE100 -1.1%, CAC40 -0.1%, S&P 500 +11.1% and Nikkei +7.1%.

The average daily turnover in the Athens Exchange in 2014 amounted to Euro 127 million, up by 47% year-on-year, a fact mainly attributed to the significant participation of foreign institutional investors.

At the end of December 2014, foreign institutional investors held 25.7% of the total market capitalisation (compared to 14.7% in December 2013), the Greek institutional investors held 3.7% (versus 5.6% in December 2013), private investors 12.7% (versus 12.5% in December 2013), with the Hellenic Republic and the Hellenic Financial Stability Fund holding together 32.3% (versus 45.7% in December 2013).

Alpha Bank is active in the brokerage sector via the Group Company Alpha Finance, which in 2014 ranked fifth in the list of the ATHEX Brokerage Members, with a market share of 5.44% recording a 35% increase in transaction value in the Athens Exchange compared to 2013 and a turnover of Euro 10.6 million.

The Company provides retail and institutional investors with a comprehensive range of investment services, which include:

- Trading in the joint Athens and Cyprus Stock Exchange equities and Exchange Traded Funds (ETFs) platform and access to the Athens Exchange Derivatives Market.
- Trading in the international equity and derivatives markets via agents, as well as via the Alpha Global Trading web-based service.
- Market Making: Alpha Finance acts as a Market Maker in the stock and derivatives market of the Athens Exchange.
- ALPHATRADE: Provision of a complete range of online services accessible via the Customer Service, the mobile applications for iPhone, iPad, iPod and for Android-based devices, the automated Interactive Voice Response system, as well as via the Company's website at www.alphafinance.gr
- Research: Timely provision of accurate information in the form of well-documented corporate, sector-specific and macroeconomic analyses.
- Settlement, Clearing and Custody Services: Integrated settlement, clearing and custody services for the domestic and international equity and derivatives markets.

For 2015, the organic and profitable growth of its business is a key strategic priority for Alpha Finance. The Company also focuses on maintaining its good standing and the reputation it enjoys in the market.

Investment Banking and Treasury

Investment Banking

Alpha Bank has been extensively involved as a Financial Advisor to the Greek State on several major projects. The year 2014 saw the conclusion of the public tender procedure for the sale and leaseback of 28 buildings owned by the Greek State, which was awarded to the successful bidders, Eurobank Properties REIC and NBG Pangaea REIC. In addition, during 2014, Opap Investment Ltd was declared final successful bidder for the grant of the exclusive right to organise and conduct mutual betting on horse races for a period of 20 years. The transaction will be completed upon the ratification of the concession agreement by the Greek Parliament. The development of State-owned properties is still in progress, while further action was pursued for the conclusion of the sale of a 66% stake in the Hellenic Gas Transmission System Operator (DESFA).

The Bank is actively involved in capital market projects, as well as in mergers and acquisitions. In the capital market sector, it participated in the group of underwriters for the listing of the shares of "Elliniki Technodomiki Anemos SA" on the Main Market of the Athens Exchange (ATHEX), the very first company listing on ATHEX to take place since 2009, as well as in the group of underwriters for the share capital increase of "Lamda Development S.A." In the context of the new recapitalisation of the Greek banking system, the Bank handled with great success its share capital increase of Euro 1.2 billion through a private placement with special investors. Finally, it successfully concluded the share capital increase of the companies "Kathimerini S.A." and "Kekrops S.A." and participated in the Financial Advisors team supporting the share capital increase of "Attica Bank S.A.", whose completion is pending.

With regard to mergers and acquisitions, the Bank advised companies active in the real estate, energy and healthcare sectors on the sale of their assets, in the context of assignments currently in progress. In 2014, the "Fraport AG - Slentel Ltd" consortium, with a bid of Euro 1.234 billion, was declared successful bidder in the international open public tender procedure for the privatisation of 14 Greek regional airports, launched by the Hellenic Republic Asset Development Fund (TAIPED). The Bank participated as Financial Advisor to the "Fraport AG - Slentel Ltd" consortium in this privatisation, whose completion is currently pending.

Treasury

The first signs of economic recovery in Greece, which appeared during 2014, coupled with the low returns and excess liquidity in the international capital market, rekindled investor interest in Greek bond issues. In June 2014, the Bank carried out with great success the issue and placement in the international markets of a Euro 500 million senior unsecured bond with a three-year maturity and a 3.5% yield to maturity, in a move that signalled its return to the international capital markets, after a long absence during the crisis. The transaction was concluded at the lowest lending rate on the funds raised, compared to the other Greek companies and financial institutions, diversified the Bank's liquidity resources, extended the funding horizon and accelerated its disengagement from the Eurosystem's financing facilities. It is worth noting that all the Bank's bond issues consistently achieve the best prices and liquidity in the secondary market, confirming investors' trust in its stability and long-term growth.

With regard to liquidity, the Bank's prudent management continued during 2014, taking into account the need to secure high reserves in order to protect depositors and clearly focusing on lowering its funding costs. The concerted efforts to exploit all opportunities to raise liquidity from the money markets, through continuous and intensive negotiations with international counterparties, succeeded in establishing and expanding significant funding lines for the Bank. In this context, international banks chose to conclude with Alpha Bank, as their preferred trading partner in Greece, a series of repo transactions of over Euro 1.8 billion, secured by assets not eligible with the European Central Bank (ECB), with more favourable terms compared to the competition. The said transactions allowed the Bank to tangibly reduce the use of the Support Programme pillars under Law 3723/2008 and to disengage from the Bank of Greece Emergency Liquidity Assistance (ELA) facility in May 2014.

The positive investment climate created during the first half of 2014, which led to the decline of the returns on Greek bonds, was reversed in the last quarter of the year, causing high volatility in the prices of securities. The Bank supported the smooth operation of the market for Greek Government bonds, with the high volume of its trading activity in the secondary market and its continued participation in the primary issue of Treasury Bills. Moreover, it played a key part in shaping trends in prices and returns of Greek corporate bonds and provided tangible support to the Greek Economy by consistently offering trading prices that met the needs of its Customers.

With regard to its income from financial transactions, the Bank realised for yet another year significant profits from its trading activities in the foreign exchange, interest rate and bond markets. The highly successful choices made in managing open positions and in effectively hedging the market and credit risk from the debt crisis, resulted in an exceptional performance that significantly bolstered the Bank's profits. It should also be noted that, throughout the year, the Bank ensured that the available credit lines maintained with foreign banks were sufficient to allow it to meet, with very competitive terms, the requirements for managing market risk, to the benefit of itself and of its Customers.

In the context of the management and development of relations with international financial institutions, the Bank facilitated the smooth continuation of its Customers' trade activities and secured the required trade limits. To this end, it relied heavily on proactive communications with its correspondents abroad and on highlighting its strong comparative advantages in the domestic market. In parallel, with the aim of reducing operating costs and seeking to ensure its compliance with the regulatory framework and to limit operational risk, the Bank rationalised the number of sight accounts maintained in its books by domestic financial institutions. For the same reasons, the Bank also launched the process of the settlement of its RMA Authorisations, with assistance provided by the Society for Worldwide Interbank Financial Telecommunication (SWIFT) Organisation.

In the sector of financial products and services, the Bank continued to dynamically promote bespoke financial solutions to its Customers, while it also adapted and expanded its portfolio of market risk management solutions to cater to the needs of businesses. This strengthened relations with Customers and enhanced the quality of the Bank's income, a trend that is expected to intensify in the coming years and multiply the efficiency of this product line. Moreover, a further boost to profitability and cross-selling opportunities is anticipated from the organisational unification of treasury solutions offerings with transaction banking offerings (Payment and Trade Services) into a singular administrative structure that took place this year. The unification of banking service offerings to businesses is expected to assist in the further analysis of their needs, enhance the quality of the provided services and improve the portfolio of currently available products.

Management of the Wholesale Banking deposits focused on reducing costs and on strengthening deposit balances, on the back of the improvement in the economic climate and the Group's financial strength. This activity also drove the significant increase in the Bank's net interest income on an annual basis.

During 2014, the Bank further strengthened its presence in the arrangement of bond issuance placed in the international markets, by participating in the origination of debt securities with an aggregate nominal value of over Euro 2 billion, for the benefit of Greek private sector organisations. Drawing on its traditionally strong ties with the Greek and international investment communities, Alpha Bank is evolving into a valuable supporter of Greek businesses that increasingly make use of this funding tool in the options available for financing their balance sheets and growth strategies.

The initiatives described above and the emerging growth prospects for the Greek Economy and the domestic banking sector will be key to the achievement of the Bank's ambitious goals in the financial products and services sector over the coming years.

Project Finance

Alpha Bank holds one of the leading positions in the Greek Project Finance market, offering structured finance on a bilateral and syndicated basis for large non-recourse projects in Greece and abroad, in the infrastructure sector (roads, airports, ports etc.) and the electric power generation sector (thermal power plants, cogeneration plants and renewable energy sources plants, such as wind farms and photovoltaic parks). It is also active, with great success, in the provision of advisory services for structuring and organising the financing of public and private investment projects, privatisations and Public-Private Partnerships (PPPs).

In parallel with Project Finance, the Bank is also present in the real estate market in Greece and Southeastern Europe and has provided structured finance for projects involving the development of commercial properties, office premises, sports venues, warehouses and hotels.

From its establishment in 2004 to this day, the Project Finance Unit has successfully concluded multiple projects financings, with outstanding balances today of approximately Euro 1.2 billion.

In 2014, the Project Finance Unit participated actively in the organisation of new syndicated or bilateral structured finance arrangements for projects in the sector of Renewable Energy Sources (wind farms, biogas/biomass, photovoltaic parks) and affirmed its dominant position in the sector. It also organised two highly successful syndicated loans for PPP projects, which received the "Deal of the Year" award from the internationally acknowledged "World Finance" magazine. Finally, the provision of advice to joint ventures in connection with their participation in tender procedures for privatisations and PPP projects, resulted in the award of the relevant contracts (among which the largest PPP project tendered to date and the largest privatisation in the transport sector so far) to the said joint ventures, demonstrating the high quality and efficiency of the services provided.

The improvement of the economic climate in Greece during 2014 opened up opportunities for contracts regarding new projects in the energy and infrastructure sectors.

For 2015, the volume and performance of the Project Finance and Real Estate loan portfolio is expected to increase, with business development focusing primarily on projects in the renewable energy sources and infrastructure (transport) sectors as well as on PPPs.

Venture Capital, Equity Financing

In the Venture Capital/Private Equity sector, Alpha Bank is active through **Alpha Ventures** and **Alpha Ventures Capital Management**.

In recent years an increase has been observed in the activity of Venture Capital/Private Equity in Greece, with an emphasis on extrovert companies of innovative services and technology.

The prolonged recession and the general shortage of liquidity obliged companies to redefine their strategy and seek partnerships in order to exploit the opportunities present in Greece and abroad. Venture Capital/Private Equity companies can act as a catalyst for achieving these goals, since, in addition to contributing capital, they guarantee the necessary level of trust between the participants involved and offer substantial assistance in the organisation, management and strategic development of companies.

The strategy of Alpha Ventures aims at exploiting the opportunities present in the current economic conditions, based on the following priorities:

- Continuing to invest Alpha TANEO Fund's available capital primarily in innovative companies which are active in rapidly growing sectors, at the edge of technological development and export-oriented.
- Attracting third-party investment funds to be placed under management. The long-term aim is to manage investment capital primarily coming from third parties and secondarily from Alpha Ventures. To this end, during 2014 the foundations were laid for cooperating with foreign investment funds in order to jointly assess investment opportunities emerging in the Company's area of activity.

Alpha Ventures has an investment potential ranging between Euro 1 million and Euro 5 million. Nevertheless, the reputation of the Alpha Bank Group, combined with Alpha Ventures' long presence in the market and the experience of its Executives, enable it to collaborate with major foreign investment funds and domestic strategic investors, in order to facilitate major transactions. Thus, transactions involving investment (majority/minority shareholdings) with large companies in Greece and potentially the Balkans are constantly pursued.

In 2014, despite the adverse economic conditions, both Alpha Ventures and Alpha Ventures Capital Management realised satisfactory profits. For Alpha Ventures, operating results before tax stood at Euro 4.3 million, out of which Euro 3.7 million derived from the liquidation of a past investment. Correspondingly, Alpha Ventures Capital Management registered profit before tax of Euro 0.614 million, which derived from management fees.

During 2014 Alpha Ventures placed increased emphasis, for yet another year, on the investment activity of the Alpha TANEO Fund, managed by its wholly-owned subsidiary, Alpha Ventures Capital Management since the Fund's investment period is due to expire in 2015. The Alpha TANEO Fund invests in small cutting-edge extrovert companies that are competitive and have major growth potential.

In 2014, the Fund continued at full pace with the examination of investment proposals, as, out of 88 proposals which were submitted during the year, 60 were assessed. Twelve of these are still under consideration, while six will very likely lead to investments during 2015.

Finally, it is noted that during 2014 Euro 1.1 million in total capitals were invested in four existing Alpha TANEO Fund participations, in line with our contractual commitments.

Southeastern Europe

In 2014 most of Southeastern Europe countries registered an increase in economic activity. Economic growth was accelerated in the economies of Bulgaria, Albania and F.Y.R.O.M. compared to 2013, whereas the economy of Romania recorded a slowdown of the GDP growth rate. In contrast, Serbia's GDP declined because of the national disasters that occurred in May 2014, while Cyprus's GDP decrease was due to a reduction in the secondary sector's production of the and the adverse environment in the financial sector. However, the observed GDP decline in Cyprus was smaller than anticipated by the international organisations. In 2014, the total average growth rate in the countries of Southeastern Europe (excluding Turkey) remained at 1.0% for the second consecutive year, while it is projected to accelerate to 1.7% in 2015.

The Alpha Bank Group operates in six countries of Southeastern Europe through Group Companies in Albania, Cyprus, F.Y.R.O.M., Romania and Serbia and through a Branch Network in Bulgaria. On 31.12.2014 the Group's presence in Southeastern Europe was supported by a Network of 403 Branches and Personnel amounted to 5,556 Employees.

In 2014, the Group's loans in Southeastern Europe stood at Euro 9,805 million, thus constituting 15.7% of total Group loans. Deposits increased by 5.6% year on year, stood at Euro 5,420 million and accounted for 12.6% of total Group deposits.

Albania

Alpha Bank has been active in Albania through the Group Company Alpha Bank Albania SHA since 2012, while the Bank's presence in the country dates back to January 1998. In 2014, the Bank's Network comprised 40 Branches and Personnel amounted to 402 Employees.

In a continuously changing economic environment, Alpha Bank Albania SHA adopted a prudent credit policy, increased debt in arrears collection and financed major projects. The Bank offers a wide range of high quality products and services to its Customers, in order to cater to their needs. The customer base of the Bank was strengthened in 2014, as the number of Customers increased to 293,000 from 235,000 in 2013.

In 2014, the Bank's total loan portfolio stood at Euro 372 million and deposits at Euro 469 million, driving the loan-to-deposit ratio at 79% in 2014, compared to 77% in 2013. Alpha Bank Albania SHA ranks fifth in retail credit and sixth in deposits out of a total of 16 commercial banks operating in the country. The Bank has a strong presence in the card industry, having issued approximately 7,000 credit cards and more than 51,000 debit cards. In 2014, the Bank launched the new housing loan "**Alpha FIX5**", which is offered at a fixed rate for the first five years, as well as the new deposit product "**Alpha My Term**". Moreover, marketing campaigns were conducted to promote housing and consumer loans.

In 2014, Alpha Bank Albania SHA managed to keep its healthy capital position and enhance its liquidity base. As a result, the capital adequacy ratio stood at 16.04% and the liquidity ratio at 42.8%. It is noted that both ratios were higher than the minimum required by the national regulatory authorities.

Bulgaria

Alpha Bank has been active in Bulgaria via a Branch Network since 1995. In 2014, the Bank's Network numbered 86 Branches and Personnel amounted to 757 Employees. The Bank's total assets stood at Euro 1.9 billion and thus Alpha Bank ranks among the largest banks in Bulgaria.

Despite the adverse economic and financial environment of the last two years, the Bank has managed to maintain its market position and strengthen its customer base.

Loans increased by 2.8% year-on-year amounting to Euro 652 million and the Bank's market share stood at 2.5%. The Bank adopted a selective credit policy particularly in business lending and tackled non-performing loans successfully. In parallel, total deposits increased by 11.7% year-on-year and amounted to Euro 480 million. The Bank improved its pricing policy aiming at the reduction of the cost of deposits, and focused on attracting term deposits, while payroll and savings accounts enabled the Bank to attract new Customers and increase cross-selling. The loan-to-deposit ratio stood at 136% in 2014 from 147% in 2013.

In 2014, two new consumer loans were launched, "**Alpha Optimum**" and "**Alpha Maximum**". In addition, marketing campaigns for various products of the Bank were conducted.

In 2014, Alpha Bank managed to curtail its cost in Bulgaria by improving its pricing policy and by further pursuing initiatives to reduce operating expenses.

Cyprus

Alpha Bank's operations in Cyprus started in 1998 with the acquisition initially of 75% of the share capital of Lombard Natwest Bank Ltd, a subsidiary of the NatWest Group in Cyprus, and subsequently with the gradual acquisition of the company's full control. The acquired Bank was then renamed Alpha Bank Cyprus Ltd. In 2014, the Bank maintained a total Network of 29 Branches in Cyprus (Alpha Bank Cyprus Ltd: 25, Emporiki Bank - Cyprus Ltd: 4) and Personnel amounted to 968 Employees.

The merger between Emporiki Bank - Cyprus Ltd and Alpha Bank Cyprus Ltd, through the absorption of the former by the latter, was concluded at the end of March 2015.

In Cyprus, the implementation of the Economic Adjustment Programme continues in the context of the Memorandum of Understanding agreed with the creditors and spanning the period 2013-2016.

In 2014, the continuing economic recession, the increase in the unemployment rate and the lack of liquidity in the internal market continued to negatively affect the results of the Bank. However, the losses were smaller in 2014 compared to 2013, as the lower cost of deposits and the reduced provisions for bad loans had a positive effect on the results of the Bank.

Following the strengthening of its capital base by Euro 129 million on 31 December 2013, Alpha Bank Cyprus Ltd has covered its capital requirements, as determined by the Central Bank of Cyprus, under the diagnostic test of PIMCO (Pacific Investment Management Company LLC), in order to face the challenges resulting from the adverse economic environment. Alpha Bank Cyprus Ltd maintains high capital adequacy ratios with the Common Equity Tier 1 ratio standing at 15.1%, the Tier I Capital ratio standing at 17.6% and the Total Equity Capital ratio standing at 20.3% on 31 December 2014.

The removal of restrictive measures on account opening for new customers, in the second half of 2014, allowed Alpha Bank Cyprus Ltd to conduct marketing campaigns for deposit products, credit and debit cards as well as the upgraded alternative network "**Alpha Express Banking**". In particular, the Bank launched a series of term deposits, including "**Alpha Flexibility**", "**Alpha Term Deposit with Miles**", and "**Alpha Progress 1+/3+**", as well as the privileged account "**Alpha 500 Premier**", which meet the individual needs of various categories of Customers, in order to attract deposits from new and existing Customers. In parallel, the Bank launched programmes such as the "**Alpha Welcome Pack**", a preferential package of basic banking products and services for Customers who choose to cooperate with the Bank, and the "**Alpha Welcome Youth Pack**", a corresponding special package for individuals between 18 and 28 years old, which offers favourable terms for their first cooperation with Alpha Bank Cyprus Ltd. The aforementioned actions resulted in attracting over 3,000 new Customers.

In 2014 the Bank's total deposits, at country level, increased to Euro 2,265 million and total loans amounted to Euro 5,063 million, while its market share in loans stood at 6.7%.

The Alpha Bank Group was active in the Cypriot insurance market via Alpha Insurance Ltd, which, despite the economic downturn, showed satisfactory profitability. However, in December 2014, Alpha Bank Group agreed to proceed with the sale of all the shares it held at Alpha Insurance Ltd. The transaction value amounted to Euro 14.5 million and had a neutral capital result for the Bank.

F.Y.R.O.M.

Alpha Bank's presence in the banking market of F.Y.R.O.M. dates back to 2000, when it acquired Kreditna Banka A.D. Skopje, which was later renamed Alpha Bank A.D. Skopje. In 2014, the Bank's Network comprised 18 Branches and Personnel amounted to 246 Employees.

In 2014, the Bank managed to improve the quality of its loan portfolio by reducing non-performing loans, restructuring loans and increasing debt in arrears collection. It also focused on attracting new Customers and strengthening its relationship with existing Customers by meeting their needs and by continuously supporting them.

In 2014, total loans amounted to Euro 70 million, having increased by 2.2% year-on-year, with an increase in business loans by 8%. At the same time, total deposits stood at Euro 78 million. As a result, the loan-to-deposit ratio stood at 90% from 82% in 2013.

In 2014, Alpha Bank A.D. Skopje renewed, after a cooperation of seven years, its agreement with American Express (until 2019) and remained its exclusive partner in F.Y.R.O.M. At the same time, it launched "**Enter American Express Card**", as well as the programme "**Your Bonus**" in cooperation with 34 merchants, which provides cash return up to 15% of the purchase value.

At the end of December 2014, the capital adequacy ratio of Alpha Bank A.D. Skopje stood at 16.59%, higher than the minimum required by the national regulatory authorities.

In 2014, Alpha Bank A.D. Skopje was awarded the "**National Award for Best Corporate Social Responsibility**" by the Ministry of Finance of F.Y.R.O.M.

Romania

Alpha Bank was the first foreign bank to operate in Romania and has been present in the country since 1994. At the end of 2014, the Bank's Network comprised 149 Branches and Personnel amounted to 2,046 Employees.

In 2014, the Bank's customer base was strengthened. Total deposits increased by 19% year-on-year to Euro 1,700 million, while the Bank managed to reduce their cost. Moreover, total loans amounted to Euro 2,927 million and the Bank's loan market share stood at 5.9%. The Bank focuses on loan restructuring, as well as on debt in arrears collection and non-performing loans write-off. The number of issued credit and debit cards exceeded 67,000 and 171,000 cards respectively.

Additionally, it is noteworthy that the capitalisation of the Bank is considered adequate and in the previous year the capital adequacy ratio stood at 16.2%.

New deposit products were launched in 2014 and more specifically "**Alpha 20 Weeks**" and "**Alpha Tu Decizi**" ("**Alpha You Decide**"). At the same time, four new bancassurance products were launched, providing life insurance, insurance in case of job loss and payment protection insurance attached to loans.

In 2014, the **Mobile Banking application** was also launched and is available on Google Play and the App Store for smartphones and tablets. In addition, a new application was introduced at the Call Centre to allow for the development of telemarketing.

In 2014, Alpha Bank Romania S.A. completed twenty years of presence in the country and, on the occasion of this anniversary, launched a marketing campaign that focused on stressing the values and the credibility of the Bank, and emphasized support to its Customers.

In the leasing sector, the Alpha Bank Group has been active since 1998 through Alpha Leasing Romania IFN S.A., which provides its Customers with credit facilities and continuously adapts its products to market needs.

In the brokerage sector, the Alpha Bank Group has been active since 1994 through SSIF Alpha Finance Romania S.A., which provides Customers with stock trading services in the Bucharest Stock Exchange and foreign markets, financial advisor services, services of participation in Initial Public Offerings (IPOs), etc.

Serbia

Alpha Bank has been present in Serbia since 2002, while in 2005 it acquired Jubanka, the seventh largest bank in the country, which was later renamed Alpha Bank Beograd and then Alpha Bank Srbija A.D. In 2014, the Bank's Network comprised 81 Branches and Personnel amounted to 1,137 Employees.

Despite the unfavourable economic environment, in 2014 Alpha Bank Srbija A.D. strengthened its customer base, provided specialised products to its Customers facing difficulties in repaying their loans and focused on cross-selling. The Bank's total loans stood at Euro 721 million and its market share at 4.4%. At the same time, total deposits amounted to Euro 429 million. Alpha Bank Srbija A.D. focused on attracting new Customers for payroll accounts as well as on reducing the cost of term deposits. The loan-to-deposit ratio stood at 168% in 2014 compared to 156% in 2013.

In 2014, the Bank offered the programme "**Alpha Plan Relief**" to its Customers facing difficulties in repaying their housing loans. At the same time, the Bank offered small businesses with financial difficulties the programmes "**Alpha Support**" and "**Alpha Restructuring**". In addition, the **Hvala CSR** Programme continued to be implemented in cooperation with the Ministry of Health of Serbia and promotion campaigns for **MasterCard Hvala** were launched.

Alpha Bank Srbija A.D. continued the restructuring process with the aim of reducing costs and improving results. To this end, the Bank increased net revenue by reducing the cost of deposits and by curtailing operating expenses through the rationalisation of the Branch Network and Personnel expenses.

Other Activities

Real Estate Management

The main activities of the Group Company Alpha Astika Akinita S.A. are to manage and develop real estate assets owned by itself or by third parties, to provide advice on related matters, to exercise real estate operations, to carry out valuations of real estate assets on behalf of third parties and to participate in enterprises with the same or similar purposes.

In this context, Alpha Astika Akinita S.A. wholly owned, in 2014 as well, the Group 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. In 2014, the Company also assumed the management of the real estate assets of Alpha Bank Group Companies abroad, together with the management of Branch Managers' residences leased by the Bank in various peripheral regions of Greece.

In 2014, total assets stood at Euro 132 million, increased by 0.8%, versus Euro 131 million in 2013. Available funds stood at Euro 49.9 million in 2014, versus Euro 48.3 million in 2013.

In 2014 profit before tax stood at Euro 3.5 million versus Euro 6.7 million in 2013. The said decrease is due to the decline in the Company's turnover and income from financial operations, as well as the increase in operating expenses. The latter was caused by the increase in the number of Personnel, following the acquisition of the Emporiki Bank. Operating income for 2014 totalled Euro 10.3 million compared to Euro 11.6 million for 2013, decreased by 11.2%, mainly due to the reduced income from provided services and operating leases. Operating expenses for 2014 stood at Euro 8.2 million against Euro 6.8 million for the previous year.

After a period of intensive and successful growth, Alpha Astika Akinita S.A. today boasts a high-quality portfolio of real estate assets, substantial available funds and a team of real estate specialists. These characteristics, combined with the Company's nil borrowing, are the key conditions that will enable it to cope with the particularly difficult economic conditions.

Hotels

During 2014, the expectations of a recovery in Greek tourism were confirmed, creating the conditions for the continuation of the upward trend and further improvement of the image of the city of Athens, as one of the major destinations for visitors from the principal countries of origin represented in tourist arrivals.

The Alpha Bank Group is active in the hotel sector through the Company Ionian Hotel Enterprises S.A., which owns the Hilton Athens Hotel (with a capacity of 506 rooms) and runs it under a management contract signed with Hilton Worldwide.

Luxury hotels saw their performance improve in 2014, as their average annual occupancy rate stood at 64.5% versus 56.2% in 2013, with the average room price increasing by 8.8%. Of all hotel categories, luxury hotels posted the highest percentage increase in the average room price, with their RevPAR ratio amounting to Euro 95.15, up by 24.6%, versus Euro 76.35 in 2013. The main characteristic of the Athens hotel market was the tangible recovery of city-centre luxury hotels, which had suffered a sharp decrease in business during the period 2010-2012, resulting in the loss of a significant market share, mainly to the advantage of the Hilton Athens Hotel, the competitors on Syngrou Avenue and the Sofitel Athens Airport Hotel, located in the Athens International Airport.

Operating in an environment of stiff competition, the Hilton Athens Hotel succeeded for yet another year in achieving one of the top occupancy rates in the luxury category, which stood at 66.2% compared to 60.9% in 2013. Market share losses to competitor hotels were marginal and within normal limits, taking into account the corresponding recovery in the share of city-centre luxury hotels. The average room price stood at Euro 141.42 versus Euro 133.44 in 2013, while the RevPAR ratio posted a significant increase to Euro 93.60, versus Euro 81.33 in 2013 and Euro 108.35 for competitor luxury hotels, driven primarily by the increase in occupancy. It should be pointed out that the competition's higher average RevPAR ratio is due to the fact that the relevant calculations include data for Hotel Grande Bretagne and King George Hotel.

The turnover of the Hilton Athens Hotel stood at Euro 28.9 million compared to Euro 26.1 million in 2013 and posted an increase in all main sources of income, despite the continued recession in the domestic market and the contraction in consumer spending, which continues to impact negatively on the income from restaurants and bars. More specifically, income from rooms stood at Euro 17.3 million versus Euro 15 million in 2013, with the income from restaurants and bars posting a similar increase to Euro 8.2 million versus Euro 7.8 million in 2013.

With regard to expenses, significant efforts were made to check all types of operating costs, despite the tangible increase in energy prices and taxes. More specifically, the cost of sales, net of depreciation, stood at Euro 21 million versus Euro 20.2 million in 2013, posting an increase of just 4% compared to a 10.7% increase in turnover. The increase in the operating cost is due exclusively to variable expenses, directly related to the increase in room occupancy and in the income from restaurants and bars. A corresponding limitation and control of expenses is also observed in administration and distribution expenses. In addition, in a clear confirmation of the environmental awareness of the Company and of Hilton Worldwide, an investment plan to reduce energy consumption and operating costs was successfully completed. In the same line, March 2014 saw the completion of the installation and the launch into operation of a combined heat and power unit, in an effort to further reduce energy costs. Given the above, profit before tax, financial and investment results and depreciation, stood at Euro 6.4 million versus Euro 4.1 million in 2013.

Based on reservations data, demand for the Hilton Athens Hotel is expected to grow in the main market segments, such as business, group and conference tourism, both during the current tourist season and in future seasons as well. In order for this trend to be sustained, however, a key condition is to safeguard, during this crucial period, the reputation and image of the city of Athens as one of the top destinations of choice in the international tourist markets.

Yiorgos Lazongas,
Salome, 1987
Drapery traces on sheet, spray, charcoal
205 x 235 cm

3. Operating Segment and Geographical Sector Analysis

Analysis by Operating Segment

(in Euro million)	1.1 - 31.12.2014						
	Retail Banking	**Corporate Banking**	**Asset Management/ Insurance**	**Investment Banking/ Treasury**	**South-Eastern Europe**	**Other**	**Group**
Net interest income	840.2	701.7	15.5	19.4	360.6	1.1	1,938.5
Net fee and commission income	150.0	160.0	38.0	7.6	40.7	0.8	397.1
Other income	6.1	12.9	1.8	67.2	41.6	(32.5)	97.1
Total income	**996.3**	**874.6**	**55.3**	**94.2**	**442.9**	**(30.6)**	**2,432.7**
Total expenses	**(780.7)**	**(172.3)**	**(32.0)**	**(28.8)**	**(277.0)**	**(153.5)**	**(1,444.3)**
Impairment losses	(705.5)	(585.8)			(561.9)		(1,853.2)
Voluntary Separation Scheme cost						(200.8)	(200.8)
Negative goodwill from the acquisition of Diners Club						40.3	40.3
Profit/ (Losses) before income tax	**(489.9)**	**116.5**	**23.3**	**65.4**	**(396.0)**	**(344.6)**	**(1,025.3)**
Income tax							695.6
Profit/(Losses) after income tax from continuing operations	**(489.9)**	**116.5**	**23.3**	**65.4**	**(396.0)**	**(344.6)**	**(329.7)**
Assets	29,113.2	14,808.1	344.2	11,132.8	12,379.5	5,157.7	72,935.5
Liabilities	29,837.8	7,046.0	1,938.9	15,938.9	9,977.0	490.3	65,228.9
Capital expenditure	25.1	41.7	1.5	0.5	29.3	7.2	105.3
Depreciation and Amortisation	(45.0)	(17.8)	(1.7)	(1.1)	(20.1)	(12.3)	(98.0)

Analysis by Operating Segment (continued)

(in Euro million)	1.1 - 31.12.2013						
	Retail Banking	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Group
Net interest income	746.3	685.9	10.5	(153.7)	347.1	21.7	1,657.8
Net fee and commission income	151.8	141.0	27.8	5.9	43.7	0.1	370.3
Other income	5.3	15.1	3.7	143.2	38.4	110.3	316.0
Total income	**903.4**	**842.0**	**42.0**	**(4.6)**	**429.2**	**132.1**	**2,344.1**
Total expenses	**(763.7)**	**(164.6)**	**(26.3)**	**(29.1)**	**(284.6)**	**(157.5)**	**(1,425.8)**
Impairment losses	(649.1)	(839.0)			(435.1)		(1,923.2)
Negative goodwill from the acquisition of Emporiki Bank						3,283.0	3,283.0
Profit/(Losses) before income tax	**(509.4)**	**(161.6)**	**15.7**	**(33.7)**	**(290.5)**	**3,257.6**	**2,278.1**
Income tax							701.2
Profit/(Losses) after income tax from continuing operations	**(509.4)**	**(161.6)**	**15.7**	**(33.7)**	**(290.5)**	**3,257.6**	**2,979.3**
Profit/Loss from discontinued operations					(57.1)		(57.1)
Profit/(Losses) after income tax	**(509.4)**	**(161.6)**	**15.7**	**(33.7)**	**(347.6)**	**3,257.6**	**2,922.2**
Assets	29,428.5	16,285.4	624.0	11,337.5	12,317.0	3,704.9	73,697.3
Liabilities	30,358.3	6,431.3	2,027.1	15,398.7	10,817.0	297.1	65,329.5
Capital expenditure	44	45	1	1	15	13	119
Depreciation and Amortisation	(38)	(18)	(1)	(1)	(22)	(12)	(92)

Analysis by Geographical Sector

(in Euro million)	1.1 - 31.12.2014		
	Greece	Other countries	Group
Net interest income	1,559.6	378.9	1,938.5
Net fee and commission income	350.9	46.2	397.1
Other income	54.7	42.4	97.1
Total income	**1,965.2**	**467.5**	**2,432.7**
Total expenses	**(1,356.5)**	**(288.6)**	**(1,645.1)**
Impairment losses	(1,291.3)	(561.9)	(1,853.2)
Negative goodwill from the acquisition of Diners Club	40.3		40.3
Profit/(Losses) before income tax	**(642.3)**	**(383.0)**	**(1,025.3)**
Income tax			695.6
Profit/(Losses) after income tax from continuing operations	**(642.3)**	**(383.0)**	**(329.7)**
Profit/(losses) from discontinued operations			
Profit/(Losses) after income tax	**(642.3)**	**(383.0)**	**(329.7)**
Total Assets	60,058.9	12,876.6	72,935.5

(in Euro million)	1.1 - 31.12.2013		
	Greece	Other countries	Group
Net interest income	1,293.7	364.1	1,657.8
Net fee and commission income	323.3	47.0	370.3
Other income	276.0	40.0	316.0
Total income	**1,893.0**	**451.1**	**2,344.1**
Total expenses	**(1,130.9)**	**(294.9)**	**(1,425.8)**
Impairment losses	(1,488.1)	(435.1)	(1,923.2)
Negative goodwill from the acquisition of Emporiki Bank	3,283.0		3,283.0
Profit/(Losses) before income tax	**2,557.0**	**(278.9)**	**2,278.1**
Income tax			701.2
Profit/(Losses) after income tax from continuing operations	**2,557.0**	**(278.9)**	**2,979.3**
Profit/(Losses) from discontinued operations		(57.1)	(57.1)
Profit/(Losses) after income tax	**2,557.0**	**(336.0)**	**2,922.2**
Total Assets	60,825.3	12,872.0	73,697.3

Andreas Ragnar Kassapis,
Untitled, 2008
Wall painting
150 x 750 cm

4. Operational Systems and Distribution Channels

Operational Systems and IT Projects

Alpha Bank attaches great importance to the continuous upgrading of the quality of services, the increase of productivity and the minimisation of operational risk. To this end, the Project Management, IT Applications and IT Systems Divisions, together with the Coordination of Group Companies IT Division, work to design, maintain and support the IT Systems of the Bank and the Group. During 2014, a total of 146 large-scale IT projects were carried out, against 119 initially scheduled. The projects completed and the requests handled during the year covered the following key areas: the acquisition of Citibank's Greek Retail Banking operations, completion of the merger with the Emporiki Bank, Key Strategic Initiatives (KSIs), regulatory and legal requirements, as well as ongoing business needs from the Bank's operations.

The main IT activities during 2014 concerned planning and implementing projects related to the acquisition of Citibank's Greek Retail Banking operations, together with the corresponding operational, organisational and technical integration tasks. In this context, 54 IT projects are currently under way, which include the following:

- Purging and integrating the customer data (circa 620,000 Customers) of the former Branch Network of Citibank in Greece and migrating the associated digitised documents to the respective Customer Electronic File (e-File) application of Alpha Bank.
- Migrating products and services.
- Gathering historical data.
- Migrating personnel data (payroll, human resources management).
- Integrating Basel II Data into the BWCM Capital Adequacy Calculation System (generation of uniform and comprehensive reports for the Bank and Group).
- Payments of Alpha Bank cards issued by the former Branch Network of Citibank in Greece.
- Developing a new inter-bank flow screen in the Automated Teller Machine (ATM) networks and a new flow of screens in the Automated Cash Transaction Centres (ACTCs).
- Implementing "Day 1" Projects - date of the legal merger with the former Branch Network of Citibank in Greece:
  - Network Operation
  - E-banking and website of the Bank.
- Modifying intra-Bank transactions between Alpha Bank and the former Branch Network of Citibank in Greece (elimination of commissions).
- Modifying the process for the payment of cheques issued by other banks (elimination of intra-Bank charges).

At the same time, activities in support of the organisational and operational integration with the former Emporiki Bank continued during 2014 through the completion of a number of IT projects related to the said merger, the most important of which included the following:

- Storing historical data on fund transfers.
- Consolidating the Letters of Guarantee systems.
- Completing the migration of business (Easy Business, Cash Business etc.), housing and consumer loans.
- Integrating balances into the SAP/FI accounting system of Alpha Bank.
- Migrating the asset tracking and management application and the warehouse management application.
- Migrating historical data of the workflow and document management systems.

In addition to the merger projects, during 2014 Alpha Bank's IT Divisions handled more than 8,400 requests from the Bank's Business Units for improvements, problem solving, information provision and project implementation. The Group Companies abroad submitted a total of 6,044 requests for changes and problem solving.

With regard to process organisation and optimisation, the Bank's IT Divisions completed the following projects and activities:

- Issuing a Circular on the procedure of receiving and handling requests and determining the Business and IT Relationship Manager roles, responsible for coordinating and monitoring IT requests and projects in collaboration with the respective Business Units.

- Adapting the IT Project and Portfolio Management processes and launching the project for the installation of the HP Project and Portfolio Management (PPM) tool.
- Planning the integration of all IT services into the Bank's IT Services Management System (ISO 20000) and the interconnection of this system with the HP PPM tool.
- Adapting the Business Continuity Management System and managing its recertification against the ISO 22301 Standard by TÜV Austria Hellas.
- Managing the recertification of the IT Applications Division's Quality Assurance Management System (ISO 9001) by Bureau Veritas Hellas.

The IT Divisions offered vital assistance in collecting and reporting data as well as providing operational and technical support to the competent Units of the Bank, during major audits in 2014, such as the Asset Quality Review (AQR) carried out by the European Central Bank (ECB) and the audit performed by the Bank of Greece (through Deloitte Greece, in application of Bank of Greece Governor's Act 2577). At the same time, the Bank's IT Divisions managed twenty internal audits/follow-up audits and three inspections of certified Management Systems by Bureau Veritas Hellas and TÜV Austria Hellas.

The key objectives of the IT Divisions for 2015 are to manage and complete the projects associated with the acquisition of Citibank's Greek Retail Banking operations and to meet the requirements arising from the planning of Key Strategic Initiatives (KSIs), in order to optimise and increase efficiency and at the same time reduce operating costs. Major IT Projects with a Bank-wide impact include:

- Migrating Branches to a virtual working environment (V-Branch project) and eliminating the use of local servers at Branch level. This project aims to improve the centralised management and the functionality of workstations, as well as the management of the activities foreseen in the disaster recovery plans for the Branches.
- Migration of Business Loans and the Safe Deposit BoxApplication from the IBM mainframe (former Emporiki Bank infrastructure), whose use is to be discontinued (SIGLO re-platforming), to an advanced technology infrastructure (i-Series).

At the same time, the IT Divisions will continue to respond to requests from other Bank Units and associated companies as part of the regulatory framework and the Bank's current business operations and strategic planning.

Certification of Critical Business Sectors

In the context of the continuous improvement in business continuity management processes, in 2014, the Bank successfully preceded with the renewal of its existing ISO 22301 certification, as well as with the expansion of this certification to the Group Company Alpha Bank Romania S.A.

Alpha Bank Romania S.A. is the first bank in Romania to be certified with the ISO 22301 Standard, while it is the third Group Company receiving this certification, following Alpha Bank A.E. and Alpha Supporting Services S.A.

Additionally, aiming to the efficient implementation of the Business Continuity Plan and Processes, thirty Bank Executives have been certified (as Business Continuity Certified Lead Auditors/Specialists/Planners) by an internationally recognised institute in the business continuity industry.

Branches, Alternative Networks and Electronic Services

Branch Network

Alpha Bank is successfully active in the domestic as well as in international markets, through a total of 1,032 Branches (including the 20 new Branches of the former Branch Network of Citibank in Greece), and at the same time it maintains a wide network of correspondent banks both in Greece and abroad.

At the end of 2014, the Alpha Bank Branch Network in Greece numbered 628 Branches and Customer Service Units, including nine Business Centres and ten Alpha Private Bank Centres. The Branches decreased by 27 Units compared to 31.12.2013, after the merger of 48 Alpha Bank Branches and the operation of an additional Alpha Private Bank Centre.

Accordingly, the International Network of Alpha Bank numbered 404 Branches, having a presence in Cyprus (Alpha Bank Cyprus Ltd: 29), in Romania (Alpha Bank Romania: 149), in Bulgaria (Alpha Bank-Bulgaria: 86), in Serbia (Alpha Bank Srbija A.D.: 81), in Albania (Alpha Bank Albania SHA: 40), in F.Y.R.O.M. (Alpha Bank A.D. Skopje: 18) and in the United Kingdom (London Branch). The Branches abroad were 26 fewer compared to 31.12.2013, due to the merger of 20 Branches of Alpha Bank Srbija, 4 Branches of Alpha Bank Cyprus and 2 Branches of Alpha Bank Albania.

With a strong presence in both urban areas and the wider region, the Group's extensive Network allows the Bank to adapt to the ever-changing conditions in the market and to improve its customer reach. In 2015, particular emphasis will be put on optimising the Branch Network utilisation and efficiency.

Alternative Networks and Electronic Banking Services

Alpha Bank, thanks to the continuous development of alternative networks for the provision of products and services, remains a pioneer in leveraging the opportunities given by new technologies and offers electronic banking services of high quality and reliability.

In 2014, the Bank launched two major projects to renew and enrich the Bank's electronic services: the redesign of the Alpha Web Banking service for Private Individuals and the development of a Payments Portal, both of which are scheduled for completion during 2015. In addition, 2014 saw the start of the implementation of two projects involving ATM services and scheduled to enter production in early 2015; namely the acquiring of UnionPay International (UPI) cards and the Dynamic Currency Conversion (DCC) Service.

The Customers' appreciation of the services available via the Bank's alternative networks is evidenced by the continuous increase in their usage. During 2014, the transactions carried out through the electronic banking services rose by 18.8% in relation to 2013 and currently account for 56.5% of the Bank's total transactions.

The electronic banking services (Alpha e-services) offered by the Bank are the following:

- **Automated Banking Devices**

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

With the first ATMs being installed in 1981, Alpha Bank paved the way for modern banking technology in Greece. The rationalisation of the networks of on-site and off-site ATMs of Alpha Bank and the Emporiki Bank, following the merger with the latter, has been completed and a similar project is now under way for Citibank's ATM networks in Greece. Taking the above into account, on 31.12.2014 the Bank had 1,163 ATMs (707 on-site and 456 off-site), which accounted for 71.8 million transactions, up by 3.7% in relation to 2013, with a total value of Euro 10.95 billion, up by 2.4% versus 2013.

In order to provide Customers with an enhanced level of services, to improve the efficiency of the Bank's ATM networks and to rationalise their operating costs, a total of approximately 200 feasibility studies were carried out during 2014 concerning primarily the configuration of the network of off-site ATMs (withdrawals, relocations, new installations, replacements, adjustment of rentals etc.). On the basis of these studies, the Bank installed 22 new ATMs (8 off-site and 14 on-site) and withdrew 97 ATMs (23 off-site and 74 withdrawals due to changes in the Branch Network). Cost-benefit reports were also compiled with regard to the operation of all the Bank's off-site ATMs.

At the end of 2014, the network of Automated Cash Transaction Centres (ACTCs) comprised 285 units. ACTCs can be used for cash transactions, including payments on cards and loans, deposits to Alpha Bank accounts and payments to third parties such as telephony and internet providers, public utilities, insurance companies etc.

During 2014, a total of 5.8 million transactions were carried out via the Bank's ACTCs, up by 25.8% compared to 2013, representing a total value of Euro 1.45 billion, up by 19.9% compared to the previous year. The associated income from fees and commissions grew by 35.7% compared to 2013 and stood at Euro 1.1 million.

Finally, with the continuous upgrades of the ATMs and ACTCs operation monitoring system, the Bank aims to meet the needs of Customers in the most secure and comprehensive way possible.

- **Alpha Web Banking**

In 1996, Alpha Bank was the first to introduce online banking services in both personal and business banking. More than 250,000 subscribers are currently using these services, up by 15.0% compared to 2013, carrying out approximately 125 million transactions, 26% more than in the previous year.

In addition, the year 2014 saw the launch of an intensive project for redesigning the Alpha Web Banking service for Private Individuals, which is scheduled to enter production in June 2015.

- **Alpha Mobile Banking**

Alpha Mobile Banking involves the provision of banking services via a mobile phone. Using this service, Customers can monitor the balances of their accounts and credit cards, transfer funds and make payments to third parties, as well as pay credit card bills and debts to companies and organisations.

The development of technology to connect mobile devices to the Internet and the increased use of smartphones have made these services more user-friendly and generate the Customer's strong interest in them. The Bank has already offered smartapps (applications developed especially for smartphones) for mobile devices running the iOS, Android and Windows Phone operating systems.

The year 2014 outperformed 2013 on all fronts, with an increase in subscriptions by 33.0%, in money transactions by 60.3% and in the value of transactions by 46.2%.

- **Alphaphone Banking**

Alphaphone Banking provides banking services over the telephone, through either the automated Interactive Voice Response (IVR) system, which is available 24 hours a day or the Call Centre, which provides Customers with assistance by specialist Officers. The transactions provided through the Alpha Web Banking service are also directly available via the Alphaphone Banking service.

- **Alpha Line**

Alpha Line provides banking services to businesses by means of an application which is installed on the Customers' computers. The number of active subscribers to this service currently stands at approximately 320 businesses (down by approximately 25% compared to 2013). In order to rationalise the portfolio of electronic banking services and reduce operating costs, the service is in the process of being discontinued and efforts are being made to transfer its subscribers to the Alpha Web Banking service for Businesses.

- **Alpha Global Cash Management**

The Alpha Global Cash Management service was launched in 2011, in order to meet the needs for electronic cash flow management of large corporations operating in Greece and/or abroad. The service also offers a special-purpose transaction settlement functionality to brokerage firms operating in the Athens and Cyprus Stock Exchanges, which is used by 50% of the brokerage firms in Greece.

- **Alpha Web International Trade**

Alpha Web International Trade, launched in 2007, allows Customers cooperating with the Bank in the import/export sector to monitor the progress of the respective settlement files and to send electronic requests for settlements and Import Letters of Credit as well as the necessary supporting documents. By the end of 2014, subscriptions to the service numbered 1,010 companies (up by 30.0% versus 2013) and the number of transactions processed stood at 8,019 (up by 8.5% versus the previous year).

- **Call Centre**

In order to carry out banking transactions over the telephone, provide information regarding the Bank's products and services and support subscribers to the electronic services, the Bank's Call Centre during 2014 responded to more than 580,000 calls (up by 21.9% compared to 2013).

- **Mass payment/collection services based on electronic file transfers**

The Alpha Mass Payments service, which was launched in 2013, is accessible through a particularly user-friendly interface over the Internet and offers functionalities for creating, placing and monitoring the progress of mass payment orders. The mass collection/payment services based on electronic file transfers refer to the collection of debts via standing orders and/or through alternative networks and to payments to third parties (payroll, supplier payments etc.). In 2014, the service numbered 2,303 subscribers (up by 7.4% compared to 2013) who placed approximately two million orders. The total number of mass payment/standing order transactions stood at 17.85 million, increased by 22.9% compared to 2013.

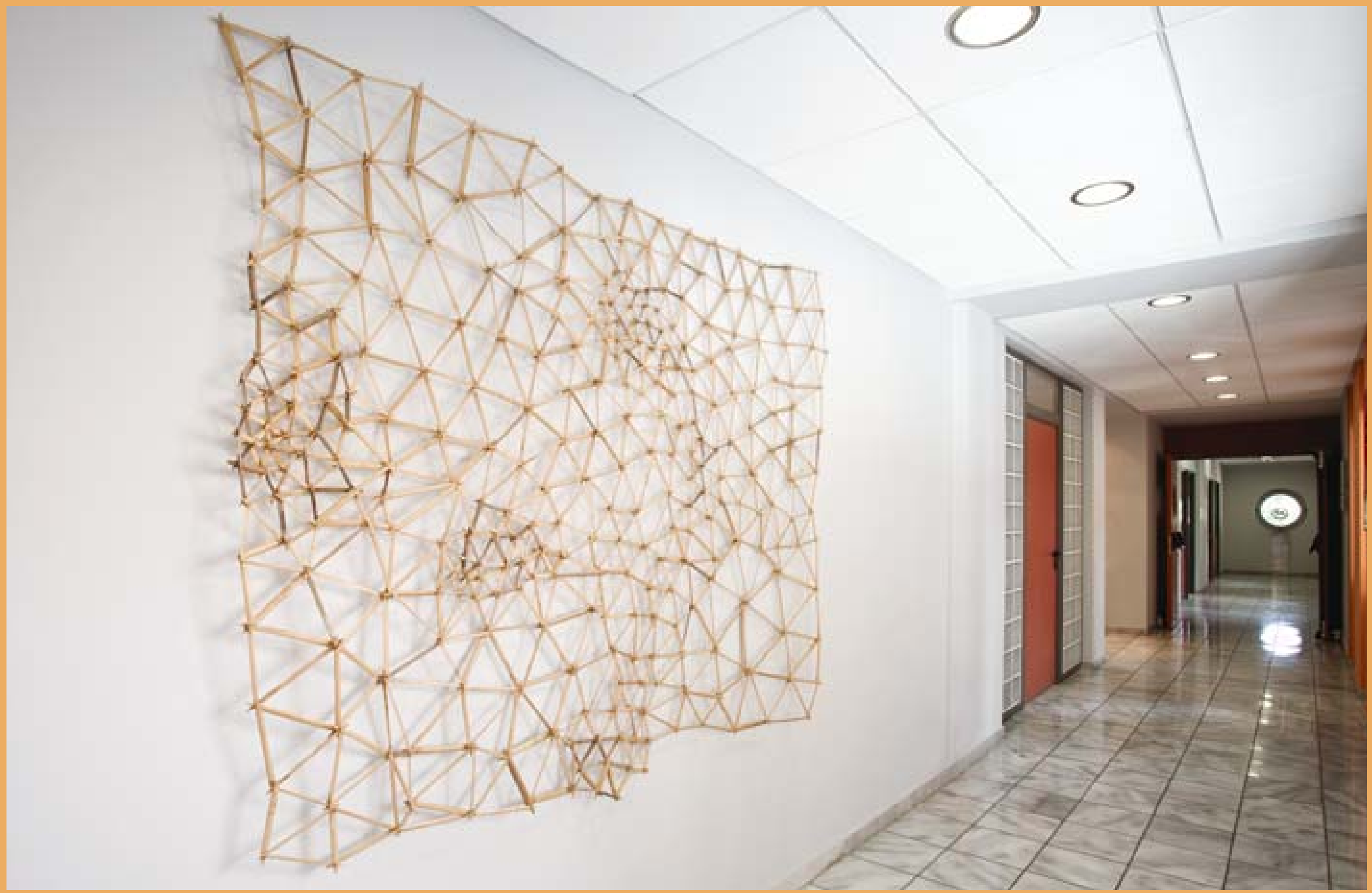
- **Alpha e-statements**

The Alpha e-statements service enables Customers to receive electronic statements (e-statements) for their accounts and credit cards instead of printed ones. Thus, Customers are provided with prompt updates and at the same time operating costs are reduced.

By the end of 2014, a total of 105,785 deposit and loan accounts and 118,767 cards had been registered with the service, increased by 10.7% and 69.03% respectively versus 2013.

- **Alpha e-Commerce**

The Alpha e-Commerce service provides companies active in online sales with the opportunity to offer to their Customers a secure environment for carrying out transactions using their credit cards.



Nikos Alexiou,
Nexus, 1999-2000
Cane and string
160 x 180 cm

5. Risk Management

The Alpha Bank Group is fully committed to applying the best practices and achieving the highest standards of corporate governance in every aspect of its business, including risk management.

Risk Management is essential to promote the Group's strategic, business and financial objectives, and forms an integral part of the business strategy-setting process, including the business planning process and the risk appetite policy, as it defines the maximum acceptable risk appetite regarding each risk type.

The key risk categories for Alpha Bank include credit risk, market risk, liquidity risk, counterparty and country risk and operational risk. In order to ensure that the impact of the said risks on the Bank's and the Group's financial results, long-term strategic goals and reputation is minimised, the Group applies identification, forecasting, measurement, monitoring, control and mitigation practices for the highest as well as the emerging risks, through an internal governance process based on the use of credit tools and risk management processes.

The Group's strategy for risk management and risk undertaking, applied in the full range of the Bank Units' and Group Companies' activities, is strictly aligned with the best international practices, as well as the current legislation and the regulatory and supervisory rules, while it evolves continuously through the development of a single risk culture, which is shared across the Bank and the Group.

Throughout 2014, the main objective of the Risk Management Business Unit was to maintain the Group's risk profile in line with its risk strategy. At the same time, it focused on integrating the current supervisory framework and improving the fundamental risk management principles and regulations, in order to achieve sufficient risk-return discipline throughout the Group's operations.

The Bank's Board of Directors is responsible, inter alia, for designating the appropriate risk management policy and setting the maximum risk appetite acceptable by the Group. It ensures that the levels of risk are well understood and communicated throughout the Group and supervises the overall operations of the Risk Management Business Unit, which carries the day-to-day risk management.

The Risk Management Committee, which convenes on a monthly and/or an ad hoc basis, recommends to the Board of Directors the risk undertaking and capital management strategy that corresponds to the business goals of the Bank and the Group, provides for the development of an internal risk management system and its integration in the business decision-making procedure and defines the principles for managing risk with regard to identifying, forecasting, measuring, monitoring, controlling and mitigating risk, taking into account the current business strategy and the adequacy of the resources available.

The General Manager and Chief Risk Officer supervises the Group's Risk Management Business Unit and reports on a regular basis and ad hoc to the Assets-Liabilities Management Committee, the Credit Risk Committee, the Operational Risk Committee, the Risk Management Committee and to the Board of Directors of the Bank.

As of November 2014, Alpha Bank falls under the Single Supervisory Mechanism (SSM), which is the new system of financial supervision comprising the European Central Bank (ECB) and the Bank of Greece, and, as one of the four systemic banks of the country, is directly supervised by the ECB.

The Single Supervisory Mechanism works in cooperation with the European Banking Authority (EBA), the European Parliament, the Eurogroup, the European Commission, and the European Systemic Risk Board (ESRB), within their respective competencies.

Against this new regulatory background, the Alpha Bank Group's evolving risk management strategy and business model builds on the best international practices and incorporates the supervisory mandates and guidelines to ensure confidence in the conduct of its overall business activities and promote high-quality and sound financial products and services.

Credit Risk

Credit risk arises from a borrower's or counterparty's potential inability to fulfill his obligations against the Group due to the worsening of his creditworthiness, particularly within a deteriorating credit and macroeconomic environment.

The Alpha Bank Group has set a clear credit risk undertaking and management strategy that, in line with its business goals, reflects the risk tolerance and the profitability level the Group expects to achieve with regard to the risks undertaken, and evolves according to the following objectives:

- The independence of the credit risk management operations from the risk undertaking activities and from the competent Officers.
- The complete and timely support of Business Units during the decision-making process.
- The continuous and systematic monitoring of the loan portfolio, in accordance with the Group's policies and procedures that ensure a sound credit approval process.
- The maintenance of a framework of controls to ensure that credit risk undertaking is based on sound credit risk management principles and well-defined, rigid credit standards.
- The accurate identification, assessment and measurement of credit risk across the Bank and the Group, at both individual credit and lending portfolio levels.
- The approval of every new credit facility and every material change of an existing credit facility (such as its tenor, collateral structure or major covenants) to any counterparty by the appropriate authority level which is well-defined.
- The assignment of the credit approval authority to the competent Credit Committees consisting of Executives from both the Business and Credit Units, with sufficient knowledge and experience in the risk management sector, fully capable of applying the Bank's internal policies and procedures.
- The decision-making process for credit approvals is performed within a clearly defined delegated authority framework.
- The measurement and assessment of all credit exposures of the Bank and the Group Companies to businesses or consolidated business groups, as well as to their proprietors, in line with regulatory requirements.

These objectives materialise through a continuously evolving framework of methodologies and systems for measuring and monitoring credit risk, using a series of credit approval, risk concentration, early warning and problem management frameworks, as well as associated risk management tools, readjusted accordingly to the challenges of the prevailing economic circumstances, as well as to the nature and scope of the Group's business activities.

Specifically, the reinforcement and improvement of the aforementioned credit risk framework include the following:

- Continuous updating of Credit Policy Manuals and Credit Risk Rating Models for Wholesale Banking and Retail Banking in Greece and abroad, adapted to the regulatory framework, the given macroeconomic conditions and the Group's risk appetite, so as to ensure their proper and effective operation.
- Updating the Impairment Policies for Wholesale Banking Credit and Retail Banking Credit, in compliance with the new evolving legislative and supervisory guidelines.
- Centralised and automated application approval process and collection mechanisms for Retail Banking in Greece and abroad.
- Systematic and periodic qualitative control of Wholesale Banking Credit and Retail Banking Credit and systematic measurement and assessment of the concentration risk per product, portfolio, counterparty and sector of economic activity.
- Performing stress tests as a key risk management tool fully integrated into core risk reporting and capital and liquidity planning at the Bank and Group levels, which provide indications of the capital required to absorb losses under the assumption of specific extreme hypothetical scenarios. Stress tests are conducted according to the requirements of the regulatory framework and constitute a fundamental parameter of the Group's Enterprise Risk Management strategy with the aim of assessing the impact of business decisions on the Group's capital position.

In the Retail Banking Business Unit, the Group has developed

a framework to facilitate Customers' debt repayment both in Greece and in the countries of Southeastern Europe where it conducts business. Managing requests for debt restructuring solutions is defined by reference to the days of delinquency, the signs of the borrower's financial difficulty, his intention to cooperate with the Bank and the viability of the request on the basis of the borrower's current financial condition. In this context, numerous economic indicators are evaluated, such as the reasonable living expenses, the Customer's transactional behaviour and adverse credit profile on the Tiresias Bank Information Systems SA database. In parallel, possible additional mortgage collateral and insurance coverage of the borrower are evaluated, in order to ensure the sustainability of each request.

In the Wholesale Banking Business Unit the Group, following the full absorption of the former Emporiki Bank portfolio, applies the credit approval policies through the competent Credit Committees and Arrears Committees that evaluate and approve credit requests submitted by the Group's Business Units for existing and new Customers.

Furthermore, the Bank's and the Group's Regulatory Credit Framework was restructured with the incorporation of the new institutional and regulatory requirements relating to the effective management of loans in arrears and non-performing loans, as developed by the European Banking Authority (EBA) in the "EBA Final Draft Implementing Technical Standards on Supervisory Reporting on Forbearance and Non-Performing Exposures EBA/ITS/2013/03" as of 20.2.2014 and the Implementing Regulation (EU) 2015/227/9.1.2015 of the European Commission as well as the Bank of Greece Executive Committee Act No 42/30.5.2014 and its amendment by the Bank of Greece Executive Committee Act No 47/9.2.2015.

To this end, the Bank has reviewed its credit risk management framework, after taking into account and integrating the requirements and the definitions set out in the aforementioned supervisory framework. Subsequently, it commenced the preparations required in the internal risk assessment systems and credit risk management processes, in order to ensure compliance of internal and external risk reporting with the above reporting templates and data aggregation practices, which entered into force on 31 December 2014.

In addition, the Group assumed the resulting regulatory obligations for the effective and efficient management of exposures in arrears and non-performing exposures by extending appropriate forbearance measures to borrowers with financial difficulties. These measures consist of concessions that are robust and sustainable and involve the renegotiation of the initial terms and conditions of the troubled debt contracts, duly taking into account the causes of the debtor's financial difficulties on the basis of the risk, viability and cooperativeness of each debtor.

Additionally, in order to upgrade and develop the internal system of credit risk management, the following actions are in progress:

- Preparation for the transition of the Bank and the Group Companies in Greece, including the former Emporiki Bank portfolios, as well as those acquired from Citibank in Greece, to the Advanced Calculation Method for Capital Adequacy against credit risk. The Advanced Internal Ratings-Based Approach will be used to this effect for the Wholesale, Retail, Leasing and Factoring portfolios.
- Improvement of the current systems, in order to adopt the new guidelines of the Bank of Greece, the European Banking Authority and the Implementing Regulation (EU) 2015/227/9.1.2015 of the European Commission on non-performing loans and forborne exposures.
- Development of specific forbearance types, as well as closure solutions for debtors under the management of the Business Units and the Non-Performing Loans Divisions - Wholesale.
- Creation of databases, in order to perform statistical tests in the Group's credit risk rating models. Upgrade and automatisation of the above mentioned process in relation to non-performing loans of Wholesale Banking and Retail Banking by using specialised statistical software. Gradual implementation of an automatic interface of credit risk rating systems with the core banking systems for all Group Companies abroad.
- Adoption of a mechanism to control the completeness and quality of the Wholesale and Retail Credit crucial areas, in the framework of monitoring and measuring credit risk.

At the end of 2014, the non-performing loans of the Group reached Euro 20.56 billion compared to Euro 20.5 billion at the end of 2013 and the Non-Performing Loans Ratio stood at 33% compared to 32.7% at the end of 2013.

The Group Total Provisions Stock reached Euro 12.78 billion at the end of December 2014, reinforcing the Non-Performing Loans Coverage Ratio from 54% in 2013 to 62%.

Correspondingly, the Ratio of Provisions Stock to Total Loans reached 20.5% at the end of 2014.

On 31.12.2014 the Group's forborne outstanding loans stood at Euro 13.1 billion with a total collateral value of Euro 8.7 billion.

Tables 1 and 2 present, on a consolidated basis, the Bank's loans and advances to Customers by asset quality (Table 1) and the ageing analysis of past due but not impaired loans and advances to Customers by product line (Table 2).

The accumulated impairment allowance for "collectively assessed" loans and advances includes an amount of Euro 640.9 million concerning Incurred but Not Reported (IBNR) provisions as at 31.12.2014.

The impaired loans and advances also include past due restructured exposures up to 89 days that are collectively assessed and amount to Euro 3.3 billion as at 31.12.2014.

Market Risk

Market risk is the risk of reduction in economic value arising from unfavourable changes in the value or volatility of interest rates, foreign exchange rates, equities and commodities markets. Market risk may arise from either the trading book or the Assets and Liabilities management.

Table 1
Loans and Advances to Customers by Asset Quality (impaired or not impaired - impairment allowance - value of collateral)

(in Euro thousand)

31.12.2014	Not Impaired Loans and Advances		Impaired Loans and Advances		Total Gross Amount	Accumulated Impairment Allowance		Total Net Amount	Value of Collateral
	Neither Past Due Nor Impaired	Past Due but Not Impaired	Individually Assessed	Collectively Assessed		Individually Assessed	Collectively Assessed		
Retail Lending	**13,444,529**	**3,685,196**	**413,966**	**16,553,061**	**34,096,752**	**243,968**	**6,912,748**	**26,940,036**	**22,349,319**
Mortgage	9,782,668	2,680,734	222,063	8,299,612	20,985,077	115,878	2,372,937	18,496,262	17,962,865
Consumer	1,813,788	433,620	81,809	3,421,261	5,750,478	48,563	1,874,430	3,827,485	1,381,734
Credit Cards	944,991	171,929	744	401,967	1,519,631	249	354,303	1,165,079	34,979
Small Businesses	903,082	398,913	109,350	4,430,221	5,841,566	79,278	2,311,078	3,451,210	2,969,741
Corporate Lending	**14,985,433**	**809,298**	**10,566,801**	**418,466**	**26,779,998**	**5,335,881**	**258,527**	**21,185,590**	**18,686,988**
Large Enterprises	10,350,664	483,002	4,643,404	133,583	15,610,653	2,143,741	133,351	13,333,561	10,656,176
Medium-sized Enterprises	4,634,769	326,296	5,923,397	284,883	11,169,345	3,192,140	125,176	7,852,029	8,030,812
Public Sector	**1,426,070**	**1,109**	**33,407**		**1,460,586**	**24,747**	**4,480**	**1,431,359**	**425,340**
Greece	1,289,718	589	33,407		1,323,714	24,747	3,485	1,295,482	410,977
Other Countries	136,352	520			136,872		995	135,877	14,363
Total	**29,856,032**	**4,495,603**	**11,014,174**	**16,971,527**	**62,337,336**	**5,604,596**	**7,175,755**	**49,556,985**	**41,461,647**

Table 2
Ageing Analysis of Past Due but not Impaired Loans and Advances to Customers by Product Line

(in Euro thousand)

31.12.2014	Retail Lending				Corporate Lending		Public Sector		Total Past Due but Not Impaired
	Mortgage	Consumer	Credit Cards	Small Businesses	Large Enterprises	Medium-sized Enterprises	Greece	Other Countries	
1 - 29 days	1,668,114	260,257	115,081	248,975	213,081	164,849	240		2,670,597
30 - 59 days	518,926	112,252	35,118	81,972	98,539	46,964	349	520	894,640
60 - 89 days	493,694	61,111	21,730	67,966	90,654	61,699			796,854
90 - 179 days					10,991	9,341			20,332
180 - 360 days					34,590	10,629			45,219
> 360 days					35,147	32,814			67,961
Total	**2,680,734**	**433,620**	**171,929**	**398,913**	**483,002**	**326,296**	**589**	**520**	**4,495,603**
Value of Collateral	2,405,927	83,636	88	269,400	457,018	312,736	578		3,529,384

1. Trading Portfolio

Market risk for the trading book is measured by calculating Value at Risk (VaR) using a dedicated system. The methodology applied to calculate VaR is historical simulation. The Bank uses a one and a ten-day holding period, depending on the time required to liquidate the portfolio. Back-testing is applied, in order to validate the VaR model.

In order to calculate the one-day VaR for the Bank's trading book, historical data of two years and a 99% confidence level are used. Table 3 shows the VaR calculated for the Bank's trading book during 2014. Group Companies have very low exposure and limits for the trading book and consequently market risk exposure is immaterial.

In addition to applying VaR methodology for the measurement of the trading book's market risk, the book's behaviour is also tested against hypothetical changes in

Table 3
Trading Portfolio

(in Euro thousand)

	2014					2013
	Currency Risk	Interest Rate Risk	Price Risk	Covariance	Total	Total
31 December	1,180.5	151.5	18.1	-139.4	1,210.7	894.3
Average Daily Value (annually)	1,069.5	491.8	46.8	-339.5	1,268.6	988.9
Maximum Daily Value (annually)	1,144.6	2,299.6	54.6	-468.3	3,030.5	1,588.0
Minimum Daily Value (annually)	695.3	277.5	56.0	-244.5	784.3	617.0

market parameters (scenarios) and extreme changes in those parameters noted in the past (stress-testing).

In 2008, the Bank of Greece validated the internal model used and approved its application for the calculation of the trading book capital requirements. Since 31.12.2011 stressed VaR is calculated along with VaR, in order to estimate capital requirements for general market risk. Following the incorporation of former Emporiki Bank's positions in the Bank's portfolios during 2013, the Bank of Greece revalidated the application of the internal model by Alpha Bank, in order to measure the market risk capital requirements.

As part of the financial risk management policy implemented by the Assets-Liabilities Management Committee, maximum exposure stop-loss and VaR limits have been set for products comprising trading and investment positions, taking into account the current Group needs and market conditions.

The Bank uses a dedicated system to monitor and examine real-time the exposure and stop loss limits of the Athens trading and investment positions as to the corresponding limit utilization and limit excess. The local Risk Management Units monitor the investment limits set for the corresponding Units abroad on a daily and intra-day basis. The relevant results are consolidated on a daily basis in order to examine the limit utilization and limit excess of the Group investment limits. Furthermore, the corresponding VaR limits are monitored and examined on a daily basis as well.

Within 2014 the Market Risk Management Policy and the Fair Value Policy for Financial Instruments were reviewed and internal reporting on market risk issues to the Risk Management Committee, the Assets-Liabilities Management Committee and the Treasury and Balance Sheet Management Committee was enhanced. Furthermore, all the analyses and reports on market risk issues were developed in the context of the Group's participation in the Asset Quality Review and the EBA EU-wide Stress Test that were conducted by the European Central Bank in co-operation with the Bank of Greece. At the same time begun the production of extensive reports on market risk issues that are submitted to the Single Supervisory Mechanism (SSM), that was established during the year.

2. Banking Book Financial Risks

The banking book financial risks arise from the structure of the Assets and Liabilities and mainly of the loan and deposit portfolios of the Group. The banking book financial risks are the exchange rate risk, the interest rate risk and the liquidity risk.

a. Exchange rate risk

The General Management sets limits on the open foreign exchange position for the total position, as well as for each currency. The total position is calculated by cumulating the current position for the balance sheet items and the forward position held on derivatives (Table 4).

Table 4
Foreign Exchange Position (Group)

(in Euro million) **31.12.2014**

	USD	GBP	CHF	JPY	RON	RSD	Other FX	Euro	Total
Total Assets	**2,151.6**	**455.7**	**1,956.8**	**51.4**	**1,013.3**	**294.2**	**587.8**	**66,424.7**	**72,935.5**
Total Liabilities	**3,007.5**	**291.2**	**49.3**	**2.3**	**1,090.5**	**94.3**	**761.0**	**59,932.7**	**65,228.9**
Foreign Exchange Position for Balance Sheet Items	-855.9	164.5	1,907.5	49.1	-77.2	199.9	-173.2	6,492.0	7,706.6
Foreign Exchange Position Held on Derivatives	820.4	-134.9	-2,063.5	-48.0	82.6	13.7	232.7	316.3	-780.8
Total Foreign Exchange Position	**-35.5**	**29.6**	**-156.0**	**1.1**	**5.3**	**213.6**	**59.4**	**6,808.3**	**6,925.8**

Table 5
Interest Rate Gap Analysis

(in Euro million) **31.12.2014**

	< 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	> 5 Years	Non-Interest Bearing	Total
Assets	31,367.2	9,980.2	8,920.8	2,754.2	10,689.5	1,556.8	7,666.8	72,935.5
Liabilities	28,306.9	8,600.9	8,403.8	7,226.6	9,465.5	1,667.6	1,557.6	65,228.9
Equity	0.0	0.0	0.0	0.0	0.0	0.0	7,706.6	7,706.6
Total Liabilities and Equity	28,306.9	8,600.9	8,403.8	7,226.6	9,465.5	1,667.6	9,264.2	72,935.5
Gap	**3,060.3**	**1,379.3**	**517.0**	**-4,472.4**	**1,224.0**	**-110.8**	**-1,597.4**	**0.0**
Cumulative Gap	**3,060.3**	**4,439.6**	**4,956.6**	**484.2**	**1,708.2**	**1,597.4**	**0.0**	**0.0**

Table 6
Net Interest Income Sensitivity

(in Euro million)

Interest Rate Changes Scenarios (yield curve parallel shift)	Net Interest Income Sensitivity (for a period of one year)	Equity Sensitivity
-100	-20.4	+110.6
+100	+39.1	-128.5

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

As far as the banking book is concerned, the analysis is conducted according to the Interest Rate Gap Analysis. More specifically, Assets and Liabilities are classified by time periods (Gaps) according to the repricing date for the floating rate accounts or to maturity for the fixed rate accounts. Table 5 presents the Interest Rate Gap Analysis for the Group's Assets-Liabilities as of 31.12.2014.

Stress tests on the interest rate risk are conducted on a monthly basis, in order to calculate the change both in the net interest income and in the net position of the available for sale portfolio (Table 6).

The results of the analyses are presented to the Risk Management Committee and to the Assets-Liabilities Management Committee.

Liquidity Risk

The liquidity risk concerns the Group's ability to maintain adequate liquidity to fulfil its transactional obligations, either regular or extraordinary. The most significant part of the Group's Assets is financed through customer deposits and bonds issued by the Group.

In the first months of 2014, the Bank's deposits registered a small increase with rising trend especially during the second half of the year. In parallel, borrowing from the Eurosystem throughout the year gradually decreased, resulting in zero funding from the Emergency Liquidity Assistance (ELA)

Mechanism on 12.5.2014 and a significant reduction in the Bank's funding cost, while borrowing from the European Central Bank continued.

The Bank's and the Group's liquidity risk is controlled regularly by calculating the Liquidity Ratios, in line with the Bank of Greece requirements (Bank of Greece Governor's Act 2614/7.4.2009).

Alpha Bank, in the context of the Contingency Funding Plan, monitors and utilises Early Warning Indicators in order to identify liquidity problems and potential increases in liquidity risk or financing requirements. Moreover, a Liquidity Gap Analysis is performed on a monthly basis.

Table 7 shows the Group's Liquidity Gap Analysis as at 31.12.2014.

Counterparty and Country Risk

Counterparty risk is the risk of a counterparty's default before the final settlement of all existing transactions' cash flows against the Group. An economic loss would occur if the portfolio of transactions with the counterparty has a positive economic value to the Group at the time of the counterparty's default.

Counterparty credit institution risk refers to the risk of loss in the event that counterparty credit institutions fail to fulfill their contractual obligations in connection with debt securities, shares, interbank transactions (including derivatives), loans and International Trade transactions.

Country risk is the collection of risks associated with investing in a country.

Risk per country may either be direct (including exposure to the Central Government, public utility companies, local authorities and the Central Bank), indirect (referring to funding Group Units' operations in the country), or related to the banking and private sector of the country.

Monitoring and the examination of counterparty credit institution limit utilization and limit excess are carried out real-time using a dedicated system for the Bank, Alpha Bank London and Alpha Bank Romania. As far as the other Group Companies are concerned, it is carried out on a daily basis. Using the same system, the Bank monitors real-time country limits. Furthermore, according to the relevant policies and procedures, certain counterparty credit institution and country parameters, i.e. credit rating, bond credit spread, etc., are monitored on a regular basis, since their change may trigger the review of the corresponding limits.

Derivative transactions with customers are taken into account when considering the total exposure against them and the establishment of credit limits per Customer. The corresponding limits for derivatives transactions are monitored and examined for the limit utilization and any limit excess on a regular basis.

The Bank uses a dedicated system in order to monitor and quantify the credit valuation adjustment for the derivatives portfolio (Bilateral Credit Valuation Adjustment – BCVA). The methodology applied is a Monte Carlo simulation taking into consideration market observable data, such as Credit Default Swap (CDSs) spreads, or the output of the Bank's internal models. The credit valuation adjustment for the derivatives portfolio is performed on a monthly basis and affects the fair value of the transactions.

The same system is used to calculate Potential Future Exposure for customer derivatives which depend on the derivative type, its nominal value and the remaining time to maturity.

Within 2014 internal reporting on counterparty credit risk issues to the Risk Management Committee, the Assets-Liabilities Management Committee and the Treasury and Balance Sheet Management Committee was enhanced. In parallel, the Impairment Policy for Investment Securities and Due from Banks was reviewed. Furthermore, all the analyses and reports on counterparty credit risk issues were developed in the context of the Group's participation in the Asset Quality Review, the CVA Challenger Model and the EBA EU-wide Stress Test that were conducted by the European Central Bank in co-operation with the Bank of Greece.

Operational Risk

Operational risk is the risk of loss from inadequate or failed internal processes and IT systems, people (intentionally or unintentionally) and external events. Operational risk includes legal risk as well.

In 2014, within the context of improving the implementation of the operational risk management framework, the Bank enriched the process of collecting and analysing operational risk events, as well as expanded the preventive methods of risk identification and assessment. In particular, the Risk Control Self-Assessment (RCSA) process was applied to specific Divisions of the Bank, as well as to specific Group Companies, in accordance with the overall planning. It should be noted that the RCSA methodology is based on the identification and assessment of potential operational risk exposures taking into account the controls (residual risks). Afterwards, the competent Units proceed with actions, in order to mitigate any potential negative effects. Furthermore, the process of analysing scenarios of potential low frequency but high severity operational risks has been concluded. This methodology was applied at Bank level in cooperation with the competent Divisions.

Within the context of reviewing on an annual basis important aspects of the operational risk management framework, the respective Group Acts and Circulars were updated and at the same time a manual on fraud risk management was issued.

Additionally, a specific project for the preparation of the migration to the Advanced Measurement Approach (AMA Compliant Project) was approved and planning of the various sub-projects started, in co-operation with a consulting company. These initiatives aim to create an internal statistical model for operational risk capital calculation purposes as well as to improve the Group's general operational risk management framework.

The operational risk events, the Risk Control Self-Assessment results, as well as other operational risk-related issues are monitored at Group Companies level by delegated Operational Risk Committees with increased responsibilities in reviewing the relevant information, as well as in taking measures to mitigate Operational Risk.

Finally, a specific Working Group has been established at the Bank level, under the coordination of the Market and Operational Risk Division and with the participation of the Internal Audit, Compliance and Project Management Divisions. The Working Group has been created in order to expedite the assessment, prioritisation and monitoring of action plans and other corrective actions either defined through the RCSA procedure or through Internal Audit reports or linked with highly significant operational risk losses and events.

Table 7
Liquidity Gap Analysis

(in Euro million)

	31.12.2014					
	< 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	> 1 Year	Total
Assets	10,773.6	2,734.2	2,102.8	3,711.0	53,613.9	72,935.5
Liabilities	26,415.7	7,845.0	5,831.4	6,988.7	18,148.1	65,228.9
Equity	0.0	0.0	0.0	0.0	7,706.6	7,706.6
Total Liabilities and Equity	26,415.7	7,845.0	5,831.4	6,988.7	25,854.7	72,935.5
Gap	**-15,642.1**	**-5,110.8**	**-3,728.6**	**-3,277.7**	**27,759.2**	**0.0**
Cumulative Gap	**-15,642.1**	**-20,752.9**	**-24,481.5**	**-27,759.2**	**0.0**	**0.0**

Yiorgos Lappas,
Bird
Iron
70 x 70 cm

6. Capital Adequacy

Capital Adequacy Ratios

Alpha Bank's policy is to maintain a robust capital base to safeguard the Group's development and retain the trust of depositors, shareholders, markets and business partners. Share capital increases are carried out following resolutions of the General Meeting of the Shareholders or the Board of Directors, in accordance with the Articles of Incorporation or the relevant laws. Treasury shares are allowed to be purchased in accordance with and under the provisions of the law.

The Capital Adequacy Ratio compares the Group's regulatory capital with the risks assumed by the Group (risk-weighted assets). Regulatory capital includes Common Equity Tier 1 (CET1) capital (share capital, reserves, minority interests), additional Tier 1 capital (hybrid securities) and Tier 2 capital (subordinated debt). Risk-weighted assets include the credit risk of the investment portfolio, the market risk of the trading portfolio and the operational risk.

The current regulatory environment in the Eurozone is characterised by a number of changes. On 1 January 2014 the new Regulation (EU) No 575/2013 (CRR) and the relevant Directive 2013/36/EU (CRD IV) regarding capital requirements entered into force. In October 2014 the European Central Bank's (ECB) Comprehensive Assessment was completed whilst the Single Supervisory Mechanism (SSM) was launched as well. The new capital adequacy framework sets a progressive enhancement of the capital standards both quantitative and qualitative through the linkage of all capital limits with CET1 capital.

From 1.1 to 31.12.2014, besides the 8% Capital Adequacy Ratio limit, new limits of 4.5% for the Common Equity Tier 1 (CET1) Ratio and 6% for the Tier 1 Ratio were set, according to Regulation (EU) No 575/2013 and the transitional provisions for the calculation of Own Funds as adopted by the Bank of Greece. The said limits should be attained on a stand-alone and on a consolidated basis.

Furthermore, the framework introduces transitional provisions for non-eligible capital instruments and deductible items (e.g. deferred taxation, additional tier 1 and tier 2 capital instruments).

The impact of the implementation of the new regulatory framework on the calculation of credit risk risk-weighted assets can be summarised as follows:

- Positive effect from the application of a preferential risk factor to performing loans granted to Small and Medium-sized Enterprises (SMEs).
- Positive effect from the increase of the Loan-to-Value metric to 80% for loans secured by residential real estate.
- Increase in Risk-Weighted Assets (RWAs) for non-performing loans secured by residential real estate, with provisions higher than 20% of the loan outstanding balance.
- Classification of business customers as non-performing when any of their material credit obligation defaults.

The impact on Common Equity Tier 1 Capital is small and associated with:

- Negligible minority interests
- No goodwill and limited amount of intangibles
- No substantial insurance risk.

Besides the above developments, several actions already completed or underway, which are expected to contribute to the strengthening of the balance sheet and the financial performance of the Group, are summarised below:

- The successful Share Capital Increase of Euro 1.2 billion fully accommodated the capital needs that resulted from the Bank of Greece's second diagnostic exercise and enabled the disengagement from Pillar I, through the redemption of Euro 940 million preferred shares held by the Hellenic Republic.
- The successful conclusion of the Voluntary Separation Scheme with the participation of approximately 2,200 Employees which will allow for additional cost saving up to Euro 120 million on an annual basis from 2015 onwards.
- The increase of the Net Interest Income which stood at Euro 1,938.5 million, increased by 16.2% in 2014.
- Net Fee and Commission Income stood at Euro 397.1 million, increased by 5.2% year-on-year, benefiting

mainly from the acquisition of Citibank's Greek Retail Banking Operations, but also from the expansion of asset management operations and bancassurance product offering.

- Operating Expenses, reduced by 5.8% year-on-year, stood at Euro 1,340.8 million, excluding integration and extraordinary costs, and adjusted for the impact of the acquisition of Citibank's Greek Retail Banking Operations of Euro 22 million in the fourth quarter of 2014.

The capital adequacy ratios of the Group are formed as follows:

Ratios	**31.12.2014**	**31.12.2013**
Common Equity Tier 1 Ratio (CET1)(1)	14.3%	16.1%
Tier 1 Ratio	14.3%	16.1%
Capital Adequacy Ratio (Tier 1 + Tier 2)	**14.6%**	**16.4%**

(1) For 31.12.2013 the calculation of the ratios is in accordance with the Bank of Greece Governor's Act 13/28.3.2013 and as of 1.1.2014 it is based on Basel III.

Comprehensive Assessment of European Union banks, including the Stress Test

Stress Tests constitute a main risk management tool contributing to the better understanding of the Group's total risk profile and the resilience of its capital to extreme but plausible scenarios.

The Comprehensive Assessment, which was carried out by the European Central Bank on a European level in 130 banking groups (including the four Greek systemic banks), covering over 85% of European banks' total assets, aims to create a consistent basis for assessing the resilience of European banks' capital adequacy, in order to withstand plausible but extreme scenarios, which are therefore unlikely to materialise. It is worth noting that, under the credit file review, a thorough scrutiny of the Bank's Wholesale and Housing loan portfolio was performed.

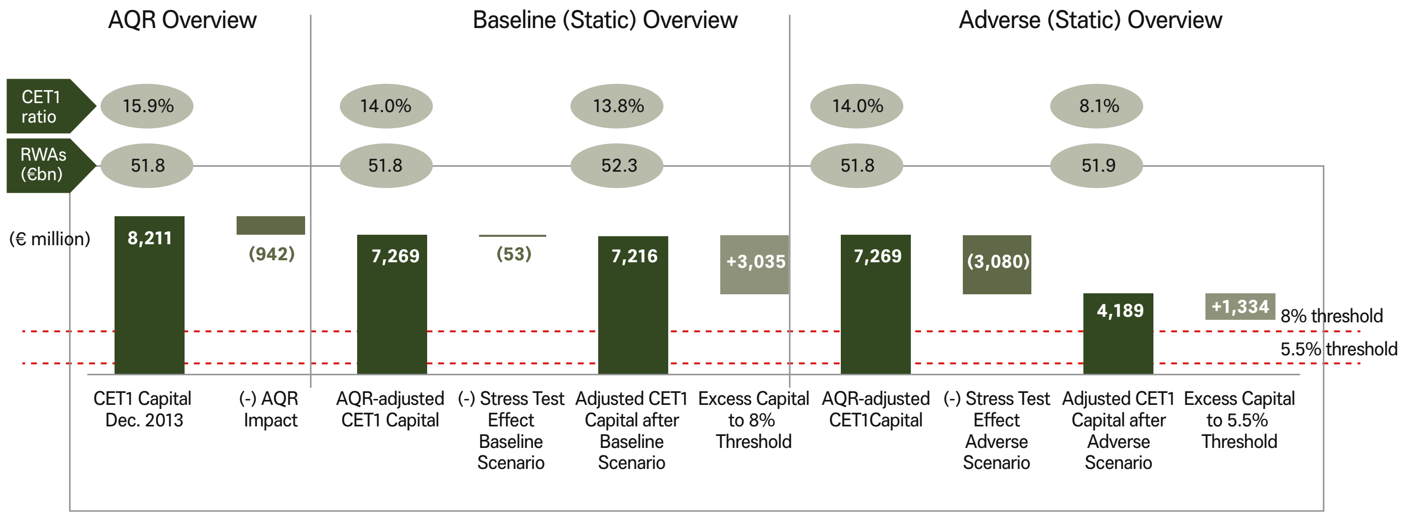
The assumptions and methodological approach were established to assess the banks' capital adequacy against an 8% and 5.5% CET1 capital benchmark under the baseline and adverse scenarios respectively. The Stress Test period spans a three-year time horizon (2014-2016). The Stress Test was carried out using a Static Balance Sheet assumption as of 31 December 2013 and does not take into account any actions already implemented after that date, which would have impacted the capital position and/or the financial standing of the Bank.

On 26 October 2014, the European Central Bank released the results of the 2014 Comprehensive Assessment conducted in collaboration with the European Banking Authority (EBA) in Europe's major banks, including the results of the Asset Quality Review, the Stress Test and the "Join-Up" methodology. Alpha Bank successfully concluded the Comprehensive Assessment, exceeding the CET1 hurdle rates of 5.5% and 8% for the adverse and baseline scenarios respectively, under both static and dynamic assumptions, with a safe margin ranging between Euro 1.3 and Euro 3.1 billion.

Alpha Bank was the only Greek systemic bank not to register any capital shortfall for the baseline and adverse scenarios under both the Static Balance Sheet and the Dynamic Balance Sheet assumptions, producing capital surplus, without taking into account developments with direct capital impact that took place after December 2013.

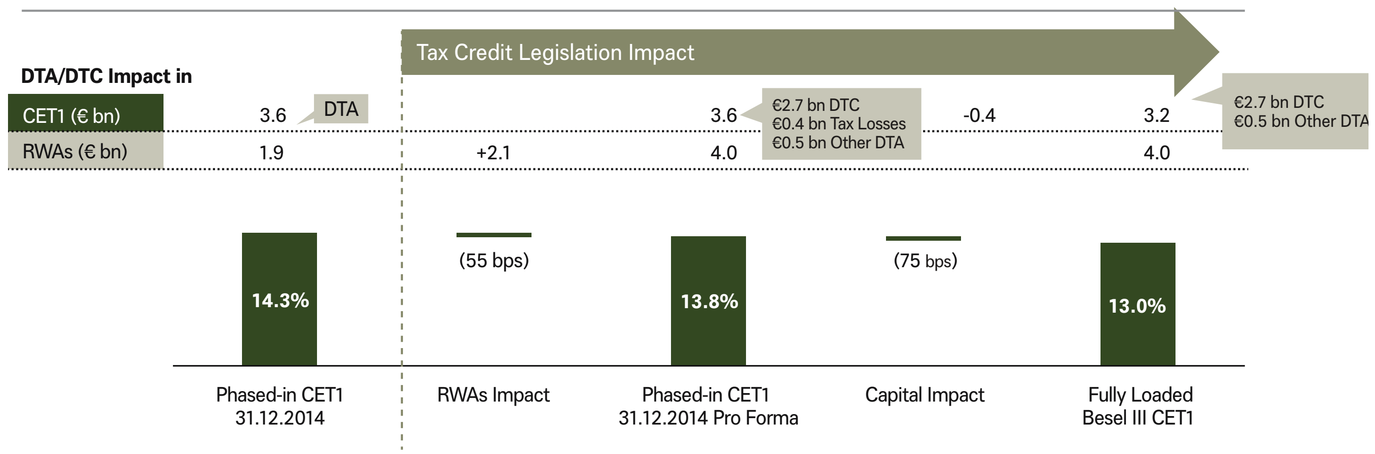
In addition, with regard to the Asset Quality Review, Alpha Bank registered the lowest adjustments after tax among Greek banks with only 1.8% impact or Euro 942 million on the CET1 ratio. Furthermore, the estimated adjustments to Alpha Bank's Non-Performing Exposure (NPE) base were limited to circa 10% pro forma of the Non-Performing Exposure post-Review balances. The Group took into consideration both the recommendations made by the European Central Bank and the results from the Review when calculating the allowance for impairment and considers that Review findings have been properly addressed. In particular, the amount recognised in 2014 by the Group for impairment losses amounted to Euro 1.85 billion compared to Euro 1.1 billion which was the result of the Review.

The results of the Comprehensive Assessment position Alpha Bank in the top tier among the largest listed European banks with CET1 ratio under the baseline scenario at 14.3% at the end of 2016, proforma, taking into consideration the Share Capital Increase which was carried out in March 2014 and the subsequent redemption of the Hellenic Republic's preference shares.



Deferred Tax Assets Legislation Impact on Fully Loaded Basel III CET1

Phase in to Fully Loaded Basel III Common Equity Tier 1 (CET1)



National legislation changes that will affect capital ratios

The Tax Credit legislation has been recently introduced by means of article 27A of the Income Tax Code, as it has been added by means of article 23 of Law 4302/2014, and subsequently substituted by article 5 of Law 4303/2014. The said legislation is applicable to Greek credit institutions and allows the conversion of certain Deferred Tax Assets ("DTAs") into enforceable claims (tax credits) against the Greek State, provided that the relevant period resulted in an after-tax loss. The aforementioned Deferred Tax Assets include those that have been or will be recognised due to loss from the Private Sector Involvement (PSI) and the Greek State Debt Buyback Programme, accumulated provisions and further general losses due to credit risk with regard to outstanding receivables as at 31.12.2014. By virtue of article 39 of the Regulation (EU) No 575/2013 (CRR), Deferred Tax Assets eligible to be converted into tax credits will be assigned a risk weight of 100% instead of being deducted.

The Extraordinary General Meeting of Shareholders of Alpha Bank held on 7 November 2014 approved the Bank's accession to a special legal framework, which will be applicable from the tax year 2015 onwards. Under this framework, the Bank's fully loaded Basel III CET1 ratio stands at 13%, while by assuming no positive impact from the specific legislation, the corresponding ratio stands at 8.9% as of 2024, when amortisation ends.

Michalis Michaelides,
Uxmal, 1988
Canvas construction on frames
140 x 300 x 14.5 cm

7. Corporate Governance

Alpha Bank considers proper and responsible implementation of corporate governance principles as a key prerequisite for generating value for its Shareholders and society. The Bank adopted and implemented the principles of corporate governance as early as 1994, long before they became obligatory under laws and directives issued by regulatory authorities, aiming at transparency in communication with its Shareholders, at keeping investors promptly and continuously informed and at maintaining the proper governance of the Bank.

The corporate governance practices applied by the Bank comply with the provisions of the relevant laws and with the practices implemented throughout the European Union and have now been recorded in a single Corporate Governance Code. The Corporate Governance Code of Alpha Bank defines the duties and allocates the responsibilities among the Board of Directors, its Committees, the Executive Committee and the other Committees of the Bank. In addition, it sets out the framework and guidelines for the governance of the Bank.

On 27.6.2014 the Corporate Governance and Nominations Committee was established and its Charter was compiled. The Committee in question ensures that the composition, structure and operation of the Board of Directors meet all the requirements of the legal, supervisory and regulatory frameworks, pursues the application of international corporate governance best practices, formulates the Nomination Policy regarding Candidate Members of the Board of Directors and submits relevant recommendations to the Board of Directors. Additionally, the Corporate Governance and Nominations Committee attends to the nomination of candidate Members of the Board of Directors through an effective and transparent procedure, establishes the conditions required for securing smooth succession and continuity in the Board of Directors and supervises the application of the above policies and practices as well as their implementation procedures.

In 2014 the Corporate Governance Code was updated along with the Charters of the following Board of Directors' Committees: Audit Committee, Risk Management Committee and Remuneration Committee. A separate section on Corporate Governance is found on the Bank's website, where all the relevant information has been posted along with the Corporate Governance Code and the Charters of the Board of Directors' Committees. 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 on the performance of duties with the purpose of promoting the standards required by modern corporate governance and of enhancing the efficiency of internal audit rules.

The Board of Directors, during its meeting held on 30.1.2014, elected in accordance with Law 3864/2010, upon instruction of the Hellenic Financial Stability Fund, Ms Panagiota S. Iplixian as a Non-Executive Member of the Board of Directors. Ms P.S. Iplixian was also appointed as a Member of the Audit, Risk Management and Remuneration Committees of the Board of Directors for the remainder of its tenure. The appointment of Ms P.S. Iplixian as a Member of the Audit Committee of the Board of Directors was ratified by the Extraordinary General Meeting of Shareholders of 28.3.2014.

During its meeting held on 29.5.2014, the Board of Directors elected as Members of the Board of Directors of the Bank for the remainder of its tenure, Mr. Vasileios T. Rapanos in replacement of Mr. Yannis S. Costopoulos; Mr. Shahzad A. Shahbaz in replacement of Mr. Athanassios M. Veremis; Mr. Efthimios O. Vidalis in replacement of Mr. Paul G. Karakostas; and Mr. Ibrahim S. Dabdoub in replacement of Mr. George E. Agouridis. The General Meeting of the Shareholders of the Bank was informed of the election of the new Members of the Board of Directors. The Bank provided the new Members with a comprehensive and detailed introductory informational programme on Corporate Governance, Risk Management, Internal Control, Compliance, Capital Adequacy and Financial Services.

Following a decision by the Minister of Finance and in accordance with Law 3723/2008, on 17.3.2015 Ms Marica S. Ioannou – Frangakis was appointed as representative of the Greek State in the Board of Directors of the Bank, in replacement of Mr. Sarantis-Evangelos G. Lolos.

The Extraordinary General Meeting of the Shareholders was held on 28.3.2014 and approved the share capital increase of the Bank through payment in cash, the cancellation of the pre-emption rights of the existing (common and preferred) shares as well as the issuance and distribution of new common, nominal, paperless shares with voting rights.

The Ordinary General Meeting of the Shareholders was held on 27.6.2014 and elected a new Board of Directors with a four-year tenure due to the expiry of the latter's tenure, appointed its Independent Members and the Members of the Audit Committee and conferred the title of Honorary Chairman of the Board of Directors upon Mr. Y.S. Costopoulos. It also approved the renewal of the validity of the authority (articles 13 par. 1 case (b) and 3a par. 3 item first of codified law 2190/1920) granted by the General Meeting to the Board of Directors of the Bank: (i) to increase the share capital of the Bank, through the issuance and distribution of new shares, the amount whereof would be paid in cash and/or by contribution in kind, and (ii) to issue a bond loan convertible into shares issued by the Bank.

The Extraordinary General Meeting of the Shareholders held on 7.11.2014 approved the Bank's accession to a special framework for the conversion of deferred tax assets (claims from temporary differences) into final and settled claims against the Greek State and the authorisation to the Board of Directors to proceed with all necessary actions for the implementation of the said decisions.

Board of Directors

The Board of Directors convened twenty-two times in 2014 and comprises the following Members:

CHAIRMAN (Executive Member)

Yannis S. Costopoulos, until 29.5.2014

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. From February 2005 to May 2014 he served as Executive Chairman of the Board of Directors of the Bank, while in June 2014 the Ordinary General Meeting of Shareholders conferred upon him the title of Honorary Chairman of the Board of Directors.

CHAIRMAN (Non-Executive Member)

Vasileios T. Rapanos, as of 29.5.2014

He was born in Kos in 1947. He is Professor Emeritus at the Faculty of Economics of the University of Athens. He studied Business Administration at the Athens School of Economics and Business (1975) and holds a Master's in Economics from Lakehead University, Canada (1977) and a PhD from Queen's University, Canada. He was Deputy Governor and Governor of the Mortgage Bank (1995-1998), Chairman of the Board of Directors of the Hellenic Telecommunications Organization (1998-2000), Chairman of the Council of Economic Advisors at the Ministry of Economy and Finance (2000-2004), and Chairman of the Board of Directors of the National Bank of Greece and the Hellenic Bank Association (2009-2012). He has been the Chairman of the Board of Directors of the Bank since May 2014.

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. In October 2009 he was appointed Chief Operating Officer (COO).

Artemios 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, until 29.5.2014

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.

Efthimios O. Vidalis, as of 29.5.2014

He was born in 1954. He holds a BA in Government from Harvard University and an MBA from the Harvard Graduate School of Business Administration. He worked at Owens Corning (1981-1998), where he served as President of the Global Composites and Insulation Business Units. Furthermore, he was Chief Operating Officer (1998-2001) and Chief Executive Officer (2001-2011) of the S&B Industrial Minerals Group. He is Secretary General of the Hellenic Federation of Enterprises (SEV) and Chairman of the SEV Business Council for Sustainable Development. He is an executive member of the Board of Directors of the TITAN Group. He has been a member of the Board of Directors of the Bank since May 2014.

Non-Executive Independent Members

George E. Agouridis, until 29.5.2014

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 was a Member of the Board of Directors of the Bank from 2000.

Athanassios M. Veremis, until 29.5.2014

He was born in 1943 and is Professor Emeritus of Political Sciences at the University of Athens. 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. He was a Member of the Board of Directors of the Bank from 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.

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 in the Board of Directors of the European Community Shipowners' Associations.

Ibrahim S. Dabdoub, as of 29.5.2014

He was born in 1939. He studied at the Collège des Frères in Bethlehem, at the Middle East Technical University in Ankara, Turkey and at Stanford University, California, U.S.A. He was the Group Chief Executive Officer of the National Bank of Kuwait from 1983 until March 2014. He is Vice Chairman of the International Bank of Qatar (IBQ), Doha and a member of the Board of Directors of the International Institute of Finance (IIF) as well as Co-Chair of the Emerging Markets Advisory Council (EMAC), Washington D.C. He is also a member of the Bretton Woods Committee, Washington D.C. and of the International Monetary Conference (IMC). Furthermore, he is a member of the Board of Directors of the Central Bank of Jordan, Amman, of the Board of Directors of the Consolidated Contractors Company, Athens, and of the Board of Advisors of Perella Weinberg, New York. In 1995, he was awarded the title of "Banker of the Year" by the Arab Bankers Association of North America (ABANA) and in 1997 the Union of Arab Banks named him "Arab Banker of the Year". In 2008 and 2010 he was given a "Lifetime Achievement Award" by "The Banker" and "MEED" respectively. He has been a member of the Board of Directors of the Bank since May 2014.

Shahzad A. Shahbaz, as of 29.5.2014

He was born in 1960. He holds a BA in Economics from Oberlin College, Ohio, U.S.A. He has worked at various banks and investments firms, since 1981, including the Bank of America (1981-2006), from which he left as Regional Head (Corporate and Investment Banking, Continental Europe, Emerging Europe, Middle East and Africa). He served as Chief Executive Officer (CEO) of NDB Investment Bank/Emirates NBD Investment Bank (2006-2008) and of QInvest (2008-2012). He is currently the Investment Advisor at Al Mirqab Holding Co. He has been a member of the Board of Directors of the Bank since May 2014.

Non-Executive Member

(pursuant to the provisions of Law 3723/2008)
The Greek State, via its appointed representative:

Sarantis-Evangelos G. Lolos, until 17.3.2015

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 in 2010.

Marica S. Ioannou - Frangakis, as of 17.3.2015

She was born in Asyut, Egypt in 1950. She holds a BSc in Economics from the London School of Economics (LSE), University of London, U.K. and an MA in Development Economics from the University of Sussex, U.K. From 1978 to 1993 she worked at the Agricultural Bank of Greece, initially as Head of the Economic Forecasting Department (1978-1990) and then at the Privatisations Unit of the Governor's Office (1990-1993). From 1993 to 2010 she served as Head of the Liquidations Department of Ethniki Kefaleou S.A., a company of the National Bank of Greece group. She is currently an independent researcher focusing on Macroeconomics and Finance. She is a member of the Board of Directors of the Nicos Poulantzas Institute as well as of the Steering Committee of the EuroMemo Group. Following a decision by the Minister of Finance, she has been a Member of the Board of Directors of the Bank as a representative of the Greek State since March 2015.

Non-Executive Member

(pursuant to the provisions of Law 3864/2010)

Nikolaos G. Koutsos, until 30.1.2014

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 was a Member of the Board of Directors of the Bank, representing the Hellenic Financial Stability Fund, from June 2012 to January 2014.

Panagiota S. Iplixian, as of 30.1.2014

She was born in 1949. She holds a BA in Business Administration and a Postgraduate Diploma in Management Studies from the University of Northumbria, Newcastle upon Tyne, England, and specialised in "Organisation and Methods" at the British Institute of Administrative Management. From 1972 to 1987, she worked for consulting firms. From 1987 until 2000 she worked for commercial banks in the United States and from 2000 until 2009 for EFG Eurobank Ergasias. From 2010 until 2012 she was a Non-Executive Independent Member of the Board of Directors of the Hellenic Financial Stability Fund. From October 2011 until December 2013 she was Non-Executive Vice President of the Board of Directors of New Proton Bank, representing the Hellenic Financial Stability Fund. She has been a Member of the Board of Directors of the Bank, representing the Hellenic Financial Stability Fund, since January 2014.

Secretary

Hector P. Verykios, until 2.1.2014

George P. Triantafyllides, as of 2.1.2014

Audit Committee

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

- Paul G. Karakostas, Chairman (until 29.5.2014)
- Evangelos J. Kaloussis, Chairman (Member until 29.5.2014 and Chairman as of 29.5.2014)
- Nikolaos G. Koutsos (until 30.1.2014)
- Panagiota S. Iplixian (as of 30.1.2014)
- George E. Agouridis (until 29.5.2014)
- Minas G. Tanes (as of 29.5.2014)
- Ioannis K. Lyras (as of 29.5.2014)

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

The Committee convened nine times in 2014.

In the context of the ongoing updating of the Members of the Board of Directors, an informative seminar was conducted, in cooperation with an audit company, in order for the Members of the Board of Directors and in particular of the Audit Committee to be briefed about the current trends in auditing and in examining issues according to the International Financial Reporting Standards (IFRS).

The Committee, as part of its responsibilities, followed and supervised the work of the Internal Audit and Compliance Divisions. It was briefed about the extent of audits carried out by those Divisions and their results, and in particular their findings related 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 informed of and monitored the ongoing modernisation of the tools and procedures pertaining to the Internal Control System to meet the Bank's and the Group's increased demands.

The Committee held a series of meetings with the Bank's and the Group's Certified Auditors concerning the annual and bi-annual financial statements and received clarifications in response to questions put forth by its Members. The Committee also held meetings with the Chief Financial Officer about these issues to confirm the adequacy and effectiveness of procedures for preparing the Bank's accounting statements and financial reports. The Certified Auditors and the Manager of the Internal Audit Division assured the Audit Committee that, from the audits carried out, they did not identify any significant issue, which would have a material impact on the financial statements and the smooth operation of the Bank.

The Committee submitted a proposal to the Board of Directors of the Bank for assigning the project of evaluating the adequacy of the Internal Control System (ICS) of the Group to an external auditor.

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.

The Committee's collaboration with the Bank's Executives and the Certified Auditors was fully satisfactory and no problems were caused to its operation.

Risk Management Committee

The Risk Management Committee comprises the following Members of the Board of Directors:

- Minas G. Tanes, Chairman
- Evangelos J. Kaloussis
- Nikolaos G. Koutsos (until 30.1.2014)
- Panagiota S. Iplixian (as of 30.1.2014)

• Spyros N. Filaretos (until 29.5.2014)
• Shahzad A. Shahbaz (as of 29.5.2014)

The Committee convened fourteen times in 2014.

The Committee recommended to the Board of Directors the risk undertaking and capital management strategy corresponding to the business objectives of the Bank and the Group and monitored and checked its implementation.

The Committee held a series of meetings with the Bank's and the Group's Certified Auditors concerning the annual and bi-annual financial statements and received clarifications in response to questions put forth by its Members. The Committee also held meetings with the Chief Financial Officer about these issues to confirm the adequacy and effectiveness of procedures for preparing the Bank's accounting statements and financial reports. The Certified Auditors assured the Risk Management Committee that, from the audits carried out, they did not identify any significant issue which would have a material impact on the financial statements and the smooth operation of the Bank.

The Committee evaluated the adequacy and effectiveness of the risk management policy and procedures of the Bank and the Group in terms of the undertaking, monitoring and management of risks, of the determination of the applicable maximum risk appetite on an aggregate basis for each type of risk and further allocation of each of these limits per country, sector, currency, business unit etc. and of the establishment of stop-loss limits or of other corrective actions. It was also briefed on the various corrective measures taken to contain the Bank's exposure to risks.

It ensured communication among the Internal Auditor, the External Auditors, the Chief Risk Officer, the Regulatory Authorities and the Board of Directors on risk management issues.

During the year, the Committee was informed of 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 briefed regularly and in writing the Board of Directors on issues it monitored, discussed and decided upon.

The Committee's collaboration with the Bank's Executives was fully satisfactory and no problems were caused to its operation.

Remuneration Committee

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

• George E. Agouridis, Chairman (until 29.5.2014)
• Pavlos A. Apostolides, Chairman (as of 29.5.2014)
• Ioannis K. Lyras
• Nikolaos G. Koutsos (until 30.1.2014)
• Panagiota S. Iplixian (as of 30.1.2014)
• Ioanna E. Papadopoulou (until 29.5.2014)
• Ibrahim S. Dabdoub (as of 29.5.2014)

The Committee convened two times in 2014.

The Committee's decision of 22.12.2009 set the level of remuneration for the Executive Members of the Board of Directors and Members of the Executive Committee, adjusting it to the level of remuneration for the Governor of the Bank of Greece for the period that the Bank is subject to the provisions of Articles 1 and 2 of Law 3723/2008. The Committee issued an opinion on the level of compensation for the Members of the Board of Directors and its Committees. It submitted a proposal to the Board of Directors regarding both the Remuneration Policy and the Benefits Policy for Alpha Bank and the Group Companies and reviewed the implementation thereof.

The Remuneration Committee informed in writing the Board of Directors of the issues it monitored, discussed and decided upon.

The Committee's collaboration with all the Bank's Executives was fully satisfactory and did not cause any problems to its operation.

Corporate Governance and Nominations Committee

The Corporate Governance and Nominations Committee, established on 27.6.2014, comprises the following Members of the Board of Directors:

• Minas G. Tanes, Chairman
• Pavlos A. Apostolides
• Ioanna E. Papadopoulou
• Panagiota S. Iplixian

The Committee convened two times in 2014.

BOARD OF DIRECTORS	Audit Committee	Risk Management Committee	Remuneration Committee	Corporate Governance and Nominations Committee (as of 27.6.2014)
Chairman (Executive Member until 29.5.2014) **Honorary Chairman** (as of 27.6.2014) Yannis S. Costopoulos				
Chairman (Non-Executive Member) Vasileios T. Rapanos (as of 29.5.2014) Professor Emeritus, University of Athens				
Vice Chairman (Non-Executive Independent Member) Minas G. Tanes Chairman, FOOD PLUS S.A.	o (as of 29.5.2014)	●		●
EXECUTIVE MEMBERS				
Managing Director - CEO Demetrios P. Mantzounis				
Executive Directors and General Managers Spyros N. Filaretos		o (until 29.5.2014)		
Artemios Ch. Theodoridis				
George C. Aronis				
NON-EXECUTIVE MEMBERS				
Paul G. Karakostas (until 29.5.2014) Chairman and Managing Director, GENKA COMMERCIAL S.A.	●			
Ioanna E. Papadopoulou President and Managing Director, E.J. PAPADOPOULOS S.A. BISCUIT AND FOODWARE INDUSTRY			o (until 29.5.2014)	o
Efthimios O. Vidalis (as of 29.5.2014) Executive Member of the Board of Directors, TITAN S.A.				
NON-EXECUTIVE INDEPENDENT MEMBERS				
George E. Agouridis (until 29.5.2014) Lawyer	o		●	
Athanassios M. Veremis (until 29.5.2014) Professor Emeritus, University of Athens				
Pavlos A. Apostolides Honorary Ambassador			● (as of 29.5.2014)	o
Evangelos J. Kaloussis Chairman, NESTLE HELLAS S.A.	o (until 29.5.2014) ● (as of 29.5.2014)	o		
Ioannis K. Lyras President, PARALOS MARITIME CORPORATION S.A.	o (as of 29.5.2014)		o	
Ibrahim S. Dabdoub (as of 29.5.2014) Vice Chairman, INTERNATIONAL BANK OF QATAR			o	
Shahzad A. Shahbaz (as of 29.5.2014) Investment Advisor		o		
NON-EXECUTIVE MEMBER in accordance with Law 3723/2008				
THE GREEK STATE, via its appointed representative, -Mr. Sarantis-Evangelos G. Lolos, Professor of Economics, Panteion University (until 17.3.2015) -Ms Marica S. Ioannou – Frangakis, Economist (as of 17.3.2015)				
NON-EXECUTIVE MEMBER in accordance with Law 3864/2010				
Nikolaos G. Koutsos (until 30.1.2014) Panagiota S. Iplixian (as of 30.1.2014)	o o	o o	o o	o
As representative and upon instruction of the Hellenic Financial Stability Fund.				

● Committee Chairman   o Committee Member

The Committee proposed to the Board of Directors the approval of the revised Corporate Governance Code and the revised Charters of the Committees of the Board of Directors, and in particular of the Audit Committee, the Risk Management Committee and the Remuneration Committee.

The Committee ascertained that the current compositions of all the Committees of the Board of Directors, namely the Audit Committee, the Risk Management Committee, the Remuneration Committee and the Corporate Governance and Nominations Committee, meet the requirements of the regulatory framework, are consistent with the principles of corporate governance and are appropriate for the effective and smooth operation of the Committees.

It recommended that the Board of Directors approve the Nomination Policy regarding Candidate Members of the Board of Directors.

The Corporate Governance and Nominations Committee informed in writing the Board of Directors of the issues it monitored, discussed and decided upon.

The Committee's collaboration with all the Bank's Executives was fully satisfactory and did not cause any problems to its operation.

Executive Committee

The Executive Committee is the senior executive body of Alpha Bank. Its Members are the following:

- Yannis S. Costopoulos, Chairman of the Executive Committee until 29.5.2014
- Demetrios P. Mantzounis, Managing Director - CEO, Chairman of the Executive Committee as of 29.5.2014
- Spyros N. Filaretos, General Manager - COO
- Artemios Ch. Theodoridis, General Manager - Wholesale Banking and International Network
- 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

It convenes at least once a week under the chairmanship of the Managing Director and with the participation of the General Managers. Depending on the subjects under discussion, other Executives or Members of the Management of Group Companies participate in the meeting. 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 related to the development of the Group and submits recommendations on the Rules and Regulations of the Bank along with the Budget and the Balance Sheet of each Business Unit. Finally, it submits recommendations on the Human Resources policy and the participation of the Bank or Group Companies in other companies.

Certified Auditors

The Auditors of the bi-annual and annual 2014 financial statements are the following:

Regular:	Marios T. Kyriacou Harry G. Sirounis
Alternate:	Michael A. Kokkinos Ioannis A. Achilas

of KPMG Certified Auditors A.E.

Internal Audit

In order to protect the Bank's assets and safeguard its Shareholders and Customers' interests, an Internal Control System has been put in place that includes auditing mechanisms and procedures covering all of its activities on a continuous basis and contributing to its effective and secure operation.

The audit methods that are based on risk assessment and a specialised internal audit project management software form an integrated approach adopted in terms of the organisation, execution and evaluation of the audit procedures as well as the compilation of MIS reports at Group Level.

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

In 2014, the competent Internal Audit Units carried out audits at the Branches as well as at the 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 the audits and the achievement of the Internal Control System's objectives.

It is noteworthy that the implementation of an internal fraud identification system within the Group is in progress.

During the fourth quarter of 2014, the audit operations of Citibank in Greece were integrated into the Internal Audit Division of the Bank.

Regulatory Compliance

The Bank identifies, evaluates and manages risks that it may be exposed to due to weakness to comply with the applicable regulatory framework (compliance risk). For this purpose, 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.

In 2014, the most important actions in this area were the following:

- Supervising and effectively coordinating Compliance Officers in the Group Companies and the Bank's Branches abroad so as to ensure that their activities are always in line with the applicable local and Greek regulatory framework.
- Monitoring corporate governance issues which are stipulated in Directive 2013/36/EU (CRD IV), as transposed into the Greek legislation via Law 4261/2014, and Regulation (EU) No 575/2013 (CRR).
- Monitoring the Bank's customer base and creating a list of Customers with high risk profiles in terms of tax evasion were both completed, in compliance with the Bank of Greece Governor's Act 2652/2012, while the processing of the list for the year 2012 (fiscal year 2013) is still in progress.
- Submitting files concerning services or products to the Bank of Greece, in order to assess the money laundering risk for the year 2013 and the first half of 2014, in compliance with the Bank of Greece Governor's Act 2651/2012.
- Launching the new Siron IT system regarding anti-money laundering, which will fully replace the old Actimize system.
- Automatically classifying the entire Customer base according to anti-money laundering risk through the Siron IT system.
- Participating in a Work Group of the Bank in order to enrich the Customers' demographic data base, as well as to control its quality and improve it.
- Issuing guidelines on the management of Branch Network requests related to the lifting of banking secrecy and managing a large number of cases concerning information provision to supervisory and tax Authorities. More specifically, the Compliance Division received and investigated the requests in question and informed the Branches of actions for the protection of the State's interests. At the same time, it satisfied information requests submitted by the Authorities and pertaining to bank products.
- Safeguarding the Bank's consumer protection policy and procedures, such as pre-contractual information and acceptance of the Bank's terms of business in the consumer credit sector, as well as aligning the Bank's products, services and Terms and Conditions with the applicable regulatory framework.
- Coordinating actions in the context of the acquisition of Citibank's Greek Retail Banking Operations including Diners Club, both by forming a Work Group on compliance issues and by participating in other Divisions' Work Groups.
- Monitoring and coordinating measures to deal with fraud by putting in place procedures to prevent, identify and reduce the risks arising from events of external fraud, as well as to effectively manage the events detected. Guidelines were provided to the Bank's Branch Network on the said matter.

Particular emphasis was placed on the educational programme of the Bank. Through lectures-presentations, efforts are made to consolidate and ensure implementation of the regulatory compliance principles and to increase Employee awareness on the relevant issues. In 2014, besides the Branch Network and the Customer Relationship Management Units Officers, Internal Audit Division and Greek Branch Network Division Executives were trained as well.

The main objectives for 2015 are the implementation of uniform regulatory compliance policy and procedures in the entire Group, so as to achieve complete and ongoing compliance in an ever-changing regulatory environment, the effective provision of information to national supervisory and tax Authorities, the issuance of a new Anti-Money Laundering Policy Manual, the replacement of Alpha Bank's AML IT system for continuous monitoring and detection of unusual or suspicious transactions and the integration of the compliance responsibilities of Citibank's Greek Retail Banking operations in the Compliance Division of Alpha Bank.

Group Information Security

The Information Security Division is responsible for the development, implementation, maintenance and monitoring of the information security policy, core principles, procedures and mechanisms, as well as for the management of the respective matters at Group level in accordance with the business goals of the Group and the Regulatory Framework.

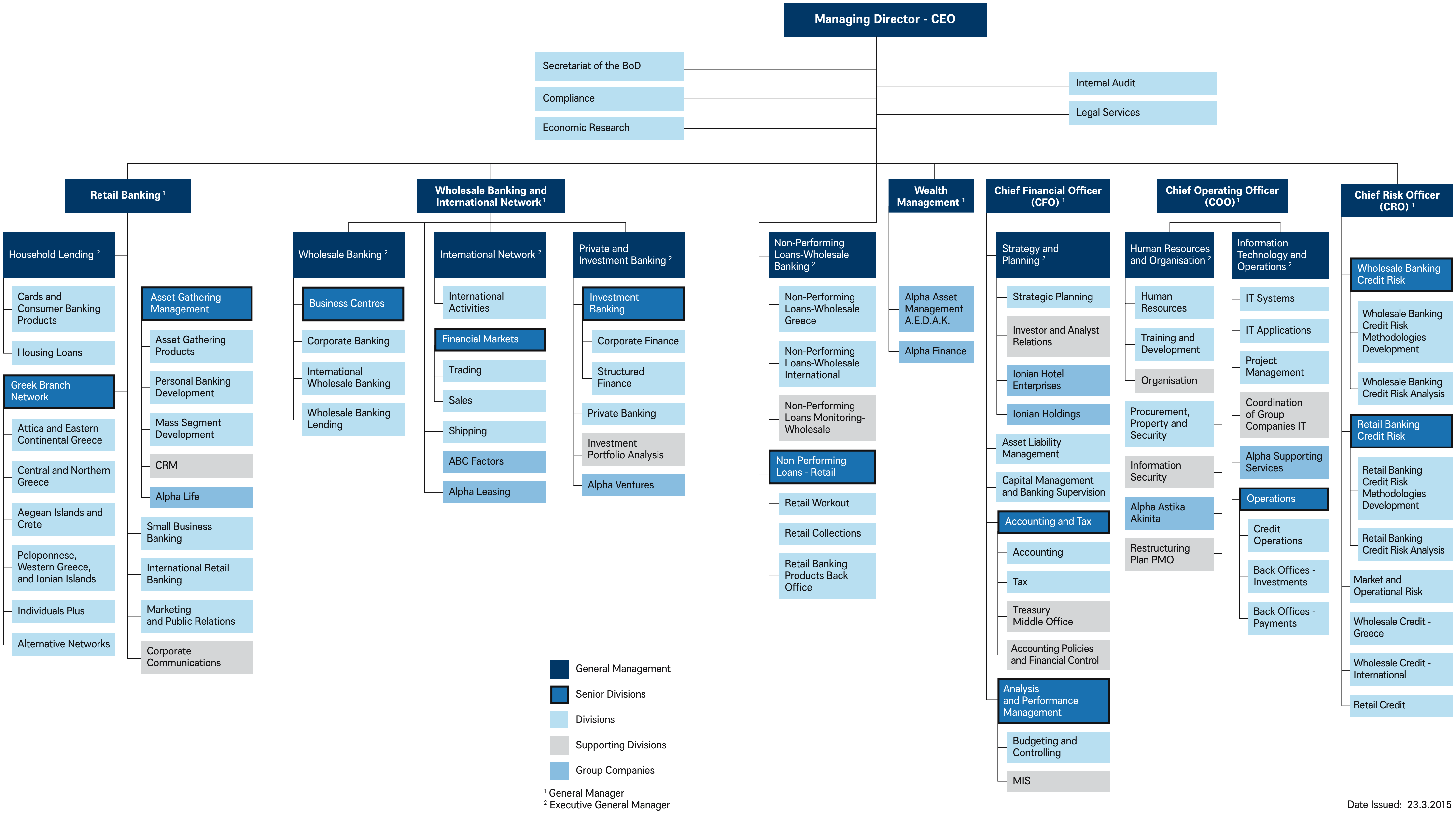
It supervises and coordinates the Information Security Officers of the Group Companies and the actions taken to ensure the effective protection of the Group's information and systems. It also establishes the Group Information Security Framework and submits it for approval to the Operational Risk Committee.

The most important activities of the Division in 2014 included the following:

- Monitoring the application of the Group Information Security Framework to all Units of the Bank and the Group Companies, as well as supervising and coordinating the Information Security Officers responsible at the local level.
- Monitoring the action plan to correct deviations from the Group Information Security Framework for the Bank and the Group Companies.
- Monitoring security events and alerts on a 24/7 basis and taking appropriate measures to prevent and respond to attacks.
- Conducting security checks and introducing improvements into the security of the Group's critical systems, infrastructures and procedures.
- Designing and specifying security requirements in new systems and infrastructures of the Bank and the Group Companies.
- Representing the Bank to the competent Authorities (Bank of Greece, Cyber Crime Unit, Hellenic Bank Association) and communicating with them about information security issues.
- Giving presentations in the context of the Bank's training programmes for newly hired Employees as well as for Branch Executives, in order to establish the key information security principles and raise the Personnel's awareness of the need to adhere to the relevant procedures and measures in performing their duties.
- Carrying out an Information Security Awareness Programme for Personnel.
- Revising the Group Information Security Framework.
- Developing a Group-wide Information Security Risk Assessment methodology and conducting Information Security Risk Assessments in critical systems of the Group.
- Revising the Solution Assessment Security Criteria methodology for suppliers.
- Renewing the certification against the ISO 20000 International Standard of the Bank's e-banking services and of the services provided by the Group Company Alpha Supporting Services, with regard to matters pertaining to the responsibility of the Information Security Division.
- Managing the certification of the Bank against the PCI DSS International Standard.
- Assessing new security technologies and measures.
- Ensuring the secure destruction of printed and digital material.
- Establishing a new working environment and enhancing the Identity Management System (IDM).
- Implementing a Single Sign On system for critical applications in the Branch Network.
- Assessing and enhancing the level of security in the context of the project to upgrade ATMs to the Windows 7 environment (in progress).
- Activating the IDS/IPS mechanisms on the terminals of the Head Office Units of the Bank.
- Protecting virtual infrastructures using a specialised software.
- Completing the application of the "EndPoint Security" technology (encryption, device control) of the laptops meeting the relevant specifications in the Group Companies, as well as of the portable storage devices connected to them.
- Replacing and upgrading the security infrastructures (network firewalls, application and database firewalls, web gateways, remote access, mail relay) in the Bank and the Group Companies.
- Implementing two-factor authentication (OTP VIP) in the web banking systems of Group Companies abroad.
- Activating anti-malware protection for the web banking system of Alpha Bank Romania S.A.
- Rerouting the incoming electronic mail of Alpha Bank Romania S.A., Alpha Bank Srbija A.D. (in progress) and Alpha Bank Cyprus Ltd (in progress) through the Group's central infrastructures, in order to ensure enhanced anti-spam and anti-malware protection and to reduce operating costs.
- Strengthening the protection provided on Guest and Wireless LANs, with the addition of antivirus, anti-malware and URL filtering functionalities.
- Developing a Network Management System (NMS) platform for automated control of correct operation (e.g. CPU, memory, disk) of the security infrastructures at the level of individual systems.
- Integrating the security infrastructures of Alpha Bank with those of the former Emporiki Bank.
- Implementing information security projects in the context of the acquisition of Citibank's Retail Banking operations in Greece (in progress).

The priorities of the Information Security Division for 2015 are to complete the projects currently in progress and upgrade and further improve the security infrastructures, seeking first and foremost to provide the Group's Customers and systems with the maximum level of protection.

Organizational Chart



Dimitra Siaterli,
Spider's Web, 1997
Copper and zinc
200 x 100 cm

8. Auditors' Report and Financial Statements

Independent Auditors' Report

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 2014 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

The management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as the 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 the 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 the 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 accompanying consolidated financial statements give a true and fair view of the consolidated financial position of ALPHA BANK A.E. as of 31 December 2014 and of its financial performance and its cash flows for the year then ended, in accordance with the 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 1.31.1 to the consolidated financial statements, which refer to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments, that affect the banking sector and in particular its liquidity. These material uncertainties may cast significant doubt on the Group's ability to continue as a going concern.

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, 31 March 2015
KPMG Certified Auditors A.E.
AM SOEL 114

Marios T. Kyriacou
Certified Auditor Accountant
AM SOEL 11121

Harry Sirounis
Certified Auditor Accountant
AM SOEL 19071

Balance Sheet

(in Euro thousand)	Consolidated		Alpha Bank	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
ASSETS				
Cash and balances with Central Banks	2,019,017	1,688,182	1,265,442	1,006,294
Due from banks	2,771,739	2,566,230	4,714,551	5,036,860
Securities held for trading	4,189	8,836	1,729	7,001
Derivative financial assets	1,148,476	797,393	1,153,944	807,911
Loans and advances to Customers	49,556,985	51,678,313	43,475,910	44,236,465
Investment securities				
- Available for sale	5,688,286	4,966,934	4,638,825	4,449,576
- Held to maturity	310,818	1,369,786	93,817	1,017,694
- Loans and receivables	4,299,101	4,308,556	4,299,101	4,308,556
Investments in subsidiaries, associates and joint ventures			2,072,689	2,070,735
Investments in associates and joint ventures	46,383	50,044		
Investment property	567,212	560,453	31,939	28,205
Property, plant and equipment	1,083,348	1,122,470	729,585	754,299
Goodwill and other intangible assets	331,424	242,914	261,351	196,067
Deferred tax assets	3,689,446	2,788,688	3,604,079	2,740,649
Other assets	1,365,066	1,542,830	1,289,764	1,442,735
	72,881,490	73,691,629	67,632,726	68,103,047
Non-current assets held for sale	53,971	5,638	1,831	
Total Assets	**72,935,461**	**73,697,267**	**67,634,557**	**68,103,047**
LIABILITIES				
Due to banks	17,300,114	19,082,724	17,558,462	19,355,329
Derivative financial liabilities	1,948,541	1,373,500	1,946,401	1,374,261
Due to Customers			37,817,447	37,504,689
(including debt securities in issue)	42,900,633	42,484,860		
Debt securities in issue held by institutional investors and other borrowed funds	1,523,521	782,936	2,021,165	1,295,445
Liabilities for current income tax and other taxes	61,794	56,768	47,819	32,781
Deferred tax liabilities	25,502	35,160		
Employee defined benefit obligations	105,353	78,700	94,683	74,574
Other liabilities	1,091,747	1,156,000	993,887	1,059,717
Provisions	212,712	278,884	333,520	258,945
Liabilities related to non-current assets held for sale	58,994			
Total Liabilities (a)	**65,228,911**	**65,329,532**	**60,813,384**	**60,955,741**
EQUITY				
Share Capital	3,830,718	4,216,872	3,830,718	4,216,872
Share premium	4,858,216	4,212,062	4,858,216	4,212,062
Reserves	105,712	631,033	53,351	517,559
Amount recognised directly in Equity, related to Assets held for Sale	(25)			
Retained earnings	(1,142,801)	(747,572)	(1,921,112)	(1,799,187)
Equity attributable to Equity owners of the Bank	7,651,820	8,312,395	6,821,173	7,147,306
Non-controlling interests	23,266	23,640		
Hybrid securities	31,464	31,700		
Total Equity (b)	**7,706,550**	**8,367,735**	**6,821,173**	**7,147,306**
Total Liabilities and Equity (a)+(b)	**72,935,461**	**73,697,267**	**67,634,557**	**68,103,047**

Statement of Total Comprehensive Income

(in Euro thousand)

	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Interest and similar income	3,282,288	3,512,375	2,788,599	2,676,549
Interest expense and similar charges	(1,343,757)	(1,854,554)	(1,245,900)	(1,516,787)
Net interest income	1,938,531	1,657,821	1,542,699	1,159,762
Fee and commission income	455,220	429,378	380,900	321,848
Commission expense	(58,081)	(59,071)	(46,903)	(47,656)
Net fee and commission income	397,139	370,307	333,997	274,192
Dividend income	1,573	1,048	52,027	664
Gains less losses on financial transactions	41,289	256,551	16,145	(18,704)
Other income	64,995	74,626	18,171	23,433
	107,857	332,225	86,343	5,393
Total income	**2,443,527**	**2,360,353**	**1,963,039**	**1,439,347**
Staff costs	(662,601)	(661,569)	(528,342)	(417,991)
Cost of Voluntary Separation Scheme	(200,800)		(200,800)	
General administrative expenses	(614,506)	(584,554)	(496,326)	(436,484)
Depreciation and amortisation expenses	(97,953)	(92,161)	(62,719)	(48,357)
Other expenses	(69,251)	(87,568)	(16,952)	(46,941)
Total expenses	**(1,645,111)**	**(1,425,852)**	**(1,305,139)**	**(949,773)**
Impairment losses and provisions to cover credit risk	(1,853,205)	(1,923,213)	(1,393,551)	(1,609,775)
Negative goodwill from acquisitions	40,287	3,283,052		3,295,718
Share of profit/(loss) of associates and joint ventures	(10,759)	(16,194)		
	(1,823,677)	1,343,645	(1,393,551)	1,685,943
Profit/(Loss) before income tax	**(1,025,261)**	**2,278,146**	**(735,651)**	**2,175,517**
Income tax	695,553	701,195	677,122	681,504
Profit/(Loss) after income tax from continuing operations	**(329,708)**	**2,979,341**	**(58,529)**	**2,857,021**
Profit/(Loss) after income tax from discontinued operations		(57,117)		
Profit/(Loss) after income tax (a)	**(329,708)**	**2,922,224**	**(58,529)**	**2,857,021**
Profit/(Loss) attributable to:				
Equity owners of the Bank				
- from continuing operations	(329,809)	2,979,286	(58,529)	2,857,021
- from discontinued operations		(57,117)		
	(329,809)	**2,922,169**	**(58,529)**	**2,857,021**
Non-controlling interests				
- from continuing operations	101	55		
Other comprehensive income recognised directly in Equity:				
Items that may be reclassified subsequently to profit or loss				
Change in available for sale securities' reserve	(481,006)	226,865	(400,381)	246,689
Change in cash flow hedge reserve	(224,342)	153,151	(227,861)	145,078
Exchange differences on translation and hedging of net investments in foreign operations	(2,909)	(2,449)		

Statement of Total Comprehensive Income (continued)

(in Euro thousand)

	Consolidated From 1 January to		Alpha Bank From 1 January to	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Change in share of other comprehensive income from associates	(1,318)	1,131		
Income tax	182,822	(94,196)	164,034	(87,305)
Items that may be reclassified subsequently to profit or loss from continuing operations, after income tax	**(526,753)**	**284,502**	**(464,208)**	**304,462**
Items that may be reclassified subsequently to profit or loss from discontinued operations		47,037		
	(526,753)	**331,539**	**(464,208)**	**304,462**
Items not reclassified to profit or loss from continuing operations				
Change in actuarial gains/(losses) of defined benefit obligations	(38,364)	(5,074)	(37,341)	(10,089)
Income tax	9,930	3,510	9,709	4,524
	(28,434)	**(1,564)**	**(27,632)**	**(5,565)**
Total of other comprehensive income recognised directly in Equity, after income tax (b)	**(555,187)**	**329,975**	**(491,840)**	**298,897**
Total comprehensive income for the year, after income tax (a)+(b)	**(884,895)**	**3,252,199**	**(550,369)**	**3,155,918**
Total comprehensive income for the year attributable to:				
Equity owners of the Bank				
- from continuing operations	(884,928)	3,262,233	(550,369)	3,155,918
- from discontinued operations		(10,080)		
	(884,928)	**3,252,153**	**(550,369)**	**3,155,918**
Non-controlling interests				
- from continuing operations	33	46		
Earnings/(Losses) per share:				
Basic and diluted (Euro per share)	(0.0267)	0.4401	(0.0047)	0.4303
Basic and diluted from continuing operations (Euro per share)	(0.0267)	0.4487		
Basic and diluted from discontinued operations (Euro per share)		(0.0086)		

Statement of Cash Flows

(in Euro thousand)	Consolidated		Alpha Bank	
	From 1 January to		From 1 January to	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Net cash flows from continuing operating activities	(1,321,848)	(4,429,886)	(1,689,756)	(4,096,915)
Net cash flows from discontinued operating activities		(2,479)		
Net cash flows from operating activities (a)	**(1,321,848)**	**(4,432,365)**	**(1,689,756)**	**(4,096,915)**
Net cash flows from continuing investing activities	515,894	2,852,821	1,118,895	2,561,165
Net cash flows from discontinued investing activities		(415)		
Net cash flows from investing activities (b)	**515,894**	**2,852,406**	**1,118,895**	**2,561,165**
Net cash flows from continuing financing activities	1,021,950	446,300	1,043,043	270,386
Net cash flows from financing activities (c)	**1,021,950**	**446,300**	**1,043,043**	**270,386**
Net increase/(decrease) in cash and cash equivalents of the year (a)+(b)+(c)	**215,996**	**(1,133,659)**	**472,182**	**(1,265,364)**
Effect of exchange rate fluctuations on cash and cash equivalents	5,081	(3,267)	1,848	1,215
Total cash flows for the year	**221,077**	**(1,136,926)**	**474,030**	**(1,264,149)**
Cash and cash equivalents at the beginning of the year	**973,167**	**2,110,093**	**748,999**	**2,013,148**
Cash and cash equivalents at the end of the year	**1,194,244**	**973,167**	**1,223,029**	**748,999**

Statement of Changes in Equity

(in Euro thousand)	Consolidated		Alpha Bank	
	From 1 January to		From 1 January to	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Equity at the beginning of the year (1.1.2014 and 1.1.2013 respectively)	**8,367,735**	**747,500**	**7,147,306**	**(430,366)**
Total comprehensive income for the year, after income tax	(884,895)	3,252,199	(550,369)	3,155,918
Share capital increase through issuance of common shares to private placement	1,200,000		1,200,000	
Share capital increase through issuance of common shares in favour of the Hellenic Financial Stability Fund		4,021,000		4,021,000
Share capital increase through payment in cash		550,000		550,000
Redemption of preference shares	(940,000)		(940,000)	
Share capital increase related expenses, after income tax	(35,764)	(163,828)	(35,764)	(163,828)
Change of ownership interests in subsidiaries	(333)	11,298		
(Purchases), (Redemptions)/Sales of hybrid securities	(236)	(64,928)		
Other	43	14,494		14,582
Equity at the end of the year (31.12.2014 and 31.12.2013 respectively)	**7,706,550**	**8,367,735**	**6,821,173**	**7,147,306**

Additional Data and Information

1. Companies included in the Consolidated Financial Statements, the Group's participation in them as at 31.12.2014, as well as the applied consolidation method, are presented in note 39 of the Consolidated Financial Statements as at 31.12.2014. Companies, not included in the Consolidated Financial Statements, are also listed in this note.
2. During the period from 1.1.2014 until 31.12.2014 the following changes took place in the companies which are fully consolidated and are included in the Consolidated Financial Statements:

   • New Companies: On 21.1.2014, the Bank's subsidiary Alpha Group Investments Ltd acquired the total number of shares of the company AGI–SRE Ariadni Ltd registered in Cyprus. On 13.2.2014, the Group's subsidiary, AGI–RRE Venus Ltd acquired the total number of shares of the company AGI–RRE Venus Srl registered in Romania. On 20.2.2014, the Group's subsidiaries, AGI–RRE Cleopatra Ltd and AGI–RRE Hermes Ltd acquired the total number of shares of the companies AGI–RRE Cleopatra Srl and AGI–RRE Hermes Srl accordingly, registered in Romania. On 27.2.2014, the Group's subsidiary AGI–RRE Artemis Ltd acquired the total number of shares of the company SC Carmel Residential Srl registered in Romania. On 2.7.2014, the Bank's subsidiary Alpha Group Investments Ltd founded the companies Alpha Investment Property Neas Kifissias A.E. and Alpha Investment Property Kallirois A.E., both registered in Greece. On 27.8.2014, the Bank's subsidiary, Alpha Group Investments Ltd acquired the total number of shares of the companies AGI–Cypre Alaminos Ltd, AGI–Cypre Tochini Ltd and AGI–Cypre Evagoras Ltd, all registered in Cyprus. On 8.9.2014, the Bank's subsidiary Alpha Group Investments Ltd acquired the total number of shares of the companies AGI–Cypre Tersefanou Ltd and AGI–Cypre Mazotos Ltd, both registered in Cyprus. On 18.11.2014 the Bank's subsidiary, Alpha Group Investments Ltd founded the companies Alpha Investment Property Livadia S.A. and AGI–Cypre Ermis Ltd.

   • Liquidations/Sales: On 11.12.2014, the Bank signed a contract for the sale of all the shares of the subsidiary Alpha Insurance Ltd. On 30.12.2014 the subsidiary of the Bank, Alpha Group Investments Ltd proceeded with the sale of the total shares of its subsidiary Alpha Investment Property Eleona S.A.

   • Changes/Renames: On 27.11.2014 the subsidiary of the Group, AGI-RRE Apollo Ltd was renamed Alpha Real Estate Services Ltd. On 2.12.2014 the Group's subsidiary, Alpha Astika Akinita Romania Srl was renamed Alpha Real Estate Services Srl. On 16.12.2014 the Bank's subsidiary Ionian Participation S.A. acquired 4.38% of Space Hellas S.A., from the Bank. On 29.12.2014 the Bank's subsidiary Emporiki Venture Capital Developed Markets Ltd acquired 0.73% of a minority shareholder of Emporiki Bank Cyprus Ltd and therefore the Group holds 100%.
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 31.12.2014 of the Group and the Bank respectively.
4. There are neither pending legal cases nor issues in progress, nor 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 32.3 million and Euro 29.6 million respectively, as well as other provisions amounting to Euro 180.4 million and Euro 303.9 million respectively.
5. The Bank and the Group Companies did not hold any treasury shares as at 31.12.2014.
6. The total number of Employees of the Group as at 31.12.2014 was 15,193 (31.12.2013: 16,934) and of the Bank was 9,648 (31.12.2013: 11,268).
7. The results arising from the related party transactions during the period 1.1.2014 until 31.12.2014 are as follows:

   • With members of the Board of Directors and other key management Personnel: a) of the Group: income Euro 1,077 thousand, expenses Euro 4,787 thousand b) of the Bank: income Euro 1,051 thousand, expenses Euro 4,773 thousand.

   • With other related parties: a) of the Group: income Euro 7,322 thousand, expenses Euro 7,741 thousand b) of the Bank: income Euro 140,045 thousand, expenses Euro 106,153 thousand.

The balances as at 31.12.2014 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 32,529 thousand, liabilities Euro 49,669 thousand, letters of guarantee Euro 11,917 thousand b) of the Bank: receivables Euro 32,529 thousand, liabilities Euro 42,969 thousand, letters of guarantee Euro 11,917 thousand.

• With other related parties: a) of the Group: receivables Euro 172,122 thousand, liabilities Euro 56,172 thousand b) of the Bank: receivables Euro 5,998,484 thousand, liabilities Euro 3,097,662 thousand, letters of guarantee and other guarantees Euro 1,157,316 thousand.

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

9. Due to the fact that no distributable profits exist for the Bank as at 31.12.2014 and, therefore article 44a of Codified Law 2190/1920 applies, the Bank's Board of Directors will propose to the Ordinary General Meeting of Shareholders:

• the non-payment to the Greek State of the respective return for the year 2014 on the preference shares it owned until 17.4.2014, under article 1 paragraph 3 of Law 3723/2008 and

• not to distribute dividend to the common shareholders of the Bank for the year 2014.

10. On 28.3.2014, the share capital increase was completed through payment in cash, cancellation of pre-emption rights of the existing, ordinary and preference, shares and distribution of all new shares through a private placement to qualified investors, as specified in Law 3401/2005, article 2, paragraph 1. An amount of Euro 1.2 billion was raised through the share capital increase.

11. On 17.4.2014, the Bank fully redeemed to the Hellenic Republic the total amount of preference shares (200,000,000) of Euro 940 million, issued to the latter by the Bank and on 21.5.2014 the security issued by the Hellenic Republic was repaid and transferred to the Bank against the issuance of preference shares, according to Law 3723/2008.

12. On 13.6.2014 the Bank signed an agreement with Citibank International plc and Citibank Overseas Investment Corporation ("Citi") on the acquisition of Citi's Retail Banking operations, including Diners Club, in Greece. On 30.9.2014, the Bank completed the acquisition of the Retail Banking operations of Citibank International plc and the total number of shares of Diners Club Greece A.E.P.P. Details are included in notes 47 and 43 of the Financial Statements as of 31.12.2014 of the Group and the Bank respectively.

13. On 3.10.2014 the Voluntary Separation Scheme addressed to the Bank's Employees in Greece was completed. In the Income Statement, the amount of Euro 200,8 million was recognised as the cost of the Scheme. A relevant reference is included in note 7 of the Financial Statements of the Group and the Bank.

14. On 7.11.2014 and on 19.11.2014 the Extraordinary General Meetings of the Shareholders of the Bank and the subsidiary Alpha Leasing S.A. approved the accession of the Bank and Alpha Leasing S.A. respectively under special provisions for the conversion of the deferred tax assets on temporary differences into final and settled claims against the Hellenic Republic and the compliance with the legal obligations deriving therefrom. A relevant reference is included in note 11 of the Financial Statements of the Group and the Bank.

15. Profits and losses from discontinued operations of the Group are stated in detail in note 49 of the Financial Statements of the Group as at 31.12.2014.

16. The emphasis of matter concerns an uncertainty that could adversely affect the going concern assumption, as referred to the disclosures made in notes 1.31.1 and 1.29.1 of the Financial Statements as at 31.12.2014 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 31.12.2014 are in accordance with the requirements of the International Financial Reporting Standards (I.F.R.S.) and are presented in note 1 of the Financial Statements as at 31.12.2014 of the Group and the Bank.

Athens, 19 March 2015

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER	THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER	THE ACCOUNTING AND TAX MANAGER
VASILEIOS T. RAPANOS	DEMETRIOS P. MANTZOUNIS	VASSILIOS E. PSALTIS	MARIANNA D. ANTONIOU
I.D. No AI 666242	I.D. No I 166670	I.D. No AI 666591	I.D. No X 694507

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