



**ALPHA BANK**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 30.9.2014**

(In accordance with International Accounting Standard 34)



Athens,  
4 November 2014



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(In accordance with IAS 34)

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## Interim Consolidated Income Statement

(Amounts in thousand of Euro)

	Note	From 1 January to		From 1 July to	
		30.9.2014	30.9.2013*	30.9.2014	30.9.2013*
Interest and similar income		2,486,733	2,628,097	817,302	892,858
Interest expense and similar charges		(1,043,543)	(1,446,391)	(325,843)	(445,508)
Net interest income		1,443,190	1,181,706	491,459	447,350
Fee and commission income		337,511	311,355	119,272	110,284
Commission expense		(41,712)	(47,714)	(18,332)	(14,952)
Net fee and commission income		295,799	263,641	100,940	95,332
Dividend income		1,090	1,025	145	129
Gains less losses on financial transactions		86,377	254,921	17,112	5,212
Other income		50,721	55,470	17,358	14,321
		138,188	311,416	34,615	19,662
<b>Total income</b>		<b>1,877,177</b>	<b>1,756,763</b>	<b>627,014</b>	<b>562,344</b>
Staff costs		(493,063)	(519,521)	(160,384)	(175,899)
Provision for voluntary separation scheme	12	(194,500)		(194,500)	
General administrative expenses		(428,258)	(392,759)	(145,941)	(133,546)
Depreciation and amortization	7, 8, 9	(71,015)	(68,149)	(23,404)	(22,919)
Other expenses		(6,233)	(3,583)	(1,785)	(4,322)
<b>Total expenses</b>		<b>(1,193,069)</b>	<b>(984,012)</b>	<b>(526,014)</b>	<b>(336,686)</b>
Impairment losses and provisions to cover credit risk	2	(1,080,598)	(1,474,062)	(337,014)	(490,003)
Negative goodwill from acquisitions	23	21,507	3,283,052	21,507	
Share of profit/(loss) of associates and joint ventures		(7,369)	(11,626)	(2,377)	(1,029)
<b>Profit/(loss) before income tax</b>		<b>(382,352)</b>	<b>2,570,115</b>	<b>(216,884)</b>	<b>(265,374)</b>
Income tax	3	492,875	619,611	59,991	41,627
<b>Profit/(loss) after income tax, from continuing operations</b>		<b>110,523</b>	<b>3,189,726</b>	<b>(156,893)</b>	<b>(223,747)</b>
Profit/(loss) after income tax, from discontinued operations	22		(57,117)		(32,228)
<b>Profit/(loss) after income tax</b>		<b>110,523</b>	<b>3,132,609</b>	<b>(156,893)</b>	<b>(255,975)</b>
<b>Profit/(loss) attributable to:</b>					
<b>Equity owners of the Bank</b>					
- from continuing operations		110,287	3,189,627	(156,883)	(223,760)
- from discontinued operations			(57,117)		(32,228)
		<b>110,287</b>	<b>3,132,510</b>	<b>(156,883)</b>	<b>(255,988)</b>
Non-controlling interests					
- from continuing operations		236	99	(10)	13
<b>Earnings/(losses) per share:</b>					
Basic and diluted (€ per share)	4	0.01	0.60	(0.01)	(0.02)
Basic and diluted from continuing operations (€ per share)	4	0.01	0.61	(0.01)	(0.02)
Basic and diluted from discontinued operations (€ per share)	4		(0.011)		(0.003)

\* Certain figures of the Interim Consolidated Income Statement of the comparative periods have been restated due to the finalization of the accounting following the acquisition of Emporiki Group (note 25).

The attached notes (pages 9 - 54) form an integral part of these interim consolidated financial statements



## Interim Consolidated Balance Sheet

(Amounts in thousand of Euro)

	Note	30.9.2014	31.12.2013
<b>ASSETS</b>			
Cash and balances with Central Banks		1,998,093	1,688,182
Due from banks		2,844,852	2,566,230
Securities held for trading	6	15,001	8,836
Derivative financial assets		995,990	797,393
Loans and advances to customers	5	50,120,268	51,678,313
Investment securities	6		
- Available for sale		5,010,312	4,966,934
- Held to maturity		331,700	1,369,786
- Loans and receivables		4,311,279	4,308,556
Investments in associates and joint ventures		46,182	50,044
Investment property	7	615,944	560,453
Property, plant and equipment	8	1,095,613	1,122,470
Goodwill and other intangible assets	9	302,150	242,914
Deferred tax assets		3,349,316	2,788,688
Other assets		1,377,162	1,542,830
		<u>72,413,862</u>	<u>73,691,629</u>
Assets held for sale		6,277	5,638
<b>Total Assets</b>		<b>72,420,139</b>	<b>73,697,267</b>
<b>LIABILITIES</b>			
Due to banks	10	15,561,130	19,082,724
Derivative financial liabilities		1,669,614	1,373,500
Due to customers (including debt securities in issue)		43,533,229	42,484,860
Debt securities in issue held by institutional investors and other borrowed funds	11	1,163,565	782,936
Amounts due for current income tax and other taxes		35,461	56,768
Deferred tax liabilities		29,852	35,160
Employee defined benefit obligations		91,127	78,700
Other liabilities		1,283,672	1,156,000
Provisions	12	471,490	278,884
<b>Total Liabilities</b>		<b>63,839,140</b>	<b>65,329,532</b>
<b>EQUITY</b>			
<b>Equity attributable to equity owners of the Bank</b>			
Share capital	13	3,830,718	4,216,872
Share premium	13	4,858,216	4,212,062
Reserves		511,327	631,033
Retained earnings	13	(674,691)	(747,572)
		<u>8,525,570</u>	<u>8,312,395</u>
<b>Non-controlling interests</b>		<b>23,789</b>	<b>23,640</b>
<b>Hybrid securities</b>	14	<b>31,640</b>	<b>31,700</b>
<b>Total Equity</b>		<b>8,580,999</b>	<b>8,367,735</b>
<b>Total Liabilities and Equity</b>		<b>72,420,139</b>	<b>73,697,267</b>

The attached notes (pages 9 - 54) form an integral part of these interim consolidated financial statements

## Interim Consolidated Statement of Comprehensive Income

(Amounts in thousand of Euro)

	Note	From 1 January to		From 1 July to	
		30.9.2014	30.9.2013*	30.9.2014	30.9.2013*
<b>Profit/(Loss), after income tax, recognized in the income statement</b>		<b>110,523</b>	<b>3,132,609</b>	<b>(156,893)</b>	<b>(255,975)</b>
<b>Other comprehensive income recognized directly in Equity:</b>					
<b>Amounts that may be reclassified in the Income Statement</b>					
Change in available for sale securities' reserve		(20,692)	155,245	(167,873)	86,458
Change in cash flow hedge reserve		(143,808)	134,816	(46,935)	30,286
Exchange differences on translating and hedging the net investment in foreign operations		(2,056)	(3,342)	(1,896)	(117)
Change in the share of other comprehensive income of associates and joint ventures		(1,055)	225	(1)	
Income tax	3	46,158	(67,894)	54,936	(29,307)
<b>Total amounts that may be reclassified in the Income Statement from continuing operations, after income tax</b>		<b>(121,453)</b>	<b>219,050</b>	<b>(161,769)</b>	<b>87,320</b>
Amounts that may be reclassified in the Income Statement from discontinued operations, after income tax	22		47,037		32,865
		<b>(121,453)</b>	<b>266,087</b>	<b>(161,769)</b>	<b>120,185</b>
<b>Amounts that will not be reclassified in the Income Statement after discontinued operations</b>					
Change in actuarial gains/(losses) of defined benefit obligations					
Income tax	3		1,882		
			<b>1,882</b>		
<b>Total of other comprehensive income recognized directly in equity, after income tax</b>	3	<b>(121,453)</b>	<b>267,969</b>	<b>(161,769)</b>	<b>120,185</b>
<b>Total comprehensive income for the period, after income tax</b>		<b>(10,930)</b>	<b>3,400,578</b>	<b>(318,662)</b>	<b>(135,790)</b>
<b>Total comprehensive income for the period attributable to:</b>					
<b>Equity owners of the Bank</b>					
- from continuing operations		(11,143)	3,410,556	(318,632)	(136,437)
- from discontinued operations			(10,080)		637
		<b>(11,143)</b>	<b>3,400,476</b>	<b>(318,632)</b>	<b>(135,800)</b>
Non controlling interests					
- from continuing operations		213	102	(30)	10

\* Certain figures of the Interim Consolidated Statement of Comprehensive Income of the comparative periods have been restated due to the finalization of the accounting following the acquisition of Emporiki Group (note 25).

## Interim Consolidated Statements of Changes in Equity

(Amounts in thousand of Euro)

	Note	Share Capital	Share Premium	Reserves	Retained	Total	Non controlling interests	Hybrid securities	Total
<b>Balance 1.1.2013</b>		<b>1,100,281</b>	<b>2,757,653</b>	<b>268,315</b>	<b>(3,538,207)</b>	<b>588,042</b>	<b>11,904</b>	<b>147,554</b>	<b>747,500</b>
<b>Changes for the period 1.1 - 30.9.2013</b>									
Profit for the period, after income tax					3,132,510	3,132,510	99		3,132,609
Other comprehensive income recognized directly in equity, after income tax				266,084	1,882	267,966	3		267,969
<b>Total comprehensive income for the period, after income tax</b>				<b>266,084</b>	<b>3,134,392</b>	<b>3,400,476</b>	<b>102</b>		<b>3,400,578</b>
Share capital increase through issuance of commons shares to Hellenic Financial Stability Fund	19	2,741,591	1,279,409			4,021,000			4,021,000
Share capital increase paid in cash	19	375,000	175,000			550,000			550,000
Share capital increase expenses, after income tax					(163,582)	(163,582)			(163,582)
Purchases/Sales and change of ownership interests in subsidiaries					(206)	(206)	11,810		11,604
(Purchases), (Redemptions)/ Sales of hybrid securities, after income tax					49,087	49,087		(112,154)	(63,067)
Appropriation to reserves				30,764	(30,764)	-			-
Other					14,759	14,759			14,759
<b>Balance 30.9.2013</b>		<b>4,216,872</b>	<b>4,212,062</b>	<b>565,163</b>	<b>(534,521)</b>	<b>8,459,576</b>	<b>23,816</b>	<b>35,400</b>	<b>8,518,792</b>
<b>Changes for the period 1.10 - 31.12.2013</b>									
Profit for the period, after income tax					(210,341)	(210,341)	(44)		(210,385)
Other comprehensive income recognized directly in equity, after income tax				65,443	(3,425)	62,018	(12)		62,006
<b>Total comprehensive income for the period, after income tax</b>				<b>65,443</b>	<b>(213,766)</b>	<b>(148,323)</b>	<b>(56)</b>		<b>(148,379)</b>
Share capital increase expenses, after income tax					(246)	(246)			(246)
Purchases/Sales and change of ownership interests in subsidiaries					(186)	(186)	(120)		(306)
(Purchases), (Redemptions)/ Sales of hybrid securities, after income tax					1,839	1,839		(3,700)	(1,861)
Appropriation to reserves				427	(427)	-			-
Other					(265)	(265)			(265)
<b>Balance 31.12.2013</b>		<b>4,216,872</b>	<b>4,212,062</b>	<b>631,033</b>	<b>(747,572)</b>	<b>8,312,395</b>	<b>23,640</b>	<b>31,700</b>	<b>8,367,735</b>



(Amounts in thousand of Euro)

	Note	Share Capital	Share Premium	Reserves	Retained	Total	Non controlling interests	Hybrid securities	Total
<b>Balance 1.1.2014</b>		<b>4,216,872</b>	<b>4,212,062</b>	<b>631,033</b>	<b>(747,572)</b>	<b>8,312,395</b>	<b>23,640</b>	<b>31,700</b>	<b>8,367,735</b>
<b>Changes for the period 1.1 - 30.9.2014</b>									
Profit for the period, after income tax					110,287	110,287	236		110,523
Other comprehensive income recognized directly in equity, after income tax				(121,430)		(121,430)	(23)		(121,453)
<b>Total comprehensive income for the period, after income tax</b>		<b>-</b>	<b>-</b>	<b>(121,430)</b>	<b>110,287</b>	<b>(11,143)</b>	<b>213</b>	<b>-</b>	<b>(10,930)</b>
Share capital increase	13	553,846	646,154			1,200,000			1,200,000
Repayment of preference shares	13	(940,000)				(940,000)			(940,000)
Share capital increase expenses, after income tax	13				(35,764)	(35,764)			(35,764)
(Purchases), (Redemptions)/ Sales of hybrid securities, after income tax						-		(60)	(60)
Purchases/Sales and change of ownership interests in subsidiaries					13	13	(64)		(51)
Appropriation to reserves				1,724	(1,724)	-			-
Other					69	69			69
<b>Balance 30.9.2014</b>		<b>3,830,718</b>	<b>4,858,216</b>	<b>511,327</b>	<b>(674,691)</b>	<b>8,525,570</b>	<b>23,789</b>	<b>31,640</b>	<b>8,580,999</b>

The attached notes (pages 9 - 54) form an integral part of these interim consolidated financial statements



## Interim Consolidated Statement of Cash Flows

(Amounts in thousand of Euro)

	Note	From 1 January to	
		30.9.2014	30.9.2013*
<b>Cash flows from operating activities</b>			
Profit/(Loss) before income tax		(382,352)	2,570,115
<b>Adjustments for gain/(losses) before income tax for:</b>			
Depreciation of fixed assets	7, 8	46,561	51,842
Amortization of intangible assets	9	24,454	16,307
Impairment losses from loans, provisions and staff leaving indemnity		1,332,093	1,523,936
(Gains)/Losses from investing activities		(63,553)	(35,693)
(Gains)/Losses from financing activities		111,346	(148,900)
Share of (profit)/loss of associates and joint ventures		7,369	11,626
Negative goodwill from acquisitions	23	(21,507)	(3,283,052)
Fair value adjustments recognized in the income statement		93,971	(11,774)
		<b>1,148,382</b>	<b>694,407</b>
<b>Net (increase)/decrease in assets relating to continuing operating activities:</b>			
Due from banks		637,002	642,930
Securities held for trading and derivative financial assets		(204,762)	168,643
Loans and advances to customers		587,749	1,507,901
Other assets		145,135	(7,548)
<b>Net increase/(decrease) in liabilities relating to continuing operating activities:</b>			
Due to banks		(3,523,599)	(7,086,045)
Derivative financial liabilities		152,307	(259,785)
Due to customers		(29,250)	71,379
Other liabilities		98,807	(30,964)
		<b>(988,229)</b>	<b>(4,299,082)</b>
<b>Net cash flows from continuing operating activities before taxes</b>			
Income taxes and other taxes paid		(36,534)	(31,180)
		<b>(1,024,763)</b>	<b>(4,330,262)</b>
<b>Net cash flows from discontinued operating activities</b>			
			<b>(2,479)</b>
<b>Cash flows from investing activities</b>			
Investments in subsidiaries, associates and joint ventures		1,008	(267)
Acquisitions during the period		645,292	645,215
Amounts received from disposal of subsidiary			81,385
Dividends received		1,090	1,025
Acquisition of fixed and intangible assets	7, 8, 9	(55,692)	(91,637)
Disposals of fixed and intangible assets		6,518	7,542
Net (increase)/decrease in investment securities		1,036,598	2,192,066
		<b>1,634,814</b>	<b>2,835,329</b>
<b>Net cash flows from discontinued investing activities</b>			
			<b>(415)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(604)	(1,196)
Receipts of debt securities and other borrowing funds		499,096	150,000
Repayment of debt securities and other borrowing funds		(93,080)	(50,889)
(Purchases)/Sales of hybrid securities		(60)	(43,849)
Share capital increase		1,200,000	550,000
Repayment of preference shares	13	(940,000)	
Expenses related to share capital increase		(48,328)	(68,054)
		<b>617,024</b>	<b>536,012</b>
<b>Net cash flows from continuing financing activities</b>			
Effect of exchange rate fluctuations on cash and cash equivalents		(1,499)	(3,977)
		<b>1,225,576</b>	<b>(962,898)</b>
<b>Net increase/(decrease) in cash flows – continuing activities</b>			
<b>Net increase/(decrease) in cash flows – discontinued activities</b>			
		-	<b>(2,894)</b>
<b>Cash and cash equivalents at the beginning of the period</b>			
		<b>973,167</b>	<b>2,110,093</b>
<b>Cash and cash equivalents at the end of the period</b>			
		<b>2,198,743</b>	<b>1,144,301</b>

\* Certain figures of the Interim Consolidated Statement of Cash Flows of the comparative periods have been restated due to the finalization of the accounting following the acquisition of Emporiki Group (note 25).

The attached notes (pages 9 - 54) form an integral part of these interim consolidated financial statements

## Notes to the Interim Consolidated Financial Statements

### GENERAL INFORMATION

The Alpha Bank Group, which includes companies in Greece and abroad, offers the following services: corporate and retail banking, financial services, investment banking and brokerage services, insurance services, real estate management, hotel activities.

The parent company of the Group is Alpha Bank A.E. which operates under the brand name of Alpha Bank. The Bank's registered office is 40 Stadiou Street, Athens and is listed as a Société Anonyme in the General Commercial Register with registration number 223701000 (ex record number of Societe Anonyme Companies Registry 6066/06/B/86/05). The Bank's duration is until 2100 but is subject to extension by the General Meeting of Shareholders.

In accordance with article 4 of the Articles of Incorporation, the Bank's objective is to engage, on its own account or on

behalf of third parties, in Greece and abroad, independently or collectively, including joint ventures, with third parties, in any and all (main and secondary) operations, activities, transactions and services allowed to credit institutions, in conformity with whatever rules and regulations (domestic, community, foreign) may be in force each time. In order to serve this objective, the Bank may perform any kind of action, operation or transaction which, directly or indirectly, is pertinent, complementary or auxiliary to the purposes mentioned above.

The tenure of the Board of Directors which was elected by the Ordinary General Meeting of Shareholders on 27.6.2014, lasts until 2018.

The Board of Directors as at 30.9.2014 consists of:

#### CHAIRMAN (Non Executive Member)

Vasileios T. Rapanos (from 29.5.2014)

#### VICE CHAIRMAN (Non Executive Independent Member)

Minas G. Tanes <sup>\*/\*\*\*\*</sup>

#### EXECUTIVE MEMBERS

##### MANAGING DIRECTOR

Demetrios P. Mantzounis

##### EXECUTIVE DIRECTORS AND GENERAL MANAGERS

Spyros N. Filaretos (COO)

Artemis Ch. Theodoridis

George K. Aronis

#### NON-EXECUTIVE MEMBERS

Efthimios O. Vidalis (from 29.5.2014)

Ioanna E. Papadopoulou <sup>\*\*\*\*</sup>

#### NON-EXECUTIVE INDEPENDENT MEMBERS

Paul A. Apostolidis <sup>\*\*/\*</sup>

Evangelos J. Kaloussis <sup>\*/\*\*\*</sup>

Ioannis K. Lyras <sup>\*/\*\*</sup>

Ibrahim S.Dabdoub <sup>\*\*</sup> (from 29.5.2014)

Shahzad A.Shahbaz <sup>\*\*\*</sup> (from 29.5.2014)

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\* Member of the Audit Committee

\*\* Member of the Remuneration Committee

\*\*\* Member of the Risk Management Committee

\*\*\*\* Member of Corporate Governance and Nominations Committee

**NON-EXECUTIVE MEMBER****(in accordance with the requirements of Law 3723/2008)**

Sarantis – Evangelos G. Lolos

**NON-EXECUTIVE MEMBER****(in accordance with the requirements of Law 3864/2010)**Panagiota S. Iplixian <sup>\*/\*\*/\*\*/\*</sup> (in replacement of Mr Nikolaos G. Koutsos from 30.1.2014)**SECRETARY**

Georgios P. Triantafyllidis

The Ordinary General Meeting of 27.6.2014, awarded, in recognition of the significant contribution to the development and progress of the Bank and according to article 8.2 of the Articles of Incorporation of the Bank, the title of the Honorary Chairman, to the former Member and Chairman of the Board, Yannis S. Costopoulos.

Moreover, the Ordinary General Meeting of Shareholders, has appointed as auditors of the Interim and Annual Financial Statements for 2014 the following:

a. **Principal Auditors:** Marios T. Kyriacou  
Harry G. Sirounis

b. **Substitute Auditors:** Michael A. Kokkinos  
John A. Achilas

of KPMG Certified Auditors A.E.

The Bank's share is listed in the Athens Stock Exchange since 1925 and is constantly included amongst the companies with the higher market capitalization. Additionally, the Bank's share is included in a series of international indices, such as MSCI Emerging Markets Index, the FTSE All World, Stoxx Europe 600 and FTSE Med 100.

Apart from the Greek listing, the Bank's share is listed in the London Stock Exchange in the form of international certificates (GDRs) which are traded over the counter in New York (ADRs).

As a result of the Bank's share capital increase with cancel-

lation of pre-emption rights which took place in March 2014, the Bank's share capital amounted to 12,769,059,858 ordinary shares. On 17.4.2014, Alpha Bank, fully redeemed to the Hellenic Republic the total amount of preference shares of €940 million, issued to the latter by the Bank.

In the Athens Stock Exchange, 4,294,971,798 ordinary shares of the Bank are traded while the Hellenic Financial Stability Fund ("HFSF") possesses the remaining 8,474,088,060 ordinary, registered, voting, paperless shares or percentage equal to 66.36% on the total of ordinary shares issued by the Bank. The exercise of the voting rights for the HFSF's shares is subject to restrictions according to Law 3864/2010, article 7a.

In addition, on the Athens Exchange there are 1,143,803,533 warrants that are traded each one incorporating the right of its holder to purchase 7,408683070 new shares owned by the HFSF.

During the nine month period of 2014, the average daily volume per session for shares was €15,604,343 and for warrants €4,152,142.

The credit rating of the Bank performed by three international credit rating agencies is as follows:

- Moody's: Caa1
- Fitch Ratings: B-
- Standard & Poor's: CCC+

**These financial statements were approved by the Board of Directors on 4 November 2014.**

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\* *Member of the Audit Committee*

\*\* *Member of the Remuneration Committee*

\*\*\* *Member of the Risk Management Committee*

\*\*\*\* *Member of Corporate Governance and Nominations Committees*

## ACCOUNTING POLICIES APPLIED

### 1.1 Basis of presentation

The Group has prepared the condensed interim financial statements as at 30.9.2014 in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union.

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

- Securities held for trading
- Derivative financial instruments
- Available for sale securities
- The convertible bond issued by the Bank which is included in "Debt securities in issue held by institutional investors and other borrowed funds".

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

The accounting policies applied by the Group in preparing the condensed interim financial statements are consistent with those stated in the published financial statements for the year ended on 31.12.2013, after taking into account the following amendments to standards as well as Interpretation 21 which were issued by the International Accounting Standards Board (IASB), adopted by the European Union and applied on 1.1.2014:

- **Amendment to International Financial Reporting Standard 10** "Consolidated Financial Statements", to **International Financial Reporting Standard 12** "Disclosure of Interests in Other Entities" and to **International Accounting Standard 27** "Separate Financial Statements": Investment Entities (Regulation 1174/20.11.2013)
- **Amendment to International Accounting Standard 32** "Offsetting Financial Assets and Financial Liabilities" (Regulation 1256/13.12.2012)
- **Amendment to International Accounting Standard 36** "Recoverable amount disclosures for non-financial assets" (Regulation 1374/19.12.2013)
- **Amendment to International Accounting Standard 39** "Novation of derivatives and continuation of hedge accounting" (Regulation 1375/19.12.2013)
- **IFRIC Interpretation 21** "Levies" (Regulation 634/13.6.2014)

The adoption by the Group of the above amendments as well as of IFRIC 21 had no impact on its financial statements.

The adoption by the European Union, by 31.12.2014, of new standards, interpretations or amendments, which have been issued or may be issued during the year by the International Accounting Standards Board (IASB), and their mandatory or

optional adoption for periods beginning on or after 1.1.2014, may affect retrospectively the periods presented in these interim financial statements.

### 1.2 Estimates, decision making criteria and significant sources of uncertainty

The Group, in the context of applying accounting policies and preparing financial statements in accordance with the International Financial Reporting Standards, makes estimates and assumptions that affect the amounts that are recognized as income, expenses, assets or liabilities. The use of estimates and assumptions is an integral part of recognizing amounts in the financial statements that mostly relate to the following:

#### Fair value of assets and liabilities

For assets and liabilities traded in active markets, the determination of their fair value is based on quoted, market prices. In all other cases the determination of fair value is based on valuation techniques that use observable market data to the greatest extent possible. In cases where there is no observable market data, the fair value is determined using data that are based on internal estimates and assumptions eg. determination of expected cash flows, discount rates, prepayment probabilities or potential counterparty default.

#### Impairment losses of financial assets

The Group, when performing impairment tests on loans and advances to customers, makes estimates regarding the amount and timing of future cash flows. Given that these estimates are affected by a number of factors such as the financial position of the borrower, the net realizable value of any collateral or the historical loss ratios per portfolio, actual results may differ from those estimated. Similar estimates are used in the assessment of impairment losses of securities classified as available for sale or held to maturity.

#### Impairment losses of non – financial assets

The Group, at each balance sheet date, assesses property, plant and equipment, investment property, intangible assets, as well as its investments in associates and joint ventures for impairment purposes. Internal estimates are used to a significant degree to determine the recoverable amount of assets, i.e. the higher between the fair value less costs to sell and the value in use.

#### Income Tax

The Group recognizes the amounts of current and deferred income tax based on estimates concerning the amount of taxable profits, based on which the amounts of tax expected



to be paid or recovered in the current and future periods are determined. Estimates are affected by factors such as the practical implementation of the relevant legislation, the expectations regarding the existence of future taxable profit etc. Future tax audits, changes in tax legislation and the amount of taxable profit actually realised, may result in tax payments other than those recognized in the financial statements of the Group.

### **Employee defined benefit obligations**

Defined benefit obligations are estimated based on actuarial valuations that incorporate assumptions regarding discount rates, future changes in salaries and pensions, as well as the return on any plan assets. Any change in these assumptions will affect the amount of obligations recognized.

### **Provisions and contingent liabilities**

The Group recognises provisions when it estimates that it has a present legal or constructive obligation that can be estimated reliably, and it is almost certain that an outflow of economic benefits will be required to settle the obligation. In contrast, when it is probable that an outflow of resources will be required, or when the amount of liability cannot be measured reliably, the Group does not recognise a provision but it provides disclosures for contingent liabilities, taking into consideration their materiality. The estimation for the probability of the outflow as well as for the amount of the liability are affected by factors which are not controlled by the Group, such as court decisions, the practical implementation of the relevant legislation and the probability of default of the counterparty, for those cases which are related to the exposure to off-balance sheet items.

The estimates and judgments applied by the Group in making decisions and in preparing the financial statements are based on historical information and assumptions which at present are considered appropriate. The estimates and judgments are reviewed on an ongoing basis in order to take into account current conditions, and the effect of any changes is recognized in the period in which the estimates are revised.

### **1.2.1 Going concern principle**

On 28.3.2014 the Bank completed successfully its share capital increase amounting to €1.2 billion, which, as mentioned in detail in note 19, aimed, inter alia, at covering the capital needs of the Group, as determined in March 2014 by the Bank of Greece under a diagnostic study for the capital needs of the banks. In addition, on 9.7.2014 the European Commission approved the Bank's restructuring plan noting that the measures already implemented and those included in the restructuring plan will enable the Bank to return to viability. Furthermore, it is noted that the Bank concluded the European Central Bank comprehensive assessment, the outcome of which was an-

nounced on 26.10.2014, exceeding the CET1 hurdle rates 5.5% and 8% of the adverse and baseline scenarios, for both static and dynamic assumptions, ensuring a safe margin ranging between €1.3 billion and €3.1 billion. Considering the above the interim financial statements as of 30.09.2014 have been prepared on the going concern principle.

### **1.2.2 Estimation of the Group's exposure to the Hellenic Republic**

Regarding the uncertainties about the estimations for the recoverability of the Group's total exposure to the Hellenic Republic, there have been no significant changes compared to those disclosed in note 1.31.2 of the annual financial statements as at 31.12.2013. In addition, it is noted that, on 21.5.2014, the Greek Government Bond, of a nominal value of €0.9 billion, which is related to the issuance of the preference shares of the Hellenic Republic according to Law 3723/2008, was repaid.

### **1.2.3 Recoverability of deferred tax assets**

The Group recognizes deferred tax assets to the extent that it is probable that it will have sufficient future taxable profit available, against which, deductible temporary differences and tax losses carried forward can be utilized. The main categories of deferred tax assets as well as the methodology applied for the estimation of their recoverability are described in detail in note 1.31.3 of the annual financial statements as at 31.12.2013.

The Group, based on the approved by the European Commission restructuring plan, taking also into consideration the effect of factors that may adversely affect its figures and by extending the period of assessment of the future profitability for a limited number of years compared to the restructuring plan, with respect to the temporary differences arising from the impairment of loans, for which there are no restrictions as to their recoverability, estimates that the total deferred tax assets of the Group derived both from temporary differences and from tax losses carried forward are recoverable. In this context, during the second quarter it recognized the amount of €422 million of deferred tax assets, which had not been recognized and which is derived from temporary differences arising from the impairment/valuation of loans from the acquisition of former Emporiki Bank.

In addition, due to the enactment of Law 4303/2014, the recoverability of deferred tax assets arising from the PSI debit difference and from the accumulated provisions and other general losses due to credit risk, regarding outstanding receivables as at 31.12.2014, is enhanced since, under the above Law, in case the after tax accounting result for the period is a loss, the aforementioned deferred tax asset is converted into a final and settled claim against the Hellenic Republic, as it is described in detail in note 3.

The main uncertainties concerning the estimations for the recoverability of the deferred tax assets relate to the achievement of the goals set in the Bank's business plan, which is affected by the general macroeconomic environment in

Greece and internationally. At each balance sheet date, the Group reassesses its estimation regarding the recoverability of the deferred tax assets in conjunction with the development of the factors that affect it.



## INCOME STATEMENT

### 2. Impairment losses and provisions to cover credit risk

	From 1 January to		From 1 July to	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
Impairment losses on loans and advances to customers <sup>(note 5)</sup>	1,122,396	1,473,691	369,111	484,580
Provisions to cover credit risk relating to off balance sheet items <sup>(note 12)</sup>	(26,444)	18,680	(27,300)	17,764
Recoveries	(15,354)	(18,309)	(4,797)	(12,341)
<b>Total</b>	<b>1,080,598</b>	<b>1,474,062</b>	<b>337,014</b>	<b>490,003</b>

### 3. Income tax

In accordance with Law 2238/94, article 82, paragraph 5, for year 2011 and thereafter, the statutory auditors and audit firms conducting statutory audits to a Société Anonyme (AE), are obliged to issue an Annual Tax Certificate on the implementation of tax provisions on tax issues. This tax certificate is submitted to the entity under audit within 10 days from the submission of the corporate income tax return, as well as electronically, to the Ministry of Finance, no later than ten days following the date of the approval of the financial statements by the Ordinary Shareholders' General Meeting.

After eighteen months from the issuance of an Unqualified Tax Compliance Report, and on the precondition that no tax

violations have been identified by audits performed by the Ministry of Finance, the tax audit of the year is considered finalized.

The year 2011, following the expiry of the deadline set by Ministry of Finance circular (POL 1236/18.10.2013), is considered audited, except some cases (e.g. receiving or issuing fake tax documents, additional information from other sources, etc) for which the Ministry of Finance can require re-examination.

For the years 2012 and 2013 the Bank and its local subsidiaries have obtained the relevant tax certificate without any qualifications on the tax issues audited.

The income tax in the income statement from continuing operations is analyzed in the below table while the income tax from discontinued operations is analyzed in note 22:

	From 1 January to		From 1 July to	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
Current	14,993	12,879	3,690	6,509
Additional taxes from audits		535		(4)
Deferred	(507,868)	(633,025)	(63,681)	(48,132)
<b>Total</b>	<b>(492,875)</b>	<b>(619,611)</b>	<b>(59,991)</b>	<b>(41,627)</b>

The Group, in the context of deferred tax assets recoverability control, has recognized a deferred tax asset of €422,034 for temporary differences arising from impairment/valuation

of loans derived from the acquisition of Emporiki Bank that were not recognized on 31.12.2013.



Deferred tax recognized in the income statement is attributable to temporary differences, the effect of which is analyzed as follows:

	From 1 January to		From 1 July to	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
Debit difference of Law 4046/2012	29,959	(225,337)	9,986	
Revaluation/impairment of fixed assets		(816)		367
Depreciation and write-offs of fixed assets	7,339	4,882	2,616	(2,078)
Valuation/impairment of loans	(661,561)	(466,610)	(78,661)	(88,297)
Suspension of interest accruals	182,557	183,080	63,338	31,564
Other temporary differences	20,375	23,160	13,526	1,418
Provision for voluntary separation scheme	(50,570)		(50,570)	
Employee defined benefit obligations	22,079	(13,798)	(204)	(194)
Valuation of derivatives	12,546	(11,884)	944	
Effective interest rate	(2,213)	(8,211)	(867)	(8,304)
Fair value change of liabilities to credit institutions and other borrowed funds due to fair value hedge	(4,039)	1,700	(839)	
Fair value change/impairment of bonds and other securities	(5,543)	(23,369)	(22,892)	(1,916)
Tax losses carried forward	(58,797)	(95,822)	(58)	19,308
<b>Total</b>	<b>(507,868)</b>	<b>(633,025)</b>	<b>(63,681)</b>	<b>(48,132)</b>

The amounts of 30.9.2013 include the effect from the change in the income tax rate from 20% to 26%.

According to article 5 of Law 4303/17.10.2014 "Ratification of the Legislative Act "Emergency legislation to replenish the General Secretary of Revenue upon early termination of office" (A 136) and other provisions", deferred tax assets that have been or will be recognized and are due to the debit difference arising from the PSI and the accumulated provisions and other general losses due to credit risk, with respect to existing amounts up to 31 December 2014, are converted into final and settled claims against the State, if, the accounting result for the period, after taxes, is a loss, according to the audited and approved financial statements by the Ordinary Shareholders' General Meeting. The total amount of the claim is determined by multiplying the above mentioned deferred tax asset with a ratio that represents the accounting loss after tax of the period as a percentage of total equity as shown in the annual financial statements, excluding the accounting loss of the period.

This claim arises at the time that the financial statements are approved and is netted off against the relevant income tax. When the amount of income tax is not sufficient to cover the tax credit, then, a tax receivable is created. In addition, a special reserve equal to 110% of the above tax credit is recorded as well as (free) offer warrant to the State that will result from the capitalization of the abovementioned reserve. These securities are freely transferrable and within reasonable period from the date of issue, the shareholders have a call option right based on the proportions of their participation in the share capital at the time of issuance of the securities.

The inclusion in the Law is implemented by the Shareholders' General Meeting, concerns tax assets created from 2016 onwards, whereas it is envisaged the end of inclusion in the Law with the same procedure and after obtaining relevant approval from the Regulatory Authority.



A reconciliation between the nominal and the effective tax rate is provided below:

	From 1 January to			
	30.9.2014		30.9.2013	
	%		%	
<b>Profit/(Loss) before income tax</b>		<b>(382,352)</b>		<b>2,570,115</b>
Income tax (nominal tax rate)	21.66	(82,819)	25.96	667,224
<b>Increase/(Decrease) due to:</b>				
Additional tax on income from land and buildings	(0.01)	69	0.01	180
Non taxable income	0.30	(1,160)	(0.05)	(1,355)
Non deductible expenses	(1.80)	6,897	0.47	12,202
Effect of changes in tax rates used for deferred tax			(16.15)	(415,145)
Negative goodwill from the acquisition of Diners/Emporiki Bank not subject to tax	1.46	(5,592)	(33.21)	(853,594)
Other temporary differences	(3.08)	11,764	(1.13)	(29,123)
<b>Total</b>	<b>18.53</b>	<b>(70,841)</b>	<b>(24.11)</b>	<b>(619,611)</b>
Deferred tax asset from impairment/valuation of Emporiki Bank's loans that were not recognized in previous year		(422,034)		
<b>Income tax</b>		<b>(492,875)</b>		

	From 1 July to			
	30.9.2014		30.9.2013	
	%		%	
<b>Profit/(Loss) before income tax</b>		<b>(216,884)</b>		<b>(265,374)</b>
Income tax (nominal tax rate)	22.62	(49,050)	29.51	(78,302)
<b>Increase/(Decrease) due to:</b>				
Additional tax on income from land and buildings	0.02	(36)	(0.06)	169
Non taxable income	0.24	(530)	(2.85)	7,576
Non deductible expenses	1.06	(2,309)	(2.40)	6,381
Effect of changes in tax rates used for deferred tax			(0.21)	555
Negative goodwill from the acquisition of Diners/Emporiki Bank not subject to tax	2.58	(5,592)		
Other temporary differences	1.13	(2,474)	(8.29)	21,994
<b>Income tax</b>	<b>27.65</b>	<b>(59,991)</b>	<b>15.69</b>	<b>(41,627)</b>

The tax rate of 21.66% for the nine month period of 2014 and 25.96% for the nine month period of 2013, is the weighted average nominal tax rate based on the nominal income tax

rate and the profit before tax for the parent company as well as for the Group's subsidiaries.

**Income tax of comprehensive income recognized directly in Equity**

	From 1 January to					
	30.9.2014			30.9.2013		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
<b>Amounts that may be reclassified in the Income Statement</b>						
Change in available for sale securities' reserve	(20,692)	6,007	(14,685)	155,245	(38,287)	116,958
Change in cash flow hedge reserve	(143,808)	37,390	(106,418)	134,816	(35,051)	99,765
Exchange differences on translating and hedging the net investment in foreign operations	(2,056)	2,761	705	(3,342)	531	(2,811)
Tax rate adjustments Law 4110/2013					4,913	4,913
Change in the share of other comprehensive income of associates and joint ventures	(1,055)		(1,055)	225		225
<b>Amounts that may be reclassified in the Income Statement from continuing operations</b>	<b>(167,611)</b>	<b>46,158</b>	<b>(121,453)</b>	<b>286,944</b>	<b>(67,894)</b>	<b>219,050</b>
Amounts that may be reclassified in the Income Statement from discontinued operations				47,346	(309)	47,037
	<b>(167,611)</b>	<b>46,158</b>	<b>(121,453)</b>	<b>334,290</b>	<b>(68,203)</b>	<b>266,087</b>
<b>Amounts that will not be reclassified in the Income Statement</b>						
Tax rate adjustments Law 4110/2013					1,882	1,882
<b>Total</b>	<b>(167,611)</b>	<b>46,158</b>	<b>(121,453)</b>	<b>334,290</b>	<b>(66,321)</b>	<b>267,969</b>

	From 1 July to					
	30.9.2014			30.9.2013		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
<b>Amounts that may be reclassified in the Income Statement</b>						
Change in available for sale securities' reserve	(167,873)	40,922	(126,951)	86,458	(21,902)	64,556
Change in cash flow hedge reserve	(46,935)	12,203	(34,732)	30,286	(7,874)	22,412
Exchange differences on translating and hedging the net investment in foreign operations	(1,896)	1,811	(85)	(117)	469	352
Change in the share of other comprehensive income of associates and joint ventures	(1)		(1)			
<b>Amounts that may be reclassified in the Income Statement from continuing operations</b>	<b>(216,705)</b>	<b>54,936</b>	<b>(161,769)</b>	<b>116,627</b>	<b>(29,307)</b>	<b>87,320</b>
Amounts that may be reclassified in the Income Statement from discontinued operations				44,392	(11,527)	32,865
<b>Total</b>	<b>(216,705)</b>	<b>54,936</b>	<b>(161,769)</b>	<b>161,019</b>	<b>(40,834)</b>	<b>120,185</b>
<b>Amounts that will not be reclassified in the Income Statement</b>						
Tax rate adjustments Law 4110/2013						
<b>Total</b>	<b>(216,705)</b>	<b>54,936</b>	<b>(161,769)</b>	<b>161,019</b>	<b>(40,834)</b>	<b>120,185</b>

During the nine month period of 2014, in "Retained earnings", there is a deferred tax liability of € 12,564 that was recorded as a result from the share capital increase costs which was recorded in the same account and relate to the share capital increase which was completed during the reporting period (note 13). The respective amount for the nine month period of 2013 was € 57,475.

Also, within the nine month period of 2013, "Retained Earnings" includes a deferred tax liability amount of € 19,155, arising from purchases/sales of hybrid securities.



## 4. Earnings/(Losses) per share

### a. Basic

Basic earnings/(losses) per share are calculated by dividing the profit/(losses) after income tax attributable to ordinary equity shareholders of the Bank, with the weighted average number of outstanding ordinary shares, after deducting the weighted average number of ordinary shares held by companies of the Group, during the same period.

For the calculation of basic earnings/(losses) per share, profit or loss for the period is adjusted by deducting the after-tax amount of dividends for preference shares that have been classified as equity. The after-tax amount of preference dividends that is deducted is:

- i. The post-tax amount of any preference dividends on non-cumulative preference shares declared in respect of the period and
- ii. The post-tax amount of preference dividends for cumulative preference shares required for the period, irrespective of whether the dividends have been declared or not.

The Bank has issued non-cumulative preference shares, according to Law 3723/2008, which were repaid on 17.4.2014.

### b. Diluted

Diluted earnings/(losses) per share are calculated by adjusting the weighted average number of outstanding ordinary shares to assume conversion of all dilutive potential ordinary shares. The Group does not hold dilutive potential ordinary

shares and additionally, based on the preference shares' terms of issuance and the convertible bond loan with Credit Agricole S.A., basic and dilutive earnings/(losses) per share should not differ.

	From 1 January to		From 1 July to	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
<b>Profit/(loss) attributable to equity owners of the Bank</b>	110,287	3,132,510	(156,883)	(255,988)
Weighted average number of outstanding ordinary shares	12,187,487,584	5,196,573,367	12,769,059,858	10,922,906,012
Basic and diluted earnings/(losses) per share (in €)	0.01	0.60	(0.01)	(0.02)

	From 1 January to		From 1 July to	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
<b>Profit/(loss) from continuing operations attributable to the ordinary equity owners of the Bank</b>	110,287	3,189,627	(156,883)	(223,760)
Weighted average number of outstanding ordinary shares	12,187,487,584	5,196,573,367	12,769,059,858	10,922,906,012
Basic and diluted earnings/(losses) from continuing operations per share (in €)	0.01	0.61	(0.01)	(0.02)

	From 1 January to		From 1 July to	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
<b>Profit/(loss) from discontinued operations attributable to the ordinary equity owners of the Bank</b>		(57,117)		(32,228)
Weighted average number of outstanding ordinary shares	12,187,487,584	5,196,573,367	12,769,059,858	10,922,906,012
Basic and diluted earnings/(losses) from discontinued operations per share (in €)		(0.011)		(0.003)

The weighted average number of outstanding ordinary shares, on 30.9.2014, is calculated based on the days during which the ordinary shares are in issue compared to the total number

of days of the reporting period, taking into account the new total number of ordinary shares resulting from the share capital increase of the Bank performed on 28.3.2014 (note 13).

## ASSETS

### 5. Loans and advances to customers

	30.9.2014	31.12.2013
<b>Individuals</b>		
Mortgages		
- Non-Securitized	20,361,894	20,128,867
- Securitized		99,096
Consumer:		
- Non-Securitized	3,782,587	3,859,647
- Securitized	1,468,697	1,319,169
Credit cards:		
- Non-Securitized	739,636	529,613
- Securitized	591,618	471,800
Other	11,231	20,504
<b>Total</b>	<b>26,955,663</b>	<b>26,428,696</b>
<b>Companies:</b>		
Corporate loans:		
- Non-Securitized	28,563,628	28,990,910
- Securitized	1,374,293	1,480,643
Finance leases (Leasing):		
- Non-Securitized	263,075	312,336
- Securitized	468,951	449,050
Factoring	568,470	503,431
<b>Total</b>	<b>31,238,417</b>	<b>31,736,370</b>
<b>Receivables from insurance and re-insurance activities</b>	17,207	14,363
<b>Other receivables</b>	302,006	455,018
	<b>58,513,293</b>	<b>58,634,447</b>
Less:		
Allowance for impairment losses <sup>(1)</sup>	(8,393,025)	(6,956,134)
<b>Total</b>	<b>50,120,268</b>	<b>51,678,313</b>

The Bank and Alpha Leasing A.E. have proceeded in securitizing consumer, corporate loans, credit cards and finance leases through special purpose entities controlled by them.

The amount of € 99,096 as of 31.12.2013 refers to securitized mortgage loans of Emporiki Bank. The transaction was withdrawn on 24.2.2014 after the exercise of the respective option of the Bank.

Based on the contractual terms and structure of the above transactions (e.g. allowance of guarantees or/and credit en-

hancement or due to the Bank owing the bonds issued by the special purpose entities), the Bank and Alpha Leasing A.E. have retained in all cases the risks and rewards deriving from the securitized portfolios.

The Bank has proceeded with the direct issuance of covered bonds, secured by mortgage loans. As at 30.9.2014, the balance of the covered bonds amounts to € 3.7 billion and the book value of mortgage loans provided as coverage for the above mentioned bonds amounted to € 4.6 billion.

<sup>(1)</sup> In addition to the allowance for impairment losses and advances to customers, a provision of €40,454 (31.12.2013: €66,986) has been recorded to cover credit risk relating to off-balance sheet items. The total provision recorded to cover credit risk amounts to €8,433,479 (31.12.2013: €7,023,120).

**Allowance for impairment losses**

<b>Balance 1.1.2013</b>	<b>4,606,220</b>
<b>Changes for the period 1.1. - 30.9.2013</b>	
Impairment losses for the period from continuing operations <sup>(note 2)</sup>	1,473,691
Impairment losses for the period from discontinued operations	863
Change in present value of the allowance account	272,765
Foreign exchange differences	(7,934)
Loans written-off during the period	(103,747)
Accumulated provisions for assets held for sale	(8,270)
<b>Balance 30.9.2013</b>	<b>6,233,588</b>
<b>Changes for the period 1.10. - 31.12.2013</b>	
Accumulated provisions of companies which are consolidated for the first time	5,564
Impairment losses for the period from continuing operations	458,680
Change in present value of the allowance account	108,865
Foreign exchange differences	(2,228)
Loans written-off during the period	(22,751)
Other adjustments for credit risk	174,416
<b>Balance 31.12.2013</b>	<b>6,956,134</b>
<b>Changes for the period 1.1. - 30.9.2014</b>	
Accumulated provisions of companies which are consolidated for the first time	92
Impairment losses for the period from continuing operations <sup>(note 2)</sup>	1,122,396
Change in present value of the allowance account	387,004
Foreign exchange differences	5,352
Loans written-off during the period	(77,953)
<b>Balance 30.9.2014</b>	<b>8,393,025</b>

Finance lease receivables, analyzed by duration, are as follows:

	<u>30.9.2014</u>	<u>31.12.2013</u>
Up to 1 year	394,761	393,578
From 1 year to 5 years	139,859	208,857
Over 5 years	343,433	313,017
	<b>878,053</b>	<b>915,452</b>
Non accrued finance lease income	(146,027)	(154,066)
<b>Total</b>	<b>732,026</b>	<b>761,386</b>

The net amount of finance lease receivables by duration is analyzed as follows:

	<u>30.9.2014</u>	<u>31.12.2013</u>
Up to 1 year	371,836	369,858
From 1 year to 5 years	75,772	129,859
Over 5 years	284,418	261,669
<b>Total</b>	<b>732,026</b>	<b>761,386</b>

## 6. Investment securities

### a. Held for trading securities

Securities held for trading amounted to € 15 million on 30.9.2014 (31.12.2013: € 8.8 million) of which Greek Government Bonds € 10.4 million (31.12.2013: € 6.5 million).

### b. Available for sale

The available for sale portfolio amounts to € 5 billion as at 30.9.2014 (31.12.2013: € 5 billion). This amount includes securities issued by the Hellenic Republic that amount to € 3.1 billion as at 30.9.2014 (31.12.2013: € 3.4 billion) out of which € 1.5 billion (31.12.2013: € 2.5 billion) relate to Greek Government Treasury Bills. The Group during the nine month period of 2014 has recognized impairment losses for securities amounting to € 13 thousands which are included in "Gain less

losses on financial transactions". On 11.9.2014 the Group participated in the exchange offer of Greek Government Treasury Bills with Greek Government Bonds with three and five years maturity. Specifically, the Group exchanged Greek Government treasury bills of total nominal value of € 367 million with a bond of nominal value of € 104.2 million maturing on 17.7.2017 and a bond of nominal value of € 250.8 million maturing on 17.4.2019.

### c. Held to maturity

The held to maturity portfolio amounts to € 332 million as at 30.9.2014 (31.12.2013: € 1.4 billion). The Greek Government bond of € 0.9 billion that was transferred to the Bank's own-

ership for the issuance of the preference shares of the Greek state according to Law 3723/2008, matured on 21.5.2014.

### d. Loans and receivables

Loans and receivables include bonds issued by the European Financial Stability Facility (E.F.S.F.) at a nominal value of € 3,960,544 received by the Bank as a result of the share capital increase which was completed on 6.6.2013 and of nominal value of € 284,628 which were transferred to the Bank from

the Hellenic Financial Stability Fund for the undertaking of customer deposits from the former Cooperative Banks of West Macedonia, Evia and Dodecanese in December 2013. The total carrying amount of these bonds as at 30.9.2014 amounted to € 4.3 billion (31.12.2013: € 4.3 billion).

### e. Exposure to the peripheral eurozone countries debt

The Group holds in its available for sale portfolio, bonds and treasury bills of the Republic of Cyprus with a book value of € 35.4 million (31.12.2013: € 19.8 million) and a bond of Cyprus Popular Bank (senior) with a book value of € 1.6 million (31.12.2013: € 1.6 million) after impairment of € 34.6 million recognized in 2013 income statement.

bonds issued by the Italian Republic with a book value of € 6.6 million, bonds issued by the Spanish Republic with a book value of € 6.2 million and in trading portfolio 42,274 shares of Bank of Cyprus with a book value of € 8.8 thousand.

As at 30.9.2014 the Group had no exposure to bonds issued by Portugal and Ireland

Additionally, the Group holds in its available for sale portfolio,



## 7. Investment property

	<u>Land and Buildings</u>
<b>Balance 1.1.2013</b>	
Cost	510,252
Accumulated depreciation and impairment losses	(16,754)
<b>1.1.2013 - 30.9.2013</b>	
Net book value 1.1.2013	493,498
Additions	33,268
Additions from companies consolidated for the first time in 2013	62,334
Foreign exchange differences	(74)
Reclassification to "Property, plant and equipment"	(2,161)
Disposals/write-offs	(4,460)
Depreciation from continuing operations	(8,101)
Net book value 30.9.2013	<b>574,304</b>
<b>Balance 30.9.2013</b>	
Cost	595,419
Accumulated depreciation and impairment losses	(21,115)
<b>1.10.2013 - 31.12.2013</b>	
Net book value 1.10.2013	574,304
Additions	6,411
Additions from companies consolidated for the first time in 2013	20,585
Foreign exchange differences	(325)
Disposals/write-offs	1,864
Impairments	(39,385)
Reclassifications	(339)
Depreciation from continuing operations	(2,662)
Net book value 31.12.2013	<b>560,453</b>
<b>Balance 31.12.2013</b>	
Cost	627,457
Accumulated depreciation and impairment losses	(67,004)
<b>1.1.2014 - 30.9.2014</b>	
Net book value 1.1.2014	560,453
Additions	10,583
Additions from companies consolidated for the first time in 2014	48,796
Reclassification from "Property, plant and equipment"	4,683
Reclassification from "Other assets"	984
Foreign exchange differences	1,039
Disposals/write-offs	(2,585)
Depreciation for the period	(8,009)
Net book value 30.9.2014	<b>615,944</b>
<b>Balance 30.9.2014</b>	
Cost	689,028
Accumulated depreciation and impairment losses	(73,084)

The additions from companies consolidated for the first time in 2013 and within the nine month period of 2014 relate to investment property which were obtained as collateral for

loans and acquired by the Group in the context of its credit risk methodology.



## 8. Property, plant and equipment

	Land and buildings	Leased equipment	Equipment	Total
<b>Balance 1.1.2013</b>				
Cost	1,261,028	3,747	497,024	1,761,799
Accumulated depreciation and impairment losses	(350,284)	(2,444)	(421,686)	(774,414)
<b>1.1.2013 - 30.9.2013</b>				
Net book value 1.1.2013	910,744	1,303	75,338	987,385
Foreign exchange differences	(900)	(5)	(351)	(1,256)
Additions	7,996	1,040	13,754	22,790
Additions from companies consolidated for the first time in 2013	167,190		43,187	210,377
Sale of subsidiary	(4,674)		(1,105)	(5,779)
Disposals/write-offs	(12,896)	(68)	(537)	(13,501)
Reclassifications	17,427		(17,427)	
Reclassifications from "Investment property"	2,161			2,161
Depreciation for the period from discontinued operations	(217)		(414)	(631)
Depreciation for the period from continuing operations	(17,301)	(394)	(26,046)	(43,741)
Net book value 30.9.2013	<b>1,069,530</b>	<b>1,876</b>	<b>86,399</b>	<b>1,157,805</b>
<b>Balance 30.9.2013</b>				
Cost	1,433,692	4,481	516,263	1,954,436
Accumulated depreciation and impairment losses	(364,162)	(2,605)	(429,864)	(796,631)
<b>1.10.2013 - 31.12.2013</b>				
Net book value 1.10.2013	1,069,530	1,876	86,399	1,157,805
Foreign exchange differences	(221)	(8)	320	91
Additions	5,555	2	893	6,450
Additions from companies consolidated for the first time in 2013	23,724		(20,647)	3,077
Sale of subsidiary	1		1	2
Disposals/write-offs	(2,299)	(15)	(387)	(2,701)
Reclassifications	(26,347)		17,232	(9,115)
Impairments for the period	(18,571)		(21)	(18,592)
Depreciation for the period from continuing operations	(13,679)	(137)	(731)	(14,547)
Net book value 31.12.2013	<b>1,037,693</b>	<b>1,718</b>	<b>83,059</b>	<b>1,122,470</b>
<b>Balance 31.12.2013</b>				
Cost	1,428,120	4,378	515,075	1,947,573
Accumulated depreciation and impairment losses	(390,427)	(2,660)	(432,016)	(825,103)
<b>1.1.2014 - 30.9.2014</b>				
Net book value 1.1.2014	1,037,693	1,718	83,059	1,122,470
Foreign exchange differences	(719)	8	212	(499)
Additions	10,951	14	10,722	21,687
Additions from companies consolidated for the first time in 2014	90		55	145
Disposals/write-offs	(4,078)		(436)	(4,514)
Reclassification to "Other assets"	(680)		239	(441)
Reclassification to "Investment property"	(4,683)			(4,683)
Depreciation for the period	(22,384)	(438)	(15,730)	(38,552)
Net book value 30.9.2014	<b>1,016,190</b>	<b>1,302</b>	<b>78,121</b>	<b>1,095,613</b>
<b>Balance 30.9.2014</b>				
Cost	1,420,767	4,415	521,220	1,946,402
Accumulated depreciation and impairment losses	(404,577)	(3,113)	(443,099)	(850,789)



## 9. Goodwill and other intangible assets

	Goodwill	Software	Other	Total
<b>Balance 1.1.2013</b>				
Cost	1,136	347,339	54,597	403,072
Accumulated amortization and impairment losses		(234,898)	(26,417)	(261,315)
<b>1.1.2013 - 30.9.2013</b>				
Net book value 1.1.2013	1,136	112,441	28,180	141,757
Additions		35,206	373	35,579
Additions from companies consolidated for the first time in 2013		24,008	46,101	70,109
Disposals		(2,727)		(2,727)
Sale of subsidiary	(1,136)	(80)	(20)	(1,236)
Reclassifications		(190)	190	
Foreign exchange differences		(76)	1	(75)
Amortization charge for the period from discontinued operations		(63)	(2)	(65)
Amortization charge for the period from continuing operations		(12,448)	(3,859)	(16,307)
Net book value 30.9.2013		<b>156,071</b>	<b>70,964</b>	<b>227,035</b>
<b>Balance 30.9.2013</b>				
Cost		407,594	101,503	509,097
Accumulated amortization and impairment losses		(251,523)	(30,539)	(282,062)
<b>1.10.2013 - 31.12.2013</b>				
Net book value 1.10.2013		156,071	70,964	227,035
Additions		13,531	15	13,546
Additions from acquisitions of Cooperative Banks			9,094	9,094
Sale of subsidiary			(2)	(2)
Disposals/write-offs		34		34
Reclassifications		(1,782)	1,782	
Foreign exchange differences		8	2	10
Amortization charge for the period from discontinued operations				
Amortization charge for the period from continuing operations		(4,237)	(2,566)	(6,803)
Net book value 31.12.2013		<b>163,625</b>	<b>79,289</b>	<b>242,914</b>
<b>Balance 31.12.2013</b>				
Cost		418,490	112,361	530,851
Accumulated amortization and impairment losses		(254,865)	(33,072)	(287,937)
<b>1.1.2014 - 30.9.2014</b>				
Net book value 1.1.2014		163,625	79,289	242,914
Additions		23,418	4	23,422
Additions from the acquisition of Citibank <sup>(note 23)</sup>			60,423	60,423
Disposals/write-offs		(48)		(48)
Reclassifications		25,741	(25,858)	(117)
Foreign exchange differences		10		10
Amortization for the period		(13,203)	(11,251)	(24,454)
Net book value 30.9.2014		<b>199,543</b>	<b>102,607</b>	<b>302,150</b>
<b>Balance 30.9.2014</b>				
Cost		481,764	130,925	612,689
Accumulated amortization and impairment losses		(282,221)	(28,318)	(310,539)

An amount of €60.4 million derives from the acquisition of Retail Banking operations of Citibank and concerns the recognition of an intangible asset as a temporary estimation of the

value to be attributed to the customers' relationship of the wealth management sector and the acquired deposit base (note 23).

## LIABILITIES

### 10. Due to banks

	30.9.2014	31.12.2013
Deposits:		
- Current accounts	95,939	69,757
- Term deposits		
Central Banks	12,618,806	17,177,211
Other credit institutions	885,999	538,517
Sale of repurchase agreements (Repos)	1,691,086	857,590
Borrowing funds	269,300	439,649
<b>Total</b>	<b>15,561,130</b>	<b>19,082,724</b>

### 11. Debt securities in issue and other borrowed funds

#### i. Issues guaranteed by the Hellenic Republic (Law 3723/2008)

Under the programme for the enhancement of the Greek economy's liquidity, according to Law 3723/2008, as at 30.09.2014, the total balance of senior debt securities guaranteed by the Hellenic Republic amounts to €8.2 billion (31.12.2013: €9.8 billion).

During the period the Bank proceeded in issuing the following senior debt securities with a floating interest rate of three month Euribor plus a spread of 12%:

- On 17.2.2014, issued bond amounting to €950 million maturing on 17.3.2015.
- On 15.5.2014, issued bond amounting to €2.6 billion which matured on 15.8.2014.

- On 16.6.2014, issued bond amounting to €2.3 billion which matured on 16.9.2014.
- On 13.8.2014, issued bond amounting to €1.6 billion maturing on 13.11.2014.
- On 9.9.2014, issued bond amounting to €2 billion maturing on 9.3.2015.

During the period, bonds guaranteed by the Hellenic Republic of notional amount of €11.1 billion which had been issued under the Pillar II of the Programme for the Enhancement of the Greek Economy's Liquidity, matured.

These securities are not presented in the "Debt securities in issue and other borrowed funds", as they are held by the Group.

#### ii. Covered bonds <sup>(1)</sup>

Covered bonds issued by the Bank as at 30.9.2014 amount to €3.7 billion.

Covered bonds are not included in caption "Debt securities in

issue and other borrowed funds" as the corresponding securities are held by the Group

#### iii. Short term securities

<b>Balance 1.1.2014</b>	<b>35,851</b>
<b>Changes for the period 1.1 - 30.9.2014</b>	
New issues	101,329
Maturities/Redemptions	(109,390)
Accrued interest	653
Foreign exchange differences	2,823
<b>Balance 30.9.2014</b>	<b>31,266</b>

<sup>(1)</sup> Financial disclosures regarding covered bond issues, as determined by the 2620/28.08.2009 directive of Bank of Greece are published at the Bank's website.



The amount of “new issues” consists of the following:

- On 12.3.2014, the Group issued short term securities of nominal value of USD 5 million and USD 45 million which matured on 14.4.2014 and 11.6.2014 respectively.
- On 12.6.2014, the Group issued short term securities of nominal value of USD 5 million and USD 37.8 million which matured on 10.7.2014 and 10.9.2014 respectively.
- On 11.7.2014, the Group issued short term securities of nominal value USD 3.5 million and USD 1.5 million which matured on 11.8.2014 and 10.9.2014 respectively.

- On 11.9.2014, the Group issued short term securities of nominal value of USD 2.5 million and USD 37 million maturing on 9.10.2014 and 10.12.2014 respectively.

On 30.9.2014, the total balance of short term securities amounts to USD 39.5 million.

During the period, short term securities of nominal value of USD 149.8 million matured.

#### iv. Senior debt securities

<b>Balance 1.1.2014</b>	<b>744,254</b>
<b>Changes for the period 1.1 - 30.9.2014</b>	
New issues	499,012
(Repurchases)/Sales	(49,911)
Maturities/Repayments	(62,868)
Change in fair value	2,695
Accrued interest	30,297
Foreign exchange differences	222
<b>Balance 30.9.2014</b>	<b>1,163,701</b>

The amount of “new issues” consists of the following:

- On 17.6.2014, the Group issued senior debt securities of nominal value of € 500 million with three-year maturity and a fixed annual interest rate of 3.375%.

- On 21.8.2014, the Group issued senior debt securities of nominal value of USD 3 million with ten-year maturity, a step-up annual interest rate of 4.6% and annual increase of 20 basis points.

#### v. Securitization of mortgage loans

<b>Balance 1.1.2014</b>	<b>68,517</b>
<b>Changes for the period 1.1 - 30.9.2014</b>	
Maturities/Repayments	(69,948)
Accrued interest	1,431
<b>Balance 30.9.2014</b>	<b>-</b>

These obligations occurred after the acquisition of Emporiki Bank and refer to the special purpose entity Lithos Mortgage Financing Plc (securitization of mortgage loans). The transaction was recalled on 24.2.2014 after the exercise of the respective option of the Bank.

Additional liabilities arising from the securitisation of con-

sumer loans, corporate loans and credit cards are not included in “Debt securities in issue and other borrowed funds” since these securities amounting to a nominal amount of € 4.2 billion, were issued by special purpose entities and held by the Group.

#### vi. Subordinated debt

<b>Balance 1.1.2014</b>	<b>163,289</b>
<b>Changes for the period 1.1 - 30.9.2014</b>	
(Repurchases)/Sales	(7,682)
Accrued interest	(391)
<b>Balance 30.9.2014</b>	<b>155,216</b>

## vii. Convertible bond loan

<b>Balance 1.1.2014</b>	<b>39,600</b>
<b>Changes for the period 1.1 - 30.9.2014</b>	
Change in fair value	<u>25,000</u>
<b>Balance 30.9.2014</b>	<b>64,600</b>

The increase in the liability of the convertible bond amounting to € 25 million was recognized in gain less losses on financial transactions.

<b>Total debt securities in issue and other borrowed funds</b>	<b>1,414,783</b>
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Of the above debt securities in issue amounting to € 1,414,783 an amount of € 251,218 (31.12.2013: € 268,575) held by Group's customers has been reclassified to "Due to customer".

Therefore, the balance of "Debt securities in issue held by institutional investors and other borrowed funds" as at 30.9.2014, amounts to € 1,163,565 (31.12.2013: € 782,936).

## 12. Provisions

	<u>30.9.2014</u>	<u>31.12.2013</u>
Insurance provisions	175,054	138,701
Provisions to cover credit risk and other provisions	296,436	140,183
<b>Total</b>	<b>471,490</b>	<b>278,884</b>

### a. Insurance provisions

	<u>30.9.2014</u>	<u>31.12.2013</u>
<b>Non-life insurance</b>		
Unearned premiums	5,125	5,388
Outstanding claim reserves	<u>10,061</u>	<u>9,261</u>
<b>Total</b>	<b>15,186</b>	<b>14,649</b>
<b>Life insurance</b>		
Mathematical reserves	126,728	95,841
Outstanding claim reserves	<u>7,615</u>	<u>6,031</u>
<b>Total</b>	<b>134,343</b>	<b>101,872</b>
<b>Reserves for investments held on behalf and at risk of life insurance policy holders</b>	<u>25,525</u>	<u>22,180</u>
<b>Total</b>	<b>175,054</b>	<b>138,701</b>

**b. Provisions to cover credit risk and other provisions**

<b>Balance 1.1.2013</b>	<b>38,831</b>
<b>Changes for the period 1.1. - 30.9.2013</b>	
Accumulated provision for assets held for sale	(158)
Provisions to cover credit risk relating to off-balance sheet items <sup>(note 2)</sup>	18,680
Other provisions during the period	(1,162)
Reversal of other provisions	(339)
Provisions to cover credit risk relating to off-balance sheet items and other provisions from companies consolidated for the first time	235,577
Reclassification to "Other assets"	(134,921)
Reclassification to "Loans and advances to customers"	(8,989)
Other provisions used during the period	(6,420)
Foreign exchange differences	308
<b>Balance 30.9.2013</b>	<b>141,407</b>
<b>Changes for the period 1.10. - 31.12.2013</b>	
Provisions to cover credit risk relating to off-balance sheet items	(516)
Other provisions during the period	1,689
Reversal of other provisions	(49)
Write-offs	(1,478)
Provisions to cover credit risk relating to off-balance sheet items and other provisions from companies consolidated for the first time	51
Reclassification to "Loans and advances to customers" and "Other assets"	(363)
Other provisions used during the period	(567)
Foreign exchange differences	9
<b>Balance 31.12.2013</b>	<b>140,183</b>
<b>Changes for the period 1.1. - 30.9.2014</b>	
Provisions to cover credit risk relating to off-balance sheet items <sup>(note 2)</sup>	(26,444)
Other provisions during the period	928
Reclassification to "Other liabilities"	(9,807)
Other provisions used during the period	(2,871)
Provision for voluntary separation scheme	194,500
Foreign exchange differences	(53)
<b>Balance 30.9.2014</b>	<b>296,436</b>

- The amounts of other provisions charged to profit and loss account is included in the account "Other expenses" of the income statement.

On 30.9.2014 the balance of provisions to cover credit risk relating to off-balance sheet items amounts to €40.5 million and other provisions, excluding the voluntary separation scheme, to € 61.4 million out of which €29.6 million concerns legal cases.

- The Bank prepared a voluntary separation scheme for their employees in Greece, in order to achieve substantial benefits to operating costs, as provided in the approved Restructuring Plan of the Bank by the European Competition Committee. Upon receiving the relevant approvals from the Financial Stability Fund and its Board of Directors, the Bank has set the date for commencement of the Scheme on 15.9.2014 with acceptance period until 3.10.2014. The

Scheme was addressed to all employees of the Bank in Greece for a target up to 2,300 employees to leave. The employees were divided into seven age groups which receive 100% of the legal compensation, plus incentives which depends on the age and increases for the population outside urban centers of Athens and Thessaloniki. This design aims to maximize the number of employees that will participate in the scheme where the greater overlap occurs and there is a reduced possibility of utilization within the Group. Since the Bank reserved the right to evaluate and approve the submitted by personnel requests to participate in the scheme, the cost of the scheme in the financial statements of 30.9.2014 was estimated at an amount of € 194.5 million and an equal provision was recognized in the balance sheet against period's income statement.

## EQUITY

### 13. Share capital, Share premium and Retained earnings

#### a. Share capital

The Bank's share capital as at 30.9.2014 is analysed as follows:

	Opening balance of shares as at 1.1.2014	Changes for the period from 1.1. to 30.9.2014 (units)			Balance of shares as at 30.9.2014	Paid-in capital as at 30.9.2014
		Share capital increase	Warrants exercise	Repayment of preference shares		
<b>a. Ordinary shares</b>						
Number of ordinary shares	1,997,638,231		451,179,721		2,448,817,952	734,645
Number of ordinary shares owned by the Hellenic Financial Stability Fund	8,925,267,781		(451,179,721)		8,474,088,060	2,542,227
Share capital increase		1,846,153,846			1,846,153,846	553,846
<b>Balance 30.9.2014</b>	<b>10,922,906,012</b>	<b>1,846,153,846</b>			<b>12,769,059,858</b>	<b>3,830,718</b>
<b>b. Preference shares</b>						
Number of preference shares	200,000,000			(200,000,000)	-	-
<b>Total</b>	<b>11,122,906,012</b>	<b>1,846,153,846</b>		<b>(200,000,000)</b>	<b>12,769,059,858</b>	<b>3,830,718</b>

On 28.3.2014 the share capital increase of the Bank was completed through payment in cash, cancelation of pre-emption rights of existing ordinary and preference shares and distribution of all new shares through a private placement to qualified investors, as specified in article 2 paragraph 1 of Law 3401/2005. An amount of € 1.2 billion was raised through the increase while the share capital increased by € 553.8 million. A total amount of 1,846,153,846 new ordinary shares with voting right were registered and issued of par value € 0.30 and an offer price of € 0.65 each.

The share capital increase intended, among other things, to create the conditions for satisfaction of the terms of Law 3723/2008 for the repayment of preference shares issued by the Bank and owned by the Hellenic Republic and its replacement with high quality capital.

On 17.4.2014, the Bank fully redeemed to the Hellenic Re-

public the total amount of preference shares of Euro 940 million, issued to the latter by the Bank.

On 16.6.2014 under the procedures of the exercise of warrants on the shares of bank and holder of EFSF, 60,899,318 warrants which accounted for 451,179,721 common shares, brought by ordinary shareholders, resulting in increased shares in circulation.

Thus, on 30.9.2014 the Bank's share capital amounts to € 3,830,718, divided to 12,769,059,858 shares, out of which:

- 4,294,971,798 ordinary, registered, voting, non-paper shares of nominal value of € 0.30 each and
- 8,474,088,060 ordinary, registered, voting, pursuant to restrictions of the article 7a of Law 3864/2010, non paper shares owned by the Hellenic Financial Stability Fund of nominal value of € 0.30 each.

#### b. Share premium

On 28.3.2014 after the share capital increase and the issuance of 1,846,153,846 new common shares with a nominal amount of € 0.30 and an offer price of € 0.65, the total

difference of € 646.2 between the nominal value and the shares' offer price increased the caption "Share Premium".

#### c. Retained earnings

a) Since the Bank has no distributable profits for 2013 and in accordance with article 44a of Codified Law 2190/1920 the Ordinary General Meeting of Shareholders on 27.6.2014 decided:

- the non payment to the Hellenic Republic of the respective return for 2013 on its preference shares under article 1 paragraph 3 of Law 3723/2008 and

- the non-distribution of dividends to ordinary shareholders of the Bank for 2013.

b) The caption "Retained Earnings" as at 30.9.2014 includes expenses concerning the share capital increase, which are referred to note 13a, amounting to € 35.8 net of tax.



## 14. Hybrid securities

	<u>30.9.2014</u>	<u>31.12.2013</u>
<b>Hybrid securities</b>		
Perpetual with 1st call option on 18.2.2015 and annually	31,700	35,400
<b>Total</b>	<b>31,700</b>	<b>35,400</b>
Securities held by Group companies	(60)	(3,700)
<b>Total</b>	<b>31,640</b>	<b>31,700</b>

On 21.5.2014 an amount of €3.7 million of nominal value from the CMS Hybrid Security (ISIN:DE000A0DX3M2) without interest step up clause was cancelled.

Since the requirement for non existence of distributable funds for 2013 is fulfilled, on 17.1.2014 the non payment on

18.2.2014 of annual dividend for the CMS hybrid security (ISIN: DE000A0DX3M2) which does not have an interest step up clause was announced.



## ADDITIONAL INFORMATION

### 15. Contingent liabilities and commitments

#### a. Legal issues

The Group, in the ordinary course of business, is a defendant in claims from customers and other legal proceedings. According to the estimations of the legal department, the ultimate settlement of these matters is not expected to have a

material effect on the financial position or operations of the Group. The Group on 30.9.2014 has recorded a provision for pending legal cases amounting to € 29.6 million which is included in the caption "Provisions" in Balance Sheet.

#### b. Tax issues

Alpha Bank has been audited by the tax authorities for the years up to and including 2009. The year 2011 is considered audited while a tax compliance report with no qualifications was issued for 2012 and 2013. Former Emporiki Bank has been audited by the tax authorities for the years up to and including 2008. The year 2011 is considered final while a tax compliance report with no qualifications was issued for 2012.

The Bank's branches in London and Bulgaria have been audited by the tax authorities for the years 2011 and 2007 respectively. Emporiki Bank's Cyprus branch has not been audited by the tax authorities since the commencement of its operations (2011).

On 30 September 2014, the acquisition of Retail Banking op-

erations of Citibank International Plc (CIP) in Greece was completed. The acquisition does not affect the tax liabilities of the Bank since any obligations against the State until the date of acquisition remain with CIP.

In contrast, after the acquisition of the total amount of shares of "Diners Club Greece A.E.P.P." the company is considered as a subsidiary. This entity has been audited up to and including 2010. For years 2011 to 2013 a tax compliance report without qualification has been received.

Additional taxes and penalties may be imposed for the unaudited years due to the fact that some expenses may not be recognized as deductible by the tax authorities.

The Group's subsidiaries have been audited by the tax authorities up to and including the year indicated in the table below:

Name	Year
<b>Banks</b>	
1. Alpha Bank London Ltd (voluntary settlement of tax obligation)	2011
2. Alpha Bank Cyprus Ltd (tax audit is in progress for years from 2008 - 2011)	2007
3. Emporiki Bank Cyprus Ltd (tax audit is in progress for years from 2003 - 2011)	2002
4. Alpha Bank Romania S.A.	2006
5. Alpha Bank AD Skopje (the years 1998 - 2006 have not been audited by the tax authorities)	2009
6. Alpha Bank Srbija A.D.	2004
7. Alpha Bank Albania SH.A.	2011
<b>Leasing companies</b>	
1. Alpha Leasing A.E. **	2007
2. Alpha Leasing Romania IFN S.A.	2007
3. ABC Factors A.E. ** (tax audit is in progress for year 2009)	2008
4. Diners Club Greece A.E.P.P. **	2010
<b>Investment Banking</b>	
1. Alpha Finance A.E.P.E.Y. **/**	2009
2. SSIF Alpha Finance Romania S.A. (tax audit is in progress for years from 2003 - 2007)	2002
3. Alpha A.E. Investment Holdings **/**	2009
4. Alpha A.E. Ventures Capital Management - AKES **/**	2009
5. Emporiki Ventures Capital Developed Markets Ltd	2007
6. Emporiki Ventures Capital Emerging Markets Ltd	2008
<b>Asset Management</b>	
1. Alpha Asset Management A.E.D.A.K. **/**	2009
2. ABL Independent Financial Advisers Ltd (voluntary settlement of tax obligation)	2011

\*\* These companies received Tax Compliance Report for the years 2011, 2012 and 2013 without any qualification (note 3).

\*\*\* These companies have been audited by the tax authorities up to 2009 in accordance with Law 3888/2010 which relates to voluntary settlement for the unaudited tax years.



Name	Year
<b>Insurance</b>	
1. Alpha Insurance Brokers A.E. **/**	2009
2. Alpha Insurance Ltd	2010
3. Alpha Insurance Brokers S.R.L.	2005
4. Alphalife A.A.E.Z. **/**	2009
<b>Real estate and hotel</b>	
1. Alpha Astika Akinita A.E.**	2009
2. Ioniki Hotel Enterprises A.E. **	2010
3. Oceanos A.T.O.E.E. **/**	2009
4. Emporiki Development and Real Estate Management A.E. (tax audit is in progress for years from 2005 - 2008)	2004
5. Alpha Real Estate D.O.O. Beograd	2008
6. Alpha Astika Akinita D.O.O.E.L. Skopje	2007
7. Alpha Real Estate Bulgaria E.O.O.D. (commencement of operation 2007)	*
8. Chardash Trading E.O.O.D. (commencement of operation 2006)	*
9. Alpha Astika Akinita Romania S.R.L.	1998
10. Alpha Investment Property Chalandriou A.E. (commencement of operation 2012)	*
11. Alpha Investment Property Attikis A.E. (commencement of operation 2012)	*
12. Alpha Investment Property Attikis II A.E. (commencement of operation 2012)	*
13. Alpha Investment Property Amarousion I A.E. (commencement of operation 2012)	*
14. Alpha Investment Property Amarousion II A.E. (commencement of operation 2012)	*
15. Alpha Investment Property Elaiona A.E. (commencement of operation 2012)	*
16. AGI – RRE Participations 1 S.R.L. (commencement of operation 2010)	*
17. AGI – BRE Participations 1 E.O.O.D. (commencement of operation 2010)	2011
18. Stockfort Ltd (commencement of operation 2010)	*
19. Romfelt Real Estate SA (commencement of operation 1991)	*
20. AGI – RRE Zeus S.R.L. (commencement of operation 2012)	*
21. AGI – RRE Athena S.R.L. (commencement of operation 2012)	*
22. AGI – RRE Poseidon S.R.L. (commencement of operation 2012)	*
23. AGI – RRE Hera S.R.L. (commencement of operation 2012)	*
24. AGI - BRE Participations 2 E.O.O.D. (commencement of operation 2012)	*
25. AGI – BRE Participations 2BG E.O.O.D. (commencement of operation 2012)	*
26. AGI – BRE Participations 3 E.O.O.D. (commencement of operation 2012)	*
27. AGI – BRE Participations 4 E.O.O.D. (commencement of operation 2012)	*
28. APE Fixed Assets A.E.**/**	2009
29. SC Cordia Residence S.R.L.	2011
30. HT-1 E.O.O.D	*
31. AGI-RRE Venus S.R.L. (commencement of operation 2014)	*
32. AGI-RRE Cleopatra S.R.L. (commencement of operation 2014)	*
33. AGI-RRE Hermes S.R.L. (commencement of operation 2014)	*
34. SC Carmel Residential S.R.L. (commencement of operation 2014)	*
35. Alpha Investement Property Neas Kifisias A.E. (commencement of operation 2014)	*
36. Alpha Investement Property Kallirois A.E. (commencement of operation 2014)	*
<b>Special purpose and holding entities</b>	
1. Alpha Credit Group Plc (voluntary settlement of tax obligation)	2011
2. Alpha Group Jersey Ltd	****
3. Alpha Group Investments Ltd (commencement of operation 2007)	*
4. Ionian Holdings A.E.**/**	2009
5. Ionian Equity Participations Ltd (commencement of operation 2006)	2007
6. Emporiki Group Finance Plc	2011
7. AGI – BRE Participations 1 Ltd (commencement of operation 2009)	*
8. AGI – RRE Participations 1 Ltd (commencement of operation 2009)	*
9. Alpha Group Ltd (commencement of operation 2012)	*
10. Katanalotika Plc (voluntary settlement of tax obligation)	2011
11. Epihiro Plc (voluntary settlement of tax obligation)	2011
12. Irida Plc (voluntary settlement of tax obligation)	2011

\* These companies have not been audited by the tax authorities since the commencement of their operations.

\*\* These companies received Tax Compliance Report for the years 2011, 2012 and 2013 without any qualification (note 3).

\*\*\* These companies have been audited by the tax authorities up to 2009 in accordance with Law 3888/2010 which relates to voluntary settlement for the unaudited tax years.

\*\*\*\* These companies are not subject to tax audit.

Name	Year
13. Pisti 2010 - 1 Plc (voluntary settlement of tax obligation)	2011
14. AGI – RRE Athena Ltd (commencement of operation 2011)	*
15. AGI – RRE Poseidon Ltd (commencement of operation 2012)	*
16. AGI – RRE Hera Ltd (commencement of operation 2012)	*
17. Umera Ltd (commencement of operation 2012)	*
18. AGI – BRE Participations 2 Ltd (commencement of operation 2011)	*
19. AGI – BRE Participations 3 Ltd (commencement of operation 2011)	*
20. AGI – BRE Participations 4 Ltd (commencement of operation 2010)	*
21. AGI – RRE Apollo Ltd (commencement of operation 2010)	*
22. AGI – RRE Ares Ltd (commencement of operation 2010)	*
23. AGI – RRE Venus Ltd (commencement of operation 2012)	*
24. AGI – RRE Artemis Ltd (commencement of operation 2012)	*
25. AGI – BRE Participations 5 Ltd (commencement of operation 2012)	*
26. AGI-RRE Cleopatra Ltd (commencement of operation 2013)	*
27. AGI-RRE Hermes Ltd (commencement of operation 2013)	*
28. AGI-Cypre Arsinoe Ltd (commencement of operation 2013)	*
29. AGI-SRE Ariadni Ltd (commencement of operation 2014)	*
30. Zerelda Ltd (commencement of operation 2012)	*
31. AGI-Cypre Alaminos Ltd (commencement of operation 2014)	*
32. AGI-Cypre Tochini Ltd (commencement of operation 2014)	*
33. AGI-Cypre Evagoras Ltd (commencement of operation 2014)	*
34. AGI-Cypre Tersefanou Ltd (commencement of operation 2014)	*
35. AGI-Cypre Mazotos Ltd (commencement of operation 2014)	*
<b>Other companies</b>	
1. Alpha Bank London Nominees Ltd	****
2. Alpha Trustees Ltd (commencement of operation 2002)	*
3. Flagbright Ltd	****
4. Kafe Alpha A.E. **/*	2009
5. Alpha Supporting Services A.E. **/*	2009
6. Real Car Rental A.E. **/*	2009
7. Evisak A.E. **/*	2009
8. Emporiki Management A.E. ***	2009

### c) Operating leases

The Group's minimum future lease payments are:

	30.9.2014	31.12.2013
- less than one year	47,505	51,869
- between one and five years	128,928	145,326
- over five years	189,550	228,186
<b>Total</b>	<b>365,983</b>	<b>425,381</b>

The minimum future lease fees are:

	30.9.2014	31.12.2013
- less than one year	8,063	10,205
- between one and five years	29,671	28,548
- over five years	19,461	19,148
<b>Total</b>	<b>57,195</b>	<b>57,901</b>

\* These companies have not been audited by the tax authorities since the commencement of their operations.

\*\* These companies received Tax Compliance Report for the years 2011, 2012 and 2013 without any qualification (note 3).

\*\*\* These companies have been audited by the tax authorities up to 2009 in accordance with Law 3888/2010 which relates to voluntary settlement for the unaudited tax years.

\*\*\*\* These companies are not subject to tax audit.



#### d) Off balance sheet liabilities

The Group pursuant to its normal operations, is bound by contractual commitments, that in the future may result to changes in its asset structure. These commitments are monitored in off balance sheet accounts and relate to letters of credit, letters of guarantee, undrawn credit facilities and credit limits.

Letters of credit are used to facilitate trading activities and relate to the financing of contractual agreements for the

transfer of goods locally or abroad, by undertaking the direct payment on behalf of the third party bound by the agreement on behalf of the Group's client. Letters of credit, as well as letters of guarantee, are commitments under specific terms and are issued by the Group for the purpose of ensuring that its clients will fulfill the terms of their contractual obligations.

The outstanding balances are as follows:

	<u>30.9.2014</u>	<u>31.12.2013</u>
Letters of credit	57,465	51,387
Letters of guarantee	4,206,918	5,869,824

In addition, contingent liabilities for the Group arise from undrawn loan agreements and credit limits that may not be fulfilled immediately or may be partly fulfilled as long as the agreed upon requirements are fulfilled by counterparties.

Committed limits that can not be recalled in case where coun-

terparties fail to meet their contractual obligations as at 30.9.2014 amounts to € 343 million (31.12.2013: € 375.8 million) and are included in the calculation of risk weighted assets.

#### e) Assets pledged

Assets pledged, amounting to € 18.4 billion as at 30.9.2014 include:

- Deposits pledged amounting to €0.2 billion concerning guarantees granted and provided for on behalf of the Hellenic Republic.
- Deposits pledged to credit institutions amounting to € 1.2 billion which have been provided as guarantee for derivative transactions.
- Loans and advances to customers amounting to € 7 billion of which:
  - i. an amount of € 4.8 billion has been pledged as collateral to Central Banks for liquidity purposes.
  - ii. an amount of € 2.2 billion has been granted as collateral to the Hellenic Republic in order for the Group to receive securities issued by the Hellenic Republic amounting to € 1.6 billion in accordance with Law 3723/2008.
- Securities held for trading and investment securities amounting to € 10 billion of which:
  - i. an amount of € 2.2 billion that is part of the € 3.7 billion covered bond issue secured by mortgage loans amounting to € 4.6 billion, is pledged as collateral in repo transactions.

- ii. an amount of € 3.6 billion relates to Greek Government Bonds and other issuers' bonds of which € 3.3 billion is pledged as collateral in Central Banks for participation in main refinancing operations, in the Bank of Greece for participation in the TARGET system (Intra-Europe clearing of payments system on ongoing time), in the Athens Derivatives Exchange Clearing House and in the European Investment Bank and € 0.3 billion is pledged as collateral in repo transactions.

- iii. an amount of € 4.2 billion relates to securities issued by the European Financial Stability Facility (EFSF), that the Group received by the HFSF in the context of a) its participation to the Group's share capital increase that was completed on 6.6.2013 and b) due to the coverage of the difference between the values of assets and liabilities transferred from Cooperative Banks, of which an amount of € 4 billion is pledged as collateral to Central Banks for participation in main refinancing operations and an amount of € 0.2 billion is pledged as collateral in repo transactions.

In addition, an amount of € 8.2 billion that relates to securities issued with the guarantee of the Hellenic Republic in accordance with Law 3723/2008 which are held by the Group is pledged as collateral to Central Banks for participation in main refinancing operations.

## 16. Group Consolidated Companies

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

### a. Subsidiaries

Name	Country of incorporation	Group's ownership interest %	
		30.9.2014	31.12.2013
<b>Banks</b>			
1. Alpha Bank London Ltd	United Kingdom	100.00	100.00
2. Alpha Bank Cyprus Ltd	Cyprus	100.00	100.00
3. Emporiki Bank Cyprus Ltd	Cyprus	99.27	99.27
4. Alpha Bank Romania S.A.	Romania	99.92	99.92
5. Alpha Bank AD Skopje	FYROM	100.00	100.00
6. Alpha Bank Srbija A.D.	Serbia	100.00	100.00
7. Alpha Bank Albania SH.A.	Albania	100.00	100.00
8. JSC Astra Bank <sup>(22)</sup>	Ukraine		
<b>Leasing companies</b>			
1. Alpha Leasing A.E.	Greece	100.00	100.00
2. Alpha Leasing Romania IFN S.A.	Romania	100.00	100.00
3. ABC Factors A.E.	Greece	100.00	100.00
4. Diners Club Greece A.E.P.P. <sup>(23, 24i, 24o)</sup>	Greece	100.00	
<b>Investment Banking</b>			
1. Alpha Finance A.E.P.E.Y.	Greece	100.00	100.00
2. SSIF Alpha Finance Romania S.A.	Romania	100.00	100.00
3. Alpha A.E. Investment Holdings <sup>(24h)</sup>	Greece	100.00	100.00
4. Alpha A.E. Ventures Capital Management –AKES	Greece	100.00	100.00
5. Emporiki Ventures Capital Developed Markets Ltd	Cyprus	100.00	100.00
6. Emporiki Ventures Capital Emerging Markets Ltd	Cyprus	100.00	100.00
<b>Asset Management</b>			
1. Alpha Asset Management A.E.D.A.K.	Greece	100.00	100.00
2. ABL Independent Financial Advisers Ltd	United Kingdom	100.00	100.00
<b>Insurance</b>			
1. Alpha Insurance Agents A.E.	Greece	100.00	100.00
2. Alpha Insurance Ltd	Cyprus	100.00	100.00
3. Alpha Insurance Brokers S.R.L.	Romania	100.00	100.00
4. Alphalife A.A.E.Z.	Greece	100.00	100.00
<b>Real estate and hotel</b>			
1. Alpha Astika Akinita A.E.	Greece	93.17	93.14
2. Ionian Hotel Enterprises A.E.	Greece	97.27	97.27
3. Oceanos A.T.O.E.E.	Greece	100.00	100.00
4. Emporiki Development and Real Estate Management A.E.	Greece	100.00	100.00
5. Alpha Real Estate D.O.O. Beograd	Serbia	93.17	93.14
6. Alpha Astika Akinita D.O.O.E.L. Skopje	FYROM	93.17	93.14
7. Alpha Real Estate Bulgaria E.O.O.D.	Bulgaria	93.17	93.14
8. Chardash Trading E.O.O.D.	Bulgaria	93.17	93.14
9. Alpha Astika Akinita Romania S.R.L.	Romania	93.17	93.14
10. Alpha Investment Property Chalandriou A.E. <sup>(24m)</sup>	Greece	100.00	100.00
11. Alpha Investment Property Attikis A.E.	Greece	100.00	100.00
12. Alpha Investment Property Attikis II A.E. <sup>(24m)</sup>	Greece	100.00	100.00
13. Alpha Investment Property Amarousion I A.E. <sup>(24m)</sup>	Greece	100.00	100.00
14. Alpha Investment Property Amarousion II A.E. <sup>(24m)</sup>	Greece	100.00	100.00
15. Alpha Investment Property Elaiona A.E.	Greece	100.00	100.00
16. AGI-RRE Participations 1 S.R.L.	Romania	100.00	100.00
17. AGI-BRE Participations 1 E.O.O.D.	Bulgaria	100.00	100.00



Name	Country of incorporation	Group's ownership interest %	
		30.9.2014	31.12.2013
18. Stockfort Ltd	Cyprus	100.00	100.00
19. Romfelt Real Estate S.A.	Romania	95.89	95.89
20. AGI-RRE Zeus S.R.L.	Romania	100.00	100.00
21. AGI – RRE Athena S.R.L.	Romania	100.00	100.00
22. AGI – RRE Poseidon S.R.L.	Romania	100.00	100.00
23. AGI – RRE Hera S.R.L.	Romania	100.00	100.00
24. AGI-BRE Participations 2 E.O.O.D.	Bulgaria	100.00	100.00
25. AGI-BRE Participations 2BG E.O.O.D.	Bulgaria	100.00	100.00
26. AGI-BRE Participations 3 E.O.O.D.	Bulgaria	100.00	100.00
27. AGI-BRE Participations 4 E.O.O.D.	Bulgaria	100.00	100.00
28. APE Fixed Assets A.E.	Greece	72.20	72.20
29. SC Cordia Residence S.R.L.	Romania	100.00	100.00
30. HT-1 E.O.O.D.	Bulgaria	100.00	100.00
31. AGI-RRE Venus S.R.L. <sup>(24b)</sup>	Romania	100.00	
32. AGI-RRE Cleopatra S.R.L. <sup>(24c)</sup>	Romania	100.00	
33. AGI-RRE Hermes S.R.L. <sup>(24d)</sup>	Romania	100.00	
34. SC Carmel Residential S.R.L. <sup>(24f)</sup>	Romania	100.00	
35. Alpha Investment Property Neas Kifisias A.E. <sup>(24j)</sup>	Greece	100.00	
36. Alpha Investment Property Kallirois A.E. <sup>(24j)</sup>	Greece	100.00	
<b>Special purpose and holding entities</b>			
1. Alpha Credit Group Plc	United Kingdom	100.00	100.00
2. Alpha Group Jersey Ltd	Jersey	100.00	100.00
3. Alpha Group Investments Ltd <sup>(24a, 24j, 24k, 24l, 24m)</sup>	Cyprus	100.00	100.00
4. Ionian Holdings A.E.	Greece	100.00	100.00
5. Ionian Equity Participations Ltd <sup>(24g)</sup>	Cyprus	100.00	100.00
6. Emporiki Group Finance Plc	United Kingdom	100.00	100.00
7. AGI – BRE Participations 1 Ltd	Cyprus	100.00	100.00
8. AGI – RRE Participations 1 Ltd	Cyprus	100.00	100.00
9. Alpha Group Ltd	Cyprus	100.00	100.00
10. Katanalotika Plc	United Kingdom		
11. Epihiro Plc	United Kingdom		
12. Irida Plc	United Kingdom		
13. Pisti 2010-1 Plc	United Kingdom		
14. Lithos Mortgage Financing Plc <sup>(24e)</sup>	United Kingdom		
15. AGI – RRE Athena Ltd	Cyprus	100.00	100.00
16. AGI – RRE Poseidon Ltd	Cyprus	100.00	100.00
17. AGI – RRE Hera Ltd	Cyprus	100.00	100.00
18. Umera Ltd	Cyprus	100.00	100.00
19. AGI-BRE Participations 2 Ltd	Cyprus	100.00	100.00
20. AGI-BRE Participations 3 Ltd	Cyprus	100.00	100.00
21. AGI-BRE Participations 4 Ltd	Cyprus	100.00	100.00
22. AGI-RRE Apollo Ltd	Cyprus	100.00	100.00
23. AGI-RRE Ares Ltd	Cyprus	100.00	100.00
24. AGI-RRE Venus Ltd <sup>(24b)</sup>	Cyprus	100.00	100.00
25. AGI-RRE Artemis Ltd <sup>(24f)</sup>	Cyprus	100.00	100.00
26. AGI-BRE Participations 5 Ltd	Cyprus	100.00	100.00
27. AGI-RRE Cleopatra Ltd <sup>(24c)</sup>	Cyprus	100.00	100.00
28. AGI-RRE Hermes Ltd <sup>(24d)</sup>	Cyprus	100.00	100.00
29. AGI-Cypre Arsinoe Ltd	Cyprus	100.00	100.00
30. AGI-SRE Ariadni Ltd <sup>(24a)</sup>	Cyprus	100.00	
31. Zerelda Ltd	Cyprus	100.00	100.00
32. AGI-Cypre Alaminos Ltd <sup>(24k)</sup>	Cyprus	100.00	
33. AGI-Cypre Tochini Ltd <sup>(24k)</sup>	Cyprus	100.00	
34. AGI-Cypre Evagoras Ltd <sup>(24k)</sup>	Cyprus	100.00	
35. AGI-Cypre Tersefanou Ltd <sup>(24l)</sup>	Cyprus	100.00	
36. AGI-Cypre Mazotos Ltd <sup>(24l)</sup>	Cyprus	100.00	

Name	Country of incorporation	Group's ownership interest %	
		30.9.2014	31.12.2013
<b>Other companies</b>			
1. Alpha Bank London Nominees Ltd	United Kingdom	100.00	100.00
2. Alpha Trustees Ltd	Cyprus	100.00	100.00
3. Flagbright Ltd	United Kingdom	100.00	100.00
4. Kafe Alpha A.E.	Greece	100.00	100.00
5. Alpha Supporting Services A.E.	Greece	100.00	100.00
6. Real Car Rental A.E.	Greece	100.00	100.00
7. Evisak A.E.	Greece	85.71	85.71
8. Emporiki Management A.E.	Greece	100.00	100.00

### b. Joint ventures

1. Cardlink A.E.	Greece	50.00	50.00
2. APE Commercial Property A.E.	Greece	72.20	72.20
3. APE Investment Property A.E.	Greece	72.80	72.80
4. Alpha TANE0 A.K.E.S.	Greece	51.00	51.00
5. Rosequeens Properties Ltd.	Cyprus	33.33	33.33

### c. Associates

1. AEDEP Thessalias and Steras Ellados	Greece	50.00	50.00
2. A.L.C. Novelle Investments Ltd	Cyprus	33.33	33.33
3. Banking Information Systems A.E.	Greece	23.77	23.77
4. Propindex A.E.D.A.	Greece	35.58	35.58
5. Olganos A.E.	Greece	30.44	30.44

Subsidiaries are fully consolidated, while joint ventures and associates are accounted under the equity method, in accordance with IAS 28 "Investments in associates and joint ventures" and IFRS 11 "Joint Arrangements".

Consolidated Financial Statements do not include the Commercial Bank of London Ltd which is a dormant company and Smelter Medical Systems A.E.B.E., Emporiki Media Ltd, Aris

Diomidis Emporiki A.E., Metek A.E., which have been fully impaired and are in the process of liquidation. On 31.3.2014, Primatech Hellas S.A., which has also been fully impaired, was deleted from the portfolio of Alpha A.E. Ventures.

The Group hedges the foreign exchange risk arising from the net investment in subsidiaries through the use of derivatives in their functional currency.



## 17. Operating segments

(Amounts in million of Euro)

	1.1 - 30.9.2014						
	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South Eastern Europe	Other	Group
Net interest income	618.3	530.2	11.3	13.0	269.4	1.0	1,443.2
Net fee and commission income	113.0	118.3	26.2	7.1	30.6	0.6	295.8
Other income	4.1	9.7	1.8	53.2	35.6	26.4	130.8
<b>Total income</b>	<b>735.4</b>	<b>658.2</b>	<b>39.3</b>	<b>73.3</b>	<b>335.6</b>	<b>28.0</b>	<b>1,869.8</b>
<b>Total expense</b>	<b>(579.0)</b>	<b>(126.8)</b>	<b>(22.5)</b>	<b>(20.9)</b>	<b>(201.5)</b>	<b>(47.9)</b>	<b>(998.6)</b>
Impairment losses	(254.3)	(505.6)			(320.7)		(1,080.6)
Provision for voluntary separation scheme						(194.5)	(194.5)
Negative goodwill from the acquisition of Diners Club Greece A.E.P.P.						21.5	21.5
<b>Profit/(loss) before income tax</b>	<b>(97.9)</b>	<b>25.8</b>	<b>16.8</b>	<b>52.4</b>	<b>(186.6)</b>	<b>(192.9)</b>	<b>(382.4)</b>
Income tax							492.9
<b>Profit/(loss) after income tax</b>	<b>(97.9)</b>	<b>25.8</b>	<b>16.8</b>	<b>52.4</b>	<b>(186.6)</b>	<b>(192.9)</b>	<b>110.5</b>
Assets 30.9.2014	28,823.5	15,239.2	587.3	12,801.5	10,142.0	4,826.6	72,420.1
Liabilities 30.9.2014	30,704.2	7,178.4	2,052.9	12,470.8	10,926.0	506.8	63,839.1

Total expenses include expenses relating to mergers amounting to €10.2 million. In addition in the context of operating integrations the Group made capital expenditure of €6.8 million.

(Amounts in million of Euro)

	1.1 - 30.9.2013						
	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South Eastern Europe	Other	Group
Net interest income	555.1	504.6	7.6	(137.4)	253	(1.2)	1,181.7
Net fee and commission income	108.4	101.4	19.1	1.2	33.1	0.4	263.6
Other income	3.8	11.6	1.4	121.2	23.6	138.2	299.8
<b>Total income</b>	<b>667.3</b>	<b>617.6</b>	<b>28.1</b>	<b>(15.0)</b>	<b>309.7</b>	<b>137.4</b>	<b>1,745.1</b>
<b>Total expense</b>	<b>(562.6)</b>	<b>(121.5)</b>	<b>(19.1)</b>	<b>(21.4)</b>	<b>(205.9)</b>	<b>(53.5)</b>	<b>(984.0)</b>
Impairment losses	(711.7)	(555.8)			(206.6)		(1,474.1)
Negative goodwill from the acquisition of Emporiki Bank						3,283.1	3,283.1
<b>Profit/(loss) before income tax</b>	<b>(607.0)</b>	<b>(59.7)</b>	<b>9.0</b>	<b>(36.4)</b>	<b>(102.8)</b>	<b>3,367.0</b>	<b>2,570.1</b>
Income tax							619.6
<b>Profit/(loss) after income tax from continuing operations</b>							<b>3,189.7</b>
Profit/(loss) from discontinued operations <sup>(note 22)</sup>					(57.1)		(57.1)
<b>Profit/(loss) after income tax</b>							<b>3,132.6</b>
Assets 31.12.2013	29,428.5	16,285.4	624	11,337.5	12,317.0	3,704.9	73,697.3
Liabilities 31.12.2013	30,358.3	6,431.3	2,027.1	15,398.7	10,817.0	297.1	65,329.5

The component operating segments include the figures of Emporiki Group from the acquisition date 1.2.2013.



### i. Retail

Includes all individuals (retail banking customers), professionals, small and very small companies operating in Greece and abroad, except from South-Eastern Europe countries.

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

### ii. Corporate Banking

Includes all medium-sized and large companies, corporations with international activities, corporations managed by the Corporate Banking Division and shipping corporations operating in Greece and abroad except from South Eastern Europe countries. The Group manages working capital facilities, corporate loans, and letters of guarantee. This sector also includes the leasing products which are offered through Alpha Leasing A.E. and factoring services offered through the subsidiary company ABC Factors A.E.

### iii. Asset Management/Insurance

Consists of a wide range of asset management services of-

ferred through the Group's private banking units and Alpha Asset Management A.E.D.A.K. In addition, it includes commissions received from the sale of a wide range of insurance products to individuals and companies through either AXA insurance, which is the legal successor of the subsidiary Alpha Insurance A.E. or the subsidiary Alphalife A.A.E.Z.

### iv. Investment Banking/Treasury

Includes stock exchange, advisory and brokerage services relating to capital markets, and also investment banking facilities, offered either by the Bank or specialized Group companies (Alpha Finance A.E.P.E.Y., Alpha Ventures S.A.). It also includes the activities of the Dealing Room in the interbank market (FX Swaps, Bonds, Futures, IRS, Interbank placements – Loans etc.).

### v. South Eastern Europe

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

### vi. Other

This segment consists of the non-financial subsidiaries of the Group and Bank's income and expenses that are not related to its operating activities.

## 18. Disclosures relevant to the fair value of financial instruments

### Fair value of financial instruments measured at amortized cost

	30.9.2014		31.12.2013	
	Fair value	Carrying amount	Fair value	Carrying amount
<b>Assets</b>				
Loans and advances to customers	49,521,464	50,120,268	51,383,343	51,678,313
Investment securities				
- Held to maturity <sup>(1)</sup>	339,354	331,700	1,301,233	1,369,786
- Loans and receivables	4,386,409	4,311,279	4,333,574	4,308,556
<b>Liabilities</b>				
Due to customers	43,077,018	43,533,229	42,373,924	42,484,860
Debt securities in issue <sup>(2)</sup>	1,110,905	1,098,965	673,565	743,336

The table above presents the carrying amounts and fair values of financial assets and liabilities which are carried at amortized cost.

The fair value of loans is estimated based on the interbank market yield curves by adding a liquidity premium and spread per loan category and business unit for the expected loss.

The fair value of deposits is estimated based on the interbank market yield curves by deducting customer's spread depending on the type of deposit. In both of these cases, the future cash flows (floating rate) are calculated based on the implied forward rates until their maturity.

The fair value of held to maturity securities and of debt se-

<sup>(1)</sup> On 31.12.2013 investment securities portfolio includes an amount of €891.6 million which relates to the security transferred to the Bank's ownership for the issuance of preference shares of the Hellenic Republic in the context of Law 3723/2008, which expired on 21.5.2014.

<sup>(2)</sup> Debt securities in issue do not include the convertible bond loan issued by the Bank in the context of the agreement with Credit Agricole S.A. regarding the acquisition of Emporiki Bank since this security is measured at fair value.



curities in issue is calculated using market prices, as long as the market is active. In all other cases as well as for the loan portfolio, the discounted cash flows method is used and all significant variables are based either on observable market data or unobservable data.

The fair value of other financial assets and liabilities which are valued at amortized cost does not differ materially from the respective carrying amount.

### Hierarchy of financial instruments measured at fair value

	30.9.2014			
	Level 1	Level 2	Level 3	Total fair value
Derivative financial assets	23,934	972,056		995,990
Securities held for trading				
- Bonds and treasury bills	10,380			10,380
- Shares	4,621			4,621
Available for sale securities				
- Bonds and treasury bills	4,192,667	678,602	14,364	4,885,633
- Shares	16,306		57,971	74,277
- Other variable yield securities	50,402			50,402
Derivative financial liabilities	16	1,666,493	3,105	1,669,614
Debt securities in issue				
- Convertible bond		64,600		64,600

	31.12.2013			
	Level 1	Level 2	Level 3	Total fair value
Derivative financial assets	23,751	773,642		797,393
Securities held for trading				
- Bonds and treasury bills	7,002			7,002
- Shares	1,834			1,834
Available for sale securities				
- Bonds and treasury bills	4,228,135	579,137	10,667	4,817,939
- Shares	22,321		64,594	86,915
- Other variable yield securities	62,080			62,080
Derivative financial liabilities	212	1,372,706	582	1,373,500
Debt securities in issue				
- Convertible bond		39,600		39,600

The tables above present the fair value hierarchy of financial instruments which are measured at fair value based on the inputs used for the fair value measurement.

Securities which are traded in an active market as well as exchange-traded derivatives are classified as Level 1.

The available for sale securities whose fair value is calculated based on non-binding market prices provided by dealers-brokers or on the application of the income approach methodology using interest rates and credit spreads which are observable in the market, are classified as Level 2. Level 3 classifications include the fair value of securities with complex cash flows, estimated using significant unobservable inputs for which external market makers do not provide indicative prices in the market, as well as securities traded in a market which is considered inactive due to lack of liquidity. The fair value of non listed shares, as well as of shares not traded in an active market is determined based on the estimations

made by the Group which relate to the future profitability of the issuer taking into account the expected growth rate of its operations as well as the weighted average rate of capital return which is used as a discount rate. Given that the above parameters are mainly non observable, the valuation of these shares is classified as Level 3.

For the valuation of over the counter derivatives income approach methodologies are used: discounted cash flow models, option-pricing models or other widely accepted valuation models. Valuations are checked on a daily basis with the respective prices of the counterparty banks in the context of the daily process of provision of collaterals and settlement of derivatives. If the non observable inputs are significant, the fair value that arises is classified as Level 3 otherwise as Level 2.

The Group recognizes the transfer between fair value hierarchy Levels at the end of the reporting period.

Within the period, €37.8 million were transferred from Level 1 to Level 2 that relate to Greek corporate bonds, as the li-

quidity margin (bid-ask spread) moved above the limit set for the characterization of market as active.

The table below presents the valuation methods used for the measurement of Level 3 fair value:

	30.9.2014			
	Total fair value	Fair value	Valuation method	Significant non-observable inputs
Available for sale bonds	14,364	14,364	Based on issuer price	Price
Available for sale shares	57,971	57,971	Discounted cash flows – Multiples valuation method – Cost of acquisition	Future profitability of the issuer
Derivative Financial Liabilities	3,105	20	Discounted cash flows - Black Scholes valuation model with shares basket being the underlying instrument	Coefficient of variation and correlation coefficient between shares
		3,085	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid securities' dividends

For all financial instruments measured at fair value classified as Level 3 due to the limited exposure of the Group on the specific financial instruments, a reasonable variation in non-

observable inputs would not affect significantly the results of the Group.

A reconciliation for the movement of financial instruments measured at fair value in Level 3 is depicted below.

	30.9.2014		
	Assets		Liabilities
	Available for sale securities	Derivative Financial Assets	Derivative Financial Liabilities
<b>Opening balance 1.1.2014</b>	<b>75,261</b>	-	<b>(582)</b>
Total gain or loss recognized in the income statement	5,940		(2,541)
Total gain or loss recognized directly in equity	2,099		
Purchases/Issues	1,086		
Sales/Repayments/Settlements	(12,765)		18
Transfers to Level 3 from Level 2	714		
<b>Balance 30.9.2014</b>	<b>72,335</b>	-	<b>(3,105)</b>
Amounts included in the income statement related to financial instruments included in the balance sheet at the end of the reporting period (1.1 - 30.9.2014)	393		(2,541)



During the period, the transfer to Level 3 from Level 2 of available for sale securities refers to securitized bond for which no observable inputs is used for valuation purposes.

	31.12.2013		
	Assets		Liabilities
	Available for sale securities	Derivative Financial Assets	Derivative Financial Liabilities
<b>Opening balance 1.1.2013</b>	<b>49,273</b>	<b>1,482</b>	<b>(3,623)</b>
<b>Changes for the period 1.1 - 30.9.2013</b>			
Total gain or loss recognized in the income statement	(11,186)	(401)	1,168
Total gain or loss recognized directly in equity	1,935		
Purchases/Issues	5,854		
Sales/Repayments/Settlements	(943)	(237)	282
Transfers to Level 3 from Level 1	2		
Transfers to Level 3 from Level 2	13,670	2,425	(2,425)
Transfers from Level 3 to Level 1	(1,549)		
<b>Balance 30.9.2013</b>	<b>57,056</b>	<b>3,269</b>	<b>(4,598)</b>
<b>Changes for the period 1.10 - 31.12.2013</b>			
Total gain or loss recognized in the income statement	197	(28)	775
Total gain or loss recognized directly in equity	16,002		
Sales/Repayments/Settlements	251		
Transfers to Level 3 from Level 1	1,549		
Transfers to Level 3 from Level 2	1,674	(2,425)	2,425
Transfers from Level 3 to Level 2	(1,468)	(816)	816
<b>Balance 31.12.2013</b>	<b>75,261</b>		<b>(582)</b>
Amounts included in the income statement related to financial instruments included in the balance sheet at the end of the reporting period (1.1 - 30.9.2013)	(11,186)	(401)	1,168

## 19. The Bank's recapitalization framework

On 6.6.2013, the Bank completed the share capital increase in accordance with the decisions made by the second iterative Extraordinary General Meeting of 16.4.2013 and the Board of Directors meeting of 30.4.2013, based on the provisions of Law 3864/2010 amounting to € 4.571 billion, thus covering the capital needs of the Group, as determined by the Bank of Greece.

After the completion of the recapitalization, the Coordination Framework between the HFSF and the Bank was signed, which determines the relations between the parties and other issues, related to corporate governance of the Bank and the preparation of the Restructuring Plan.

As set out in the Memorandum of Economic and Financial Policies of May 2013, the Bank of Greece conducted a new stress test, based on the data as at 30.6.2013, in order to update the capital needs of the banks. The results of the stress test were announced in March 2014. The exercise showed that the Group capital needs were determined at € 262 million.

On 7.3.2014, Alpha Bank's Board of Directors decided the invitation of the Extraordinary Meeting of Shareholders that was held on 28.3.2014 and the agenda included the share capital increase of a total amount of up to € 1.2 billion, through payment in cash and cancellation of pre-emption rights. The share capital increase intended to:

- contribute to the creation of the conditions necessary to satisfy the provisions of Law 3723/2008 regarding the repayment of preferred shares issued by Bank and owned by the Hellenic Republic (article 1 of Law 3723/2008) and their replacement with high quality capital, a fact that will give greater flexibility to the Bank's dividend policy in the future,
- meet requirements as defined by the results of the diagnostic assessment of the Bank of Greece,
- improve the quality of the Bank's regulatory capital and accelerate its adaptation to the new regulatory framework of Basel III and

d) to facilitate the Bank's financing from international capital markets under the reinforced creditworthiness.

The share capital increase of the Bank amounting to €1.2 billion was completed on 28.3.2014 through a private placement of qualified investors. On 17.4.2014, the Bank fully redeemed to the Hellenic Republic the total amount of

preference shares of €940 million, issued to the latter by the Bank.

Additionally it is noted that the assessment conducted by the European Central Bank was completed and according to the results announced on 26.10.2014 there are no capital requirements for the Bank.

## 20. Capital adequacy

The policy of the Group is to maintain a strong capital base to ensure investors, creditors and market confidence and to sustain future development of the business.

Share capital increases are performed through Shareholders' General Meeting or Board of Directors' decisions in accordance with articles of incorporation or relevant laws.

The Group is allowed to purchase treasury shares based on the terms and conditions of law.

The Group's capital adequacy is supervised by the Bank of Greece, to which reports are submitted on a quarterly basis. The minimum requirements regarding Tier I ratio and the capital adequacy ratio of the Group are determined by the Bank of Greece Governor's Acts.

The capital adequacy ratio compares the Group's regulatory capital with the risks that it undertakes (risk weighted assets). Regulatory capital includes Tier I capital (share capital, reserves, non-controlling interests), additional Tier I capital (hybrid securities) and Tier II capital (subordinated debt, real estate properties revaluation reserves). Risk-weighted assets include the credit risk of the investment portfolio, the market risk of the trading book and operational risk.

From 1.1.2008 to 31.12.2013, calculation of the capital adequacy ratios was determined under the regulatory framework

known as Basel II, which has been incorporated in the Greek legislation by Law 3601/2007 and several Acts of the Governor of Bank of Greece. These Acts were amended during 2010 in order to adopt the corresponding changes of EU Directives on risk management, own funds, capital adequacy and large exposures, and some of them were further amended during 2012. Since January 1, 2014 the above EU Directives have been repealed by virtue of EU Directive 2013/36/EU dated June 26, 2013 along with the EU Regulation 575/2013/EU, dated June 26, 2013 and effective as of January 1, 2014. The Directive and the Regulation gradually introduce the new capital adequacy framework (Basel III) of credit institutions.

As of 31.12.2013 with the effect of the new BoG Executive Committee Act 36/23.12.2013 the 20% limit on the deduction of deferred tax assets from Common Equity Tier I was abolished.

From 1.1 to 31.12.2014, besides the 8% capital adequacy limit, new limits of 4.5% for Common Equity Tier I ratio and 6.0% for Tier I ratio were set according to the Regulation 575/2013 and the transitional provisions/ for the calculation of own funds as adopted by the Bank of Greece. These limits should be satisfied on a standalone and on a consolidated basis.

	30.9.2014 (estimate)	31.12.2013
Common Equity Tier I <sup>(1)</sup>	15.9%	16.1%
Tier I	15.9%	16.1%
<b>Capital adequacy ratio</b>	<b>16.2%</b>	<b>16.4%</b>

On 6.3.2014 the Bank of Greece announced the capital needs for the Greek banks, taking into account the expected losses as defined in the Baseline Scenario of the Blackrock Solutions assessment. The capital needs of Alpha Bank amounted to €262 million. The amount of €262 million was covered from the recent share capital increase of the Bank amounted to €1.2

billion that was completed on March 2014, while on April 2014 the preference shares of Hellenic Republic were repaid.

On October 2014 Alpha Bank concluded the 2014 ECB Comprehensive Assessment ("CA") exceeding the CET1 hurdle rates 5.5% and 8% for the adverse and baseline scenarios for both static and dynamic assumptions with a safe margin ranging

<sup>(1)</sup> On 31.12.2013 under PEE13/28.3.2013 of BoG, while on 1.1.2014 the ratios have been calculated in accordance with Basel III framework.



between € 1.3 and € 3.1 billion. This includes the results of the Asset Quality Review (“AQR”), the Stress Test and the “join-up” methodology. The AQR adjustment after tax to the 31.12.2013 CET1 was only 1.8% or € 942 million and it was mainly related to credit losses from loans and advances.

The above amount was calculated according to the methodology applied by the ECB, for the purposes of determining the capital requirements of the banks which participated in the Comprehensive Assessment.

The Bank has not been informed by the supervising authorities that the adjustments resulted from an incorrect application of International Accounting Standards.

The Bank, in the financial statements of 30.9.2014, has not changed its accounting policy regarding the recognition of impairment losses on loans and advances to customers as a result of the AQR.

However, the Bank reassesses its estimates and judgments in order to take into account current conditions as well as possible improvements in the particular parameters used for monitoring and managing risks.

Additional management actions not incorporated in the adverse static scenario provide further cushions to our capital position:

- 50 bps arising from the capital increase which concluded in March 2014 and the subsequent repayment of the Hellenic Republic’s preference shares, further enhancing the quality of capital,
- 204 bps positive effect from the implementation of Law 4303/2014 related to the conversion of DTAs to tax credits.

### Comprehensive Assessment Summary<sup>(1)</sup>

	Reported <sup>(2)</sup>	Static		Dynamic	
	2013	2016		2015 <sup>(3)</sup>	2016
		Baseline	Adverse	Baseline	Adverse
CET1 (€ mn)	8,211	7,216	4,189	7,694	5,013
RWAs (€ mn)	51,754	52,261	51,918	57,764 <sup>(4)</sup>	59,316 <sup>(4)</sup>
CET1 (%)	15.9%	13.81%	8.07%	13.32%	8.45%
Hurdle rates		8.0%	5.5%	8.0%	5.5%
Capital surplus (€ mn)		3,035	1,334	3,073	1,750
Capital surplus (bps)		581	257	532	295

<sup>(1)</sup> After AQR/Stress Test/Join Up, in accordance with official notifications of ECB and EBA.

<sup>(2)</sup> The starting point of the Comprehensive Assessment is adapted to Basel III (in accordance with the methodology of EBA).

<sup>(3)</sup> As a final result is considered the lowest level of capital for a period of three (3) years, i.e. 31.12.2015.

<sup>(4)</sup> Based on European Banking Authority methodology and other related adjustments.

## 21. Related-party transactions

The Bank and the Group companies enter into a number of transactions with related parties in the normal course of business. These transactions are performed at arm's length and are approved by the Group's committees.

a. The outstanding balances of the Group's transactions with key management personnel, their close family members and the entities controlled by them, as well as, the results related to those transactions are as follows:

	<u>30.9.2014</u>	<u>31.12.2013</u>
<b>Assets</b>		
Loand and advances to customers	33,456	77,827
<b>Liabilities</b>		
Due to customers	48,026	80,644
Debt securities in issue	1,120	1,638
Employee defined benefit obligations	642	607
<b>Total</b>	<b>49,788</b>	<b>82,889</b>
<b>Letters of guarantee and approved limits</b>	<b>10,529</b>	<b>12,054</b>

	From 1 January to	
	<u>30.9.2014</u>	<u>30.9.2013</u>
<b>Income</b>		
Interest and similar income	701	1,018
Fee and commission income	95	24
<b>Total</b>	<b>796</b>	<b>1,042</b>
<b>Expenses</b>		
Interest expense and similar charges	1,121	2,318
Fees paid to key management and close family members	2,482	2,664
Other expenses	4	4
<b>Total</b>	<b>3,603</b>	<b>4,986</b>

b. The outstanding balances with the Group's associates and joint ventures and the results related to these transactions are as follows:

	<u>30.9.2014</u>	<u>31.12.2013</u>
<b>Assets</b>		
Loans and advances to customers	154,002	150,344
Other assets	630	907
<b>Total</b>	<b>154,632</b>	<b>151,251</b>
<b>Liabilities</b>		
Due to customers	7,201	8,951

	From 1 January to	
	<u>30.9.2014</u>	<u>30.9.2013</u>
<b>Income</b>		
Interest and similar income	3,887	3,860
Fee and commission income	2	10
Other income	621	619
<b>Total</b>	<b>4,510</b>	<b>4,489</b>
<b>Expenses</b>		
Interest expense and similar charges	71	253
General administrative expenses	4,205	3,666
Other expenses	1,657	1,307
<b>Total</b>	<b>5,933</b>	<b>5,226</b>



c. The Supplementary Fund of former Alpha Credit Bank's employees holds bonds of the Bank's subsidiary Alpha Credit Group Plc of €63,859, while its receivables from Alpha

Bank amount to €8,691 and its deposits with Alpha Bank to €483. It also holds Alpha Bank's shares of €1,449.

d. The Hellenic Financial Stability Fund (HFSF) exerts significant influence on the Bank. In particular, due to its participation in the recent share capital increase according to Law 3864/2010, HFSF acquired representation in the Board of

Directors and other significant Committees of the Bank. Therefore, according to IAS 24, HFSF and its related entities are considered related parties for the Group.

The outstanding balances and the results related to these transactions are analyzed as follows:

	<u>30.9.2014</u>	<u>31.12.2013</u>
<b>Assets</b>		
Due from banks		24,643
Investment securities		155,306
Other assets		156,666
<b>Total</b>		<b>336,615</b>
<b>Liabilities</b>		
Due to banks		988

In June 2014 the HFSF paid in cash to the Bank the amount of € 92.5 million and € 41.2 million in order to cover the difference between the transferred assets and liabilities of the under liquidation Cooperative Banks of Dodecanese and of Evia respectively.

In July 2014 the HFSF paid also in cash the amount of €40.6 million in order to cover the difference between the transferred assets and liabilities of the under liquidation Cooperative Banks of West Macedonia.

	From 1 January to	
	<u>30.9.2014</u>	<u>30.9.2013</u>
<b>Income</b>		
Interest and similar income <sup>(1)</sup>	443	7,851
Fee and commission income	105	
Gains and losses on financial transactions		401
<b>Total</b>	<b>548</b>	<b>8,252</b>
<b>Expenses</b>		
Interest expense and similar charges		7
Commissions expense		12,667
Other expenses		1
<b>Total</b>		<b>12,675</b>

<sup>(1)</sup> Balance as at 30.9.2014 refers to interest income from transactions with companies controlled by HFSF.



## 22. Discontinued operations

On 18.7.2013, the Bank signed a contract to sell the total number of shares in its subsidiary JSC Astra Bank to the Delta Bank Ukrainian Group for an amount of €82 million. The transaction was completed on 19.9.2013.

Ukraine represented a separate geographical area of operations that is part of the Group's South-Eastern Europe sector for reporting purposes per operational segment. Since the Group's investment in JSC Astra Bank, sole company through which the Group operates in Ukraine, has been classified as

held for sale, operations related to JSC Astra Bank are classified as "discontinued operations".

The results and cash flows arising from JSC Astra Bank are presented as "amounts from discontinued operations", in the Income Statement, Statement of Comprehensive Income and Statement of Cash Flows. In the following table, the amounts presented in the Income Statement and in the Statement of Comprehensive Income are analyzed.

	From 1 January to 30.9.2013	From 1 July to 30.9.2013
Interest and similar income	16,020	3,973
Interest expense and similar charges	(5,432)	(1,348)
Net interest income	10,588	2,625
Fee and commission income	865	232
Commission expense	(144)	(48)
Net fee and commission income	721	184
Dividend income		
Gains less losses on financial transactions	122	80
Other income	27	15
	149	95
<b>Total income</b>	<b>11,458</b>	<b>2,904</b>
Staff costs	(4,867)	(1,151)
General administrative expenses	(3,833)	(901)
Depreciation and amortization expenses	(696)	(145)
<b>Total expenses</b>	<b>(9,396)</b>	<b>(2,197)</b>
Impairment losses and provisions to cover the credit risk	(819)	(262)
<b>Profit/(loss) before income tax</b>	<b>1,243</b>	<b>445</b>
Income tax	(137)	
<b>Profit/(loss) after income tax</b>	<b>1,106</b>	<b>445</b>
Valuation of fair value after tax	(58,223)	(32,673)
<b>Profit/(loss) from discontinued operations after income tax</b>	<b>(57,117)</b>	<b>(32,228)</b>
<b>Other comprehensive income recognized directly in Equity:</b>		
<b>Amounts that may be reclassified in the Income Statement</b>		
Available for sale portfolio reserve	3,094	91
Exchange differences on translating and hedging the net investment in foreign operations	44,252	44,301
Income tax	(309)	(11,527)
<b>Amounts that may be reclassified in the Income Statement from discontinued operations</b>	<b>47,037</b>	<b>32,865</b>



### 23. Acquisition of the Retail Banking operations of Citibank and Diners Club Greece A.E.P.P.

On 30.09.2014, the acquisition by the Bank of the Retail Banking operations of Citibank, including the company Diners Club Greece A.E.P.P., was completed, following the agreement signed on 13.6.2014 between the Bank and Citibank International plc (hereinafter "CIP") and Citibank Overseas Investment Corporation (hereinafter "Sellers") and the receipt of the required regulatory approvals.

The transaction includes the operations of Wealth Management with assets under management amounting to €2 billion, out of which deposits amounting to €0.9 billion, loans of €0.4 billion (mainly credit cards), as well as a retail network of 20 branches, that offers services to 480,000 customers. In addition, as a result of the acquisition, the qualified personnel working in the Retail Banking network of Citibank was incorporated into the Bank.

The benefits of this acquisition primarily focus on the following:

- The Bank further strengthens its position in the Greek banking market by building on the expertise of Citibank at Wealth Management operations,
- The partnership with Diners Club, a high quality brand, reinforces the presence of the Bank in the credit cards market.

CIP will continue to be involved in the Corporate Banking sector, through its branch in Greece. The Bank and CIP signed agreements that provide for the exchange of services during the migration of the acquired products from CIP to the Bank's IT systems. Specifically from 30.9.2014 onwards, CIP provides access to its systems, for a fee, for the servicing of the products transferred while the Bank provides access to its network of acquired branches, for a fee, for the servicing of CIP Corporate Banking customers. Revenues and expenses that will arise for the Bank in respect of these agreements will be recognized in the income statement as incurred.

The transfer agreement signed between the parties provided that the acquisition will take the form of two separate transactions, the one relating to the transfer of assets and liabilities as well as of the Retail Banking operations of the CIP branch in Greece (hereinafter "CIP transaction"), and the other to the 100% acquisition of the share capital of Diners Club Greece A.E.P.P (hereinafter "Diners transaction") from the Sellers.

For the purpose of the accounting recognition of the acquisition, the two transactions are treated as two distinct business combinations that should be recognized in accordance with IFRS 3. Information concerning each transaction is separately disclosed in the following paragraphs.

#### CIP Transaction

The transaction involves the transfer to the Bank of the Retail Banking operations of CIP branch in Greece, namely of specified assets and liabilities of the branch relating to the above activities (mainly consumer loans and deposits), Wealth Management operations, branches network, as well as the employees of the retail sector. Therefore, it is an acquisition of a full range of activities and assets that meet the definition of "business" in accordance with IFRS 3. The Bank obtained control of the above "business" on 30.9.2014, i.e. the date of transfer of the Retail Banking operations.

As part of the agreement of 13.6.2014, CIP assumed the liability to cover the difference in values between the transferred assets and liabilities of the Retail Banking operations, as these were calculated based on the accounting principles agreed by the two parties, by including in the assets transferred the amount of the difference in cash (funding gap). The difference amounted to €681.6 million, according to the provisional closing balance sheet of 30.9.2014, of which an amount of €670.4 million was transferred to the Bank on 30.9.2014. The consideration for the acquisition of the Retail Banking operations amounted to €46.7 million and paid by the Bank on 30.9.2014.

The valuation at fair value of net assets acquired on the acquisition of the retail banking operations of CIP has not been completed due to the short time that elapsed between the completion of the transaction and the publication of these financial statements. For this reason, the assessment for the recognition of any contingent liabilities arising from the transaction has not been completed and information regarding the contractual value of receivables acquired and cash flows not expected to be collected is not disclosed. In intangible assets an amount of €60.4 million was recognized as a provisional estimation of the value to be attributed to the customer relationships of the Wealth Management sector and the acquired deposit base.

The table below depicts the provisional fair values of net assets acquired as of 30.9.2014:

	Provisional Fair value
<b>Net assets</b>	
<b>Assets</b>	
Cash and balances with Central Banks	20,279
Loans and advances to customers	228,349
Property, plant and equipment	37
Other intangible assets	60,423
Funding gap	681,663
Other assets	3,615
<b>Total Assets</b>	<b>994,366</b>
<b>Liabilities</b>	
Due to customers	927,985
Employee defined benefit obligations	2,936
Other liabilities and provisions	16,746
<b>Total liabilities</b>	<b>947,667</b>
<b>Net assets</b>	<b>46,699</b>
Consideration	(46,699)
<b>Goodwill</b>	<b>-</b>

The amount of the consideration paid is recognized as an intangible asset in accordance with the tax legislation and amortized at 10%.

### Diners Transaction

On 30.9.2014 the Bank acquired 100% of the share capital of Diners Club Greece A.E.P.P. The company operates in lending and credit activities, including the issuance and distribution of card payment facilities named Diners Club. The company is under the supervisory control of the Bank of Greece. The Bank obtained control of Diners on 30.9.2014, the date of transfer of the share capital by the Sellers, at the price of € 1. The valuation at fair value of the net assets of Diners has not been completed due to the short time that elapsed between the completion of the transaction and the publication of these

financial statements. The recognition of intangible assets and contingent liabilities, if any, arising from the transaction has not been determined yet and no deferred tax on acquired net assets has been recognized, as the finalization of the fair value is pending. Finally, in these financial statements no information regarding the contractual value of receivables acquired and cash flows that are not expected to be collected is disclosed.

The table below depicts the provisional fair values of net assets acquired as of 30.9.2014:

	Provisional Fair value
<b>Net assets</b>	
<b>Assets</b>	
Cash and balances with Central Banks	1,455
Loans and advances to customers	148,106
<b>Total Assets</b>	<b>149,561</b>
<b>Liabilities</b>	
Due to banks	107,794
Employee defined benefit obligations	5,398
Other liabilities and provisions	14,862
<b>Total Liabilities</b>	<b>128,054</b>
<b>Net assets</b>	<b>21,507</b>
Consideration	(21,507)
<b>Negative Goodwill</b>	<b>21,507</b>

The amount of €21.5 million, which was recognized in the line item "Negative Goodwill" in the Consolidated Income Statement, represents the amount of negative goodwill arising on the basis of provisional fair values. The existence of negative

goodwill is justified by the very low price of acquisition of the company in relation to the estimated value of the loan portfolio. This amount is not subject to income tax as being an item of the consolidated financial statements.



On 30.9.2014 the Bank undertook the financing of the activities of Diners by lending to the company an amount of €106 million in order to repay its respective obligations to CIP.

In 2013 the transfer of the entire share capital of Emporiki Bank

to Alpha Bank by Credit Agricole was completed, which resulted in the recognition of negative goodwill amounting to €3,283,052. More information on this transaction is disclosed in note 46 of the Group's financial statements as at 31.12.2013.

## 24. Corporate events

**a.** On 21.1.2014 the Bank's subsidiary Alpha Group Investment Ltd acquired the total number of shares of AGI-SRE Ariadne Ltd registered in Cyprus, for the amount of €1.8 thousand.

**b.** On 13.2.2014, the Group's subsidiary, AGI-RRE Venus Ltd acquired the total number of shares of AGI-RRE Venus Srl registered in Romania, for the amount of €45.

**c.** On 20.2.2014, the Group's subsidiary, AGI-RRE Cleopatra Ltd acquired the total number of shares of AGI-RRE Cleopatra Srl registered in Romania, for the amount of €45.

**d.** On 20.2.2014, the Group's subsidiary, AGI-RRE Hermes Ltd acquired the total number of shares of AGI-RRE Hermes Srl registered in Romania, for the amount of €45.

**e.** On 24.2.2014, the Bank exercised the option of withdrawal of the transaction of securitized mortgage loans through the special purpose entity Lithos Mortgage Financing Plc.

**f.** On 27.2.2014, the Bank's subsidiary, AGI-RRE Artemis Ltd acquired the total number of shares of SC Carmel registered in Romania, for the amount of 45 €. The Group through the abovementioned company, acquired investments in property in Romania, with a fair value of €9.7 million, instead of loan with the same book value that had granted to it.

**g.** On 26.3.2014, the Bank participated in the share capital increase of its subsidiary, Ionian Equity Participations Ltd, by contributing €1.9 million.

**h.** On 31.3.2014 the Bank's subsidiary, Alpha A.E Ventures deleted the investment in Prismatech S.A. It is mentioned that in past an equal impairment provision was raised, so it has been fully impaired.

**i.** On 13.6.2014 the Bank signed an agreement with Citibank International Plc and Citibank Overseas Investment Corporation ("Citi") to acquire the retail banking operation of Citi, including Diners Club in Greece.

**j.** On 2.7.2014, the Bank's subsidiary, Alpha Group Investments Ltd founded APE Investment Property N. Kifisias A.E. and APE Investment Property Kallirois A.E. located in Greece for the amount of €24 thousand each.

**k.** On 27.8.2014, the Bank's subsidiary, Alpha Group Investments Ltd acquired the total number of shares of AGI-Cypre Alaminos Ltd, AGI-Cypre Tochini Ltd and AGI-Cypre Evagoras Ltd registered in Cyprus, for the amount of €1.8 thousand each.

**l.** On 8.9.2014, the Bank's subsidiary, Alpha Group Investments Ltd acquired the total number of shares of AGI-Cypre Tersefanou Ltd and AGI-Cypre Mazotos Ltd registered in Cyprus, for the amount of €1.8 thousand each.

**m.** On 26.9.2014, the Bank participated in the share capital increase of its subsidiary, Alpha Group Investments Ltd, by contributing €40 million.

**n.** On 26.9.2014, the Bank's subsidiary Alpha Group Investments Ltd participated in the share capital increase of Group's subsidiaries AEP Amarousion I, AEP Amarousion II, AEP Chandriou and AEP Attikis II, by contributing €8.2 million, €7.5 million, €4.3 million and €20 million respectively.

**o.** 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.

## 25. Restatement of financial statements

On 1.2.2013, pursuant to the acquisition agreement with Credit Agricole S.A. on the sale of Emporiki Bank from Credit Agricole S.A. to Alpha Bank AE, the transfer of the entire share capital of Emporiki Bank to Alpha Bank by Credit Agricole was completed.

On 21.3.2013, the Bank and Emporiki Bank signed a Merger Plan agreement by absorption of the latter from the former. The merger process was completed on 28.6.2013, resulting

in the transfer of Net Assets of the acquired to the Bank. The impact on the financial statements of the Bank is analytically mentioned in note 46 of the annual financial statements as of 31.12.2013.

The finalization of valuation at fair value of the assets and liabilities of Emporiki Group at the acquisition date, was held the 4th quarter of 2013. This fact, led to the retrospective accounting recognition of the merger as if it was completed

at the acquisition date. As a result, the Interim Financial Statements of 2013 were restated.

In addition, the restated consolidated income statement, bal-

ance sheet and comprehensive income for the period up to 30.9.2013, are depicted below.

## Consolidated Income Statement

	From 1 January to 30.9.2013			From 1 July to 30.9.2013		
	Published	Emporiki Group acquisition	Restated	Published	Emporiki Group acquisition	Restated
Interest and similar income	2,628,097		2,628,097	892,858		892,858
Interest expenses and similar charges	<u>(1,458,165)</u>	<u>11,774</u>	<u>(1,446,391)</u>	<u>(452,222)</u>	<u>6,714</u>	<u>(445,508)</u>
Net interest income	1,169,932	11,774	1,181,706	440,636	6,714	447,350
Fee and commission income	311,355		311,355	110,284		110,284
Commission expense	<u>(47,714)</u>		<u>(47,714)</u>	<u>(14,952)</u>		<u>(14,952)</u>
Net fee and commission income	263,641		263,641	95,332		95,332
Dividend income	1,025		1,025	129		129
Gains less losses on financial transactions	254,921		254,921	5,212		5,212
Other income	<u>55,470</u>		<u>55,470</u>	<u>14,321</u>		<u>14,321</u>
	<u>311,416</u>		<u>311,416</u>	<u>19,662</u>		<u>19,662</u>
<b>Total income</b>	<b>1,744,989</b>	<b>11,774</b>	<b>1,756,763</b>	<b>555,630</b>	<b>6,714</b>	<b>562,344</b>
Staff costs	(519,521)		(519,521)	(175,899)		(175,899)
General administrative expenses	(392,759)		(392,759)	(133,546)		(133,546)
Depreciation and amortization expenses	(68,149)		(68,149)	(22,919)		(22,919)
Total expenses	<u>(3,583)</u>		<u>(3,583)</u>	<u>(4,322)</u>		<u>(4,322)</u>
<b>Total expenses</b>	<b>(984,012)</b>		<b>(984,012)</b>	<b>(336,686)</b>		<b>(336,686)</b>
Impairment losses and provisions to cover credit risk	(1,474,062)		(1,474,062)	(490,003)		(490,003)
Negative goodwill of Emporiki Bank acquisition	2,630,787	652,265	3,283,052			
Share of profit/(loss) of associates and joint ventures	<u>(11,626)</u>		<u>(11,626)</u>	<u>(1,029)</u>		<u>(1,029)</u>
<b>Profit/(Loss) before income tax</b>	<b>1,906,076</b>	<b>664,039</b>	<b>2,570,115</b>	<b>(272,088)</b>	<b>6,714</b>	<b>(265,374)</b>
Income tax	<u>622,672</u>	<u>(3,061)</u>	<u>619,611</u>	<u>43,372</u>	<u>(1,745)</u>	<u>41,627</u>
<b>Profit/(Loss) after income tax from continuing operations</b>	<b>2,528,748</b>	<b>660,978</b>	<b>3,189,726</b>	<b>(228,716)</b>	<b>4,969</b>	<b>(223,747)</b>
Profit/(Loss) after income tax from discontinued operations	<u>(57,117)</u>		<u>(57,117)</u>	<u>(32,228)</u>		<u>(32,228)</u>
<b>Profit/(Loss) after income tax</b>	<b>2,471,631</b>	<b>660,978</b>	<b>3,132,609</b>	<b>(260,944)</b>	<b>4,969</b>	<b>(255,975)</b>
<b>Profit/(Loss) attributable to:</b>						
<b>Equity owners of the Bank</b>						
- from continuing operations	2,528,649	660,978	3,189,627	(228,729)	4,969	(223,760)
- from discontinued operations	<u>(57,117)</u>		<u>(57,117)</u>	<u>(32,228)</u>		<u>(32,228)</u>
	<b>2,471,532</b>	<b>660,978</b>	<b>3,132,510</b>	<b>(260,957)</b>	<b>4,969</b>	<b>(255,988)</b>
Non controlling interests						
- from continuing operations	99		99	13		13
<b>Earnings/(losses) per share:</b>						
Basic and diluted earnings/(losses) per share (€ per share):	0.48	0.12	0.60	(0.02)		(0.02)
Basic and diluted earnings/(losses) from continuing operations per share € per share)	0.49	0.12	0.61	(0.02)		(0.02)
Basic and diluted earnings/(losses) from discontinued operations per share € per share)	(0.011)		(0.011)	(0.003)		(0.003)



## Consolidated Balance Sheet

	30.9.2013		
	Published	Emporiki Group acquisition	Restated
<b>ASSETS</b>			
Cash and balances with Central Banks	1,812,557		1,812,557
Due from banks	2,707,245		2,707,245
Securities held for trading	12,148		12,148
Derivative financial assets	781,247		781,247
Loans and advances to customers	52,596,192	(54)	52,596,138
Investment securities			
- Available for sale	4,590,785		4,590,785
- Held to maturity	1,400,999		1,400,999
- Loans and receivables	4,030,636		4,030,636
Investments in subsidiaries, associates and joint ventures	48,395		48,395
Investment property	574,304		574,304
Property, plant and equipment	1,157,805		1,157,805
Goodwill and other intangible assets	227,035		227,035
Deferred tax assets	2,058,240	649,258	2,707,498
Other assets	1,379,854		1,379,854
	<u>73,377,442</u>	<u>649,204</u>	<u>74,026,646</u>
Non-current assets held for sale	6,607		6,607
<b>Total Assets</b>	<b>73,384,049</b>	<b>649,204</b>	<b>74,033,253</b>
<b>LIABILITIES</b>			
Due to banks	19,840,214		19,840,214
Derivative financial liabilities	1,288,482		1,288,482
Due to customers (including debt securities in issue)	42,021,427	(54,854)	41,966,572
Debt securities in issue held by institutional investors and other borrowed funds	684,814	43,080	727,894
Liabilities for current income tax and other taxes	32,899		32,899
Deferred tax liabilities	34,149		34,149
Employee defined benefit obligations	100,005		100,005
Other liabilities	1,256,853		1,256,853
Provisions	267,393		267,393
	<u>65,526,236</u>	<u>(11,774)</u>	<u>65,514,461</u>
<b>Total Liabilities</b>	<b>65,526,236</b>	<b>(11,774)</b>	<b>65,514,461</b>
<b>EQUITY</b>			
Equity attributable to equity owners of the Bank			
Share capital	4,216,872		4,216,872
Share premium	4,212,062		4,212,062
Reserves	565,163		565,163
Retained earnings	(1,195,500)	660,978	(534,521)
	<u>7,798,597</u>	<u>660,978</u>	<u>8,459,576</u>
<b>Non-controlling interests</b>	<b>23,816</b>		<b>23,816</b>
<b>Hybrid securities</b>	<b>35,400</b>		<b>35,400</b>
<b>Total Equity</b>	<b>7,857,813</b>	<b>660,978</b>	<b>8,518,792</b>
<b>Total Liabilities and Equity</b>	<b>73,384,049</b>	<b>649,204</b>	<b>74,033,253</b>

## Consolidated Statement of Comprehensive Income

	From 1 January to 30.9.2013			From 1 July to 30.9.2013		
	Published	Emporiki Group acquisition	Restated	Published	Emporiki Group acquisition	Restated
<b>Profit/(loss), after income tax, recognized in the income statement</b>	<b>2,471,631</b>	<b>660,978</b>	<b>3,132,609</b>	<b>(260,944)</b>	<b>4,969</b>	<b>(255,975)</b>
<b>Other comprehensive income recognized directly in Equity:</b>						
<b>Amounts that may be reclassified in the income statement</b>						
Change in available for sale securities' reserve	155,245		155,245	86,458		86,458
Change in cash flow hedge reserve	134,816		134,816	30,286		30,286
Exchange differences on translating and hedging the net investment in foreign operations	(3,342)		(3,342)	(117)		(117)
Change in the share of other comprehensive income of associates and joint ventures	225		225			
Income tax	(67,894)		(67,894)	(29,307)		(29,307)
<b>Amounts that will not be reclassified in the Income Statement from continuing operations</b>	<b>219,050</b>	<b>-</b>	<b>219,050</b>	<b>87,320</b>	<b>-</b>	<b>87,320</b>
Amounts that will not be classified in the Income Statement from discontinued operations	47,037		47,037	32,865		32,865
	<b>266,087</b>	<b>-</b>	<b>266,087</b>	<b>120,185</b>	<b>-</b>	<b>120,185</b>
<b>Amounts that will not be reclassified in the Income Statement</b>						
Effect due to change of income tax rate	1,882		1,882	-		-
	<b>1,882</b>	<b>-</b>	<b>1,882</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other comprehensive income recognized directly in Equity, after income tax</b>	<b>267,969</b>	<b>-</b>	<b>267,969</b>	<b>120,185</b>	<b>-</b>	<b>120,185</b>
<b>Total comprehensive income for the period, after income tax</b>	<b>2,739,600</b>	<b>660,978</b>	<b>3,400,578</b>	<b>(140,759)</b>	<b>4,969</b>	<b>(135,790)</b>
<b>Total comprehensive income for the period attributable to:</b>						
<b>Equity owners of the Bank</b>	<b>2,739,498</b>	<b>660,978</b>	<b>3,400,476</b>	<b>(140,769)</b>	<b>4,969</b>	<b>(135,800)</b>
Non-controlling interests	102		102	10		10



## 26. Events after the balance sheet date

On 17.10.2014 the Board of Directors of Alpha Bank decided that an Extraordinary Meeting of Shareholders will be held on 7.11.2014 and the agenda includes approving Bank's accession

in a special framework for the conversion of deferred tax assets (claims from temporary differences) into final and settled claims against the Hellenic Republic (note 3).

Athens, 4 November 2014

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  
ID No AI 666242

DEMETRIOS P. MANTZOUNIS  
I.D. No I 166670

VASSILIOS E. PSALTIS  
I.D. No. AI 666591

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