



ALPHA BANK

**INTERIM FINANCIAL STATEMENTS
AS AT 30.9.2015**

(In accordance with International Accounting Standard 34)



Athens,
31 October 2015

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Independent Auditors' Report on Review of Interim Financial Information

To the Board of Directors of ALPHA BANK A.E.

Introduction

We have reviewed the accompanying balance sheet of ALPHA BANK A.E. (the "Bank") as of September 30, 2015 and the related statements of income and comprehensive income, changes in equity and cash flows for the nine-month period then ended and the selected explanatory notes, which comprise the condensed interim financial information. The Bank's management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the International Financial Reporting Standards adopted by the European Union and specifically with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

Emphasis of matter

Without modifying our conclusion we draw attention to the disclosures made in note 1.2.1 to the interim condensed financial information, which refer to, the current economic conditions in Greece, the effects of the increased provisions for credit risk on the Bank's regulatory capital, the planned actions to restore the capital adequacy of the Bank, as well as the material uncertainties regarding the macroeconomic environment, the developments in fiscal aggregates and the framework and process with respect to the recapitalization of the Greek banks. These material uncertainties may cast significant doubt on the Bank's ability to continue as a going concern.

Athens, 31 October 2015

KPMG Certified Auditors A.E.
AM SOEL 114

Nikolaos Vouniseas
Certified Auditor Accountant
AM SOEL 18701

Ioannis Achilas
Certified Auditor Accountant
AM SOEL 12831

Interim Income Statement

(Amounts in thousand of Euro)

	Note	From 1 January to		From 1 July to	
		30.9.2015	30.9.2014*	30.9.2015	30.9.2014*
Interim and similar income		1,995,666	2,087,963	674,169	683,563
Interest expense and similar charges		(801,872)	(955,503)	(263,239)	(300,451)
Net interest income		1,193,794	1,132,460	410,930	383,112
Fee and commission income		235,118	235,043	75,521	84,832
Commission expense		(46,373)	(33,397)	(19,108)	(15,465)
Net fee and commission income		188,745	201,646	56,413	69,367
Dividend income		1,449	984	326	8
Gains less losses on financial transactions		(34,269)	110,606	(4,489)	16,424
Other income		12,419	14,467	2,818	5,499
		(20,401)	126,057	(1,345)	21,931
Total income		1,362,138	1,460,163	465,998	474,410
Staff costs	2	(298,399)	(385,547)	(98,381)	(124,460)
Provision for voluntary separation scheme			(194,500)		(194,500)
General administrative expenses		(316,065)	(291,814)	(128,239)	(100,110)
Depreciation and amortization	8, 9, 10	(52,525)	(42,920)	(18,381)	(14,143)
Other expenses		(2,984)	(4,555)	(1,299)	(1,054)
Total expenses		(669,973)	(919,336)	(246,300)	(434,267)
Impairment losses and provisions to cover credit risk	3	(2,171,768)	(817,893)	(206,913)	(256,988)
Negative goodwill from acquisition of Diners	24	48,237			
Profit/(loss) before income tax		(1,431,366)	(277,066)	12,785	(216,845)
Income tax	4	748,433	495,900	412,604	60,357
Profit/(loss) after income tax, from continuing operations		(682,933)	218,834	425,389	(156,488)
Profit/(loss) after income tax, from discontinued operations	25	(90,691)	(5,208)	(1,132)	(2,777)
Profit/(loss) after income tax		(773,624)	213,626	424,257	(159,265)
Earnings/(losses) per share:					
Basic and diluted (€ per share)	5	(0.06)	0.02	0.03	(0.01)
Basic and diluted from continuing operations (€ per share)	5	(0.05)	0.02	0.03	(0.01)
Basic and diluted from discontinued operations (€ per share)	5	(0.0071)	(0.0004)	(0.0001)	(0.0002)

* The figures of the Interim Income Statement of comparative period have been restated due to modification of the presentation of legal expenses and the presentation of Bank's Branch in Bulgaria as a discontinued operation (notes 25 and 27).



Interim Balance Sheet

(Amounts in thousand of Euro)

	Note	30.9.2015	31.12.2014
ASSETS			
Cash and balances with Central Banks		728,875	1,265,442
Due from banks		3,412,524	4,714,551
Securities held for trading	7	1,280	1,729
Derivative financial assets		889,319	1,153,944
Loans and advances to customers	6	42,048,800	43,475,910
Investment securities			
- Available for sale	7	5,256,323	4,638,825
- Held to maturity	7	46,299	93,817
- Loans and receivables	7	4,297,721	4,299,101
Investments in subsidiaries, associates and joint ventures	23	2,109,913	2,072,689
Investment property	8	29,452	31,939
Property, plant and equipment	9	703,229	729,585
Goodwill and other intangible assets	10	287,790	261,351
Deferred tax assets		4,369,412	3,604,079
Other assets		1,340,417	1,289,764
		<u>65,521,354</u>	<u>67,632,726</u>
Assets held for sale	25	430,814	1,831
Total Assets		65,952,168	67,634,557
LIABILITIES			
Due to banks	11	27,550,183	17,558,462
Derivative financial liabilities		1,676,830	1,946,401
Due to customers		26,984,916	37,817,447
Debt securities in issue and other borrowed funds	12	1,715,464	2,021,165
Amounts due for current income tax and other taxes		15,647	47,819
Employee defined benefit obligations		104,692	94,683
Other liabilities	13	1,235,142	993,887
Provisions	14	334,705	333,520
		<u>59,617,579</u>	<u>60,813,384</u>
Liabilities related to assets held for sale	25	266,014	
Total Liabilities		59,883,593	60,813,384
EQUITY			
Share capital	15	3,830,718	3,830,718
Share premium		4,858,216	4,858,216
Reserves		65,962	53,351
Retained earnings	15	(2,686,321)	(1,921,112)
Total Equity		6,068,575	6,821,173
Total Liabilities and Equity		65,952,168	67,634,557

The attached notes (pages 11-54) form an integral part of these interim financial statements

Interim Statement of Comprehensive Income

(Amounts in thousand of Euro)

	Note	From 1 January to		Form 1 July to	
		30.9.2015	30.9.2014	30.9.2015	30.9.2014
Profit / (loss), after income tax, recognized in the Income Statement		(773,624)	213,626	424,257	(159,265)
Other comprehensive income recognized directly in Equity:					
Amounts that may be reclassified to the Income Statement					
Net change in available for sale securities' reserve		(42,622)	37,662	369,503	(165,504)
Net change in cash flow hedge reserve		39,630	(147,677)	(24,162)	(48,117)
Income tax	4	15,603	28,605	(74,957)	55,542
Total amounts that may be reclassified to the income statement		12,611	(81,410)	270,384	(158,079)
Total amounts that may not be reclassified to the income statement					
Effect due to change of the income tax rate in the actuarial gains/(losses) of defined benefit obligations	4	2,154		2,154	
Total of other comprehensive income recognized directly in equity, after income tax	4	14,765	(81,410)	272,538	(158,079)
Total comprehensive income for the period, after income tax		(758,859)	132,216	696,795	(317,344)
Total comprehensive income for the period after income tax attributable to:					
Equity owners of the Bank					
- from continuing operations		(668,168)	137,424	697,927	(314,567)
- from discontinued operations		(90,691)	(5,208)	(1,132)	(2,777)



Interim Statement of Changes in Equity

(Amounts in thousand of Euro)

	Note	Share Capital	Share Premium	Reserves	Retained earnings	Total
Balance 1.1.2014		4,216,872	4,212,062	517,559	(1,799,187)	7,147,306
Changes for the period 1.1 - 30.9.2014						
Profit for the period, after income tax					213,626	213,626
Other comprehensive income recognized directly in equity, after income tax				(81,410)		(81,410)
Total comprehensive income for the period, after income tax		-	-	(81,410)	213,626	132,216
Share capital increase		553,846	646,154			1,200,000
Redemption of preference shares		(940,000)				(940,000)
Share capital increase expenses, after income tax					(35,764)	(35,764)
Balance 30.9.2014		3,830,718	4,858,216	436,149	(1,621,325)	7,503,758
Changes for the period 1.10 - 31.12.2014						
Profit for the period, after income tax					(272,155)	(272,155)
Other comprehensive income recognized directly in equity, after income tax				(382,798)	(27,632)	(410,430)
Total comprehensive income for the period, after income tax				(382,798)	(299,787)	(682,585)
Balance 31.12.2014		3,830,718	4,858,216	53,351	(1,921,112)	6,821,173

(Amounts in thousand of Euro)

	Note	Share Capital	Share Premium	Reserves	Retained earnings	Total
Balance 1.1.2015		3,830,718	4,858,216	53,351	(1,921,112)	6,821,173
Changes for the period 1.1- 30.9.2015						
Profit for the period, after income tax					(773,624)	(773,624)
Other comprehensive income recognized directly in equity, after income tax	4			12,611	2,154	14,765
Total comprehensive income for the period, after income tax		-	-	12,611	(771,470)	(758,859)
Effect due to change of the income tax rate at the share capital increase expenses	4				6,261	6,261
Balance 30.9.2015		3,830,718	4,858,216	65,962	(2,686,321)	6,068,575



Interim Statement of Cash Flows

(Amounts in thousand of Euro)

	Note	From 1 January to	
		30.9.2015	30.9.2014*
Cash flows from continuing operating activities			
Profit/(loss) before income tax		(1,431,366)	(277,066)
Adjustments for gain/(losses) before income tax for:			
Depreciation of fixed assets	8, 9	24,674	24,164
Amortization of intangible assets	10	27,851	18,756
Impairment losses from loans, provisions and defined benefit obligations		2,188,499	1,029,769
Negative goodwill from acquisition of Diners Club Greece A.E.P.P.	24	(48,237)	
(Gains)/losses from investing activities		46,085	(105,807)
(Gains)/losses from financing activities		88,075	108,286
		895,581	798,102
Net (increase)/decrease in assets relating to operating activities:			
Due from banks		1,241,870	592,844
Securities held for trading and derivative financial assets		265,075	(197,283)
Loans and advances to customers		(1,322,234)	750,939
Other assets		(28,377)	138,192
Net (increase)/decrease in liabilities relating to operating activities:			
Due to banks		9,995,628	(3,373,103)
Derivative financial liabilities		(229,942)	151,496
Due to customers		(10,605,724)	(382,840)
Other liabilities		133,424	95,779
		345,301	(1,425,874)
Net cash flows from continuing operating activities before taxes			
Income taxes and other taxes paid		(32,023)	(20,508)
		313,278	(1,446,382)
Net cash flows from discontinued operating activities		12,882	(18,483)
Cash flows from investing activities			
Investments in subsidiaries, associates and joint ventures		(33,138)	(38,945)
Acquisition of Retail Banking operations of Citibank and Diners Club Greece A.E.P.P.		10,046	643,943
Dividends received		1,735	988
Acquisition of fixed and intangible assets		(49,476)	(34,199)
Disposals of fixed and intangible assets		2,249	3,121
Net (increase)/decrease in investment securities		(613,384)	1,525,911
		(681,968)	2,100,819
Net cash flows from discontinued investing activities		(382)	16,658
Cash flows from financing activities			
Share capital increase			1,200,000
Redemptions of preference shares			(940,000)
Share capital increase expenses			(48,328)
Dividends paid to ordinary shareholders			(604)
Proceeds from the issuance of debt securities in issue and other borrowed funds			499,012
Repayments of debt securities in issue and other borrowed funds		(104,300)	(64,741)
		(104,300)	645,339
Net cash flows from discontinued financing activities			
Effect of exchange rate fluctuations on cash and cash equivalents		1,714	1,468
		(471,276)	1,301,244
Net increase/(decrease) in cash flows from continuing activities			
Net increase/(decrease) in cash flows from discontinued activities		12,500	(1,825)
Cash and cash equivalents at the beginning of the period		1,223,029	748,999
Cash and cash equivalents at the end of the period		764,253	2,048,418

* Certain figures of the Interim Statement of Cash Flows of the comparative period have been restated due to the classification of Bank's Branch in Bulgaria as a discontinued operation (notes 25 and 27).

Notes to the Interim Financial Statements

GENERAL INFORMATION

Currently, the Bank operates under the brand name of Alpha Bank A.E. using the sign Alpha Bank. The Bank's registered office is 40 Stadiou Street, Athens and is listed in the General Commercial Registry with registration number 223701000 (former registration number of Société Anonyme Companies Registry 6066/06/B/86/05). The Bank's duration is until 2100, but may be extended 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 activities mentioned above.

The tenure of the Board of Directors which was elected by the Ordinary General Meeting of Shareholders on 27.6.2014 expires in 2018.

The Board of Directors as at 30.9.2015, consists of

CHAIRMAN (Non Executive Member)

Vasileios T. Rapanos

VICE CHAIRMAN (Non Executive Independent Member)

Minas G. Tanes ^{*/**/*}

EXECUTIVE MEMBERS

MANAGING DIRECTOR (CEO)

Demetrios P. Mantzounis

EXECUTIVE DIRECTORS AND GENERAL MANAGERS

Spyros N. Filaretos (COO)

Artemis Ch. Theodoridis

George K. Aronis

NON-EXECUTIVE MEMBERS

Efthymios O. Vidalis

Ioanna E. Papadopoulou ^{****}

NON-EXECUTIVE INDEPENDENT MEMBERS

Paul A. Apostolidis ^{**/*}

Evangelos J. Kaloussis ^{*/**}

Ioannis K. Lyras ^{***}

Ibrahim S. Dabdoub ^{**}

Shahzad A. Shahbaz ^{***}

NON-EXECUTIVE MEMBER

(in accordance with the requirements of Law 3723/2008)

Marica S. Ioannou - Fragkakis (she replaced Mr Sarantis – Evangelos G. Lolos from 17.3.2015)

* 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 3864/2010)

Panagiota S. Iplixian */**/***/****

SECRETARY

Georgios P. Triantafyllidis

The Ordinary General Meeting of Shareholders of 26.6.2015, has appointed as auditors for the interim and annual financial statements for 2015 the following:

a. **Principal Auditors:** Nikolaos E. Vouniseas
John A. Achilas

b. **Substitute Auditors:** Michael A. Kokkinos
Anastasios E. Panayides

of KPMG Certified Auditors A.E.

The Bank's shares are listed in the Athens Stock Exchange since 1925 and are ranked among 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 and FTSE Med 100.

Apart from the Greek listing, the shares of the Bank are listed in the London Stock Exchange in the form of international certificates (GDRs) and they are traded over the counter in New York (ADRs).

The Bank's ordinary shares in issue amounted to €12,769,059,858 as at 30 September 2015. 4,310,302,518 ordinary shares of the Bank are traded in the Athens Exchange while the Hellenic Fi-

ancial Stability Fund ("HFSF") possesses the remaining 8,458,757,340 ordinary, registered, voting, paperless shares or percentage equal to 66.24% on the total of ordinary shares issued by the Bank. The exercise of the voting rights for the shares of HFSF is subject to restrictions according to the article 7a of Law 3864/2010.

In addition, on the Athens Exchange there are 1,141,734,167 warrants that are traded each one incorporating the right of the holder to purchase 7,408683070 new shares owned by the HFSF.

During the nine month period of 2015, the average daily volume per session for shares was €9,664,193 and for warrants €910,676.

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

- Moody's: Caa3 (deposits)/C (Senior Unsecured debt)
- Fitch Ratings: RD
- Standard & Poor's: D

The financial statements have been approved by the Board of Directors on 31 October 2015.

* *Member of the Audit Committee*

** *Member of the Remuneration Committee*

*** *Member of the Risk Management Committee*

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

ACCOUNTING POLICIES APPLIED

1.1 Basis of presentation

The Bank has prepared the condensed interim financial statements as at 30.9.2015 in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as it has been adopted by the European Union.

The financial statements have been prepared on the historical cost basis. As an exception, some assets and liabilities are measured at fair value. Those assets are mainly the following:

- 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 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 Bank in preparing the condensed interim financial statements are consistent with those stated in the published financial statements for the year ended on 31.12.2014, after taking into account the following amendments to standards which were issued by the International Accounting Standards Board (IASB), adopted by the European Union and applied on 1.1.2015:

- **Amendment to International Accounting Standard 19 «Employee Benefits»:** Defined benefit Plans: Employee Contributions (Regulation 2015/29/17.12.2014)
- **Improvements to International Accounting Standards:**
 - **cycle 2010-2012** (Regulation 2015/28/17.12.2014)
 - **cycle 2011-2013** (Regulation 1361/18.12.2014)

The adoption of the above amendments by the Bank had no impact on its financial statements.

The adoption by the European Union, by 31.12.2015, 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 1.1.2015, may affect retrospectively the periods presented in these interim financial statements.

1.2 Estimates, decision making criteria and significant sources of uncertainty

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

Income Tax

The Bank recognizes assets and liabilities for current and deferred tax, as well as the related expenses, based on estimates concerning the amounts expected to be paid to or recovered from tax authorities in the current and future periods. Estimates are affected by factors such as the practical implementation of the relevant legislation, the expectations regarding the existence of future taxable profit and the settlement of disputes that might exist with tax authorities etc. Future tax audits, changes in tax legislation and the amount of taxable profit actually realised, may result in the adjustment of the amount of assets and liabilities for current and deferred tax and in tax payments other than those recognized in the financial statements of the Bank. Any adjustments are recognized within the year that they become final.

Employee defined benefit obligations

Defined benefit obligations are estimated based on actuari-



al 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 Bank 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 Bank 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 Bank, 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 Bank 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

The Bank applied the going concern principle for the preparation of the financial statements as at 30.9.2015. For the application of this principle, the Bank takes into consideration current economic developments in order to make projections for future economic conditions of the environment in which it operates. The main factors that cause uncertainties regarding the application of this principle relate to the adverse economic environment in Greece, and abroad, to the liquidity levels of the Hellenic Republic and the banking system as well as to the completion, within the year, of the process for the coverage of the Group's capital requirements, as these were determined during the recent assessment performed by the European Central Bank.

Specifically, during the first semester and as a result of the uncertainties in the internal economic environment, mainly regarding the outcome of the negotiations of the Hellenic Republic with the European Commission, the European Central Bank and the International Monetary Fund, there were significant outflows of deposits, which for the Bank amounted to € 10.3 billion. In addition, following the decision of the European Central Bank, on 4.2.2015, to lift the waiver for securities issued or guaranteed by the Hellenic Republic, based on which these instruments were allowed to be used

in Eurosystem monetary policy operations despite the fact that they did not fulfill minimum credit rating requirements, the liquidity needs of the credit institutions can be satisfied by the Emergency Liquidity Mechanisms of the Bank of Greece. The maximum funding amount of the credit institutions by the Bank of Greece is short-term and is determined by the European Central Bank by a decision of its Board of Directors that is periodically reviewed. At the end of the first semester, the significant increase in the rate of outflow of deposits in conjunction with the decision of the European Central Bank not to proceed with a corresponding increase in the level of funding from the Emergency Liquidity Mechanisms of the Bank of Greece, as a result of the expiry of the extension of the financial support program of Greece, led to the imposition of capital controls and a bank holiday which was announced on 28.6.2015 and lasted until 19.7.2015. Capital controls remain in place until the date of approval of the financial statements, a fact which contributed to the stabilization of the deposit base in the third quarter, while the detailed provisions for their application are amended where appropriate by the adoption of a legislative act.

The prolonged recession of the Greek economy as well as the high degree of uncertainty within the internal economic environment hindered the growth prospects and resulted in significant deterioration of the creditworthiness of corporates and individuals, which led to the recognition by the Bank of significant impairment losses during the second quarter. These losses have, in turn, burdened significantly the equity and the regulatory capital of the Bank.

During the third quarter, the negotiations of the Hellenic Republic for the coverage of the financing needs of the Greek economy were completed on the basis of the announcements at the Euro Summit on 12.7.2015 resulting in an agreement for a new financial support by the European Stability Mechanism. The relative agreement with the European Stability Mechanism, that was signed on 19.8.2015, among others, provides for:

- the coverage of the financing needs of the Hellenic Republic for the medium-term period, provided that the economic reforms that are expected to contribute to the economic stability and the sustainable development of the Greek economy will be implemented,
- an amount of € 10 up to € 25 billion available for the coverage of any recapitalization needs and/ or resolution of credit institutions.

In addition, the aforementioned agreement provided for the assessment of the four Greek systemic credit institutions from the Single Supervisory Mechanism, in order to determine the impact from the deterioration of the Greek economy on their financial position as well as any capital needs. The assessment was performed during the third quarter and included both

an Asset Quality Review (AQR) and a stress test. Based on the results of the assessment, which were announced on 31.10.2015, as it is described in detail in note 21, the capital needs for the Group were determined to € 262.6 million under the base scenario, taking into consideration the Asset Quality Review, and to € 2,743 million under the adverse scenario of the stress test.

The Bank, taking into account:

- that the medium-term financing of the Hellenic Republic by the European Stability Mechanism ('ESM'), in the context of the aforementioned program, which will contribute to the improvement of the economic environment within the country, has, under conditions, been ensured,
- the fact that the Bank has access to the liquidity mechanisms of the Eurosystem,
- the expected strengthening of the capital base of the Group by the completion of the Bank's liquidity management transaction, namely the optional offer to the holders of securities issued by subsidiaries of the Bank, under its guarantee, to exchange their securities for shares of the Bank and /or cash (as described in more detail in note 28),
- the fact that under the current institutional framework any mandatory participation of the holders of securities issued by the Group in the recapitalization process is not expected to constitute an event of default in the framework of financing agreements,
- the actions to which the Bank will proceed for the enhancement of its equity, by also attracting investors from the private sector,
- the availability of resources for the recapitalization of the credit institutions that was provided in the agreement of 19.8.2015 between the Greek Government and the ESM,

estimates that the uncertainties related to the coverage of the capital needs, as they were determined by the aforementioned assessment, are significantly reduced and that the conditions for the application of the going concern principle for the preparation of its financial statements are met, noting, however, the negative impact that would have on the application of the going concern principle the unsuccessful completion of the first evaluation of the program for the financing of the Hellenic Republic, a fact that may affect the timely availability of resources for the recapitalization of the credit institutions and finally the completion, within the year, of the process for the coverage of the Group's capital needs as there were determined by the recent assessment performed by the European Central Bank.

1.2.2 Estimation of the Bank's exposure to the Hellenic Republic

The Bank's total exposure to Greek Government securities and loans related to the Hellenic Republic is presented in note 18. The main uncertainties regarding the estimations for the

recoverability of the Bank's total exposure relate to the debt service capacity of the Hellenic Republic, which, in turn, is affected by the development of the macroeconomic environment in Greece and the Eurozone as well as by the levels of liquidity of the Hellenic Republic.

Following the successful outcome of the negotiations of the Hellenic Republic for the coverage of the financing needs of the Greek economy, which were completed with the signing of a relative agreement with the European Stability Mechanism on 19.8.2015, a three-year funding (which could amount to € 86 billion) was ensured, provided that specific commitments that relate to the achievement of specific financial targets and the implementation of reforms in the Greek economy will be respected. The signing of the agreement preceded the granting of a bridge loan which was used for the repayment of the overdue debt to IMF and of other obligations of the Hellenic Republic. The financing agreement with the European Stability Mechanism is expected to cover the financing needs of the Hellenic Republic and in parallel to contribute to the development of the Greek economy. It is also noted that in the context of the negotiations it was agreed that measures will be taken for the support of the sustainability of the Greek debt including its restructuring. However, the relative procedures will begin after the first positive assessment of the program and the conditions under which the aforementioned restructuring will be achieved are not known.

Based on the above, the Bank has not recognized impairment losses on the Greek Government securities that held as at 30.9.2015, while, for the loans that relate to the Hellenic Republic, the Bank applies the credit risk policy which is presented in detail in note 38.1 of the annual financial statements as at 31.12.2014. The Bank assesses the developments relating to the Greek Government debt in conjunction with the market conditions and it reviews its estimations for the recoverability of its total exposure at each reporting date.

1.2.3 Recoverability of deferred tax assets

The Bank 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 which have been recognized by the Bank relate to tax losses carried forward, to losses from the Greek government bonds exchange program (PSI) and the December 2012 Greek government bond buyback program and to deductible temporary differences arising from loans' impairment.

Deferred tax assets on tax losses carried forward relate to the years 2012-2014. Tax losses can be offset against taxable profits within five years from their formation. The Bank recognized the aforementioned assets since, according to its estimated future taxable profits, for the coming years until



the expiry of the right to set-off tax losses, these are recoverable even after the deduction of the temporary differences that are expected to occur within these years. The estimation of future taxable profits was based on forecasts for the development of the accounting results, as these are reflected in the updated business plan of the Bank, which was the basis for the stress test conducted during the third quarter. The existence of significant tax profits in the last decade, with the exception of the years from 2012, because of the unexpected major recession of the Greek economy and the loss from the PSI, was also taken into account.

Deferred tax assets associated with tax losses incurred by the PSI and the participation of the Bank in the December 2012 Greek government bond buyback program were recognized as a "debit difference" according to Law 4046/14.2.2012, Law 4110/23.1.2013 and a respective legal opinion. According to Law 4110/23.1.2013 the "debit difference" is deductible for tax purposes, gradually in equal installments, within 30 years, a fact which, according to the Bank's estimation, provides a sufficient time period for its gradual utilization against taxable profits.

Regarding the temporary differences arising from loans' impairment, there are no time constraints concerning their recovery, as it also applies to the other deferred tax assets categories. The Bank assessed their recoverability based on

estimates for future taxable profits, as these are estimated to be formed on the basis of the aforementioned business plan, after extending the period of estimation for a limited number of years compared to the business plan.

The Bank, based on the above, estimates that the total deferred tax assets it has recognized and that has been derived both from temporary differences and from tax losses carried forward is recoverable.

In addition, and regardless of the assessment of the recoverability of deferred tax assets that it is carried out based on what is mentioned above, Law 4303/2014 provides that in case that the after tax accounting result for the period is a loss, deferred tax assets arising from the PSI debit difference and from the accumulated provisions and other general losses due to credit risk are eligible to be converted into a final and settled claim against the Greek State, as described in detail in note 4.

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 Bank reassesses its estimation regarding the recoverability of deferred tax assets in conjunction with the development of the factors that affect it.

INCOME STATEMENT

2. Staff costs

The Bank at 15.9.2014 proceeded with a Voluntary Separation Scheme for staff in Greece in order to reduce staff costs. According to the program 2,193 employees left on 2014 and additional 15 during the first semester of 2015. In 2014 income statement an amount of €200.8 million was recognized

for the cost of the program. The staff costs amounted to €298.4 million for the nine-month period of 2015 compared to €385.5 million for the respective nine-month period of 2014, presented a decrease of 22.6% mainly due to the above facts.

3. Impairment losses and provisions to cover credit risk

	From 1 January to		From 1 July to	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
Impairment losses on loans and advances to customers (note 6)	2,178,157	758,310	207,386	189,281
Provisions to cover credit risk relating to off balance sheet items (note 14)	6,177	72,076	1,452	72,076
Recoveries	(12,566)	(12,493)	(1,925)	(4,369)
Total	2,171,768	817,893	206,913	256,988

For the preparation of the interim financial statements as of 30 September 2015, the Bank took into consideration the special conditions that existed as at 30 June and until the date these interim financial statements were approved. These conditions were significantly different from those that existed when the annual financial statements were prepared and led to the recognition of significant impairment losses during the second quarter.

Specifically, in the retail sector, the Bank took into account the current financial and macroeconomic conditions that exist in Greece and proceeded with modifications in certain parameters of the collective impairment methodology concerning loans and advances in Greece, the most important of which are the following:

- probability of default of loans for which the initial contract terms have been amended,
- cure rate of both past due exposures and of performing loans of clients facing financial difficulties, for which the initial contract terms have been amended,
- recoverable percentage of the most recent market value if the collateral is brought into liquidation, (sales ratio) and revaluation of future estimates of collateral values at the time of liquidation (index to sale).

The effect of the aforementioned modifications in the parameters used during the collective impairment is estimated at €0.8billion for the retail sector.

For loans of wholesale sector, the Bank estimated the expected cash flows taking into account unfavorable forecasts for the course of the financial flows of the customers that operate in sectors of the economy that in the current situation were adversely affected, mainly due to:

- the revised estimate for the growth rate of the Greek economy,
- the reduction in demand in various sectors as well as the deterioration of the terms of collaboration with international suppliers,
- the continuing decrease in real estate property,
- the deterioration of other macroeconomic factors such as the reduction of the Greek's industry turnover, the decline in the imports of goods, the decline in private construction activity and in the volume of retail sales.

In addition, during the third quarter, the Single Supervisory Mechanism performed a comprehensive assessment of the Group which included an Asset Quality Review. The outcome of the assessment is presented in note 21.



4. Income tax

In accordance with the Article 1 par 4 of Law 4334/2015 "Urgent prerequisites for the negotiation and conclusion of an agreement with the European Stability Mechanism (ESM)" the corporate income tax rate for legal entities was increased from 26% to 29%. The increased rate will apply for profits arising in fiscal years commencing on or after 1 January 2015 without of an explicit definition in the law regarding the retrospective application of income tax rate for profits of year 2014 and has already been incorporated in nine-month profit and loss account as depicted in the below table.

In accordance with article 65A of Law 4174/2013, from 2011, the statutory auditors and audit firms conducting statutory audits to greek Societe Anonyme (AE), are obliged to issue an

Annual Tax Certificate on the compliance on tax issues. This tax certificate is submitted to the entity being audited 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 from the Ordinary Shareholders General Meeting.

After eighteen months from issuing 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 for the year is considered as final.

For the fiscal year 2014 the tax audit of the Bank has been completed and has received unqualified tax certificate.

The income tax is analyzed as follows:

	From 1 January to		From 1 July to	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
Current	(427)		(427)	
Deferred	(317,331)	(495,900)	18,498	(60,357)
Change in tax rate	(430,675)		(430,675)	
Total	(748,433)	(495,900)	(412,604)	(60,357)

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

	From 1 January to		From 1 July to	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
Debit difference of Law 4046/2012	(91,030)	29,959	(111,003)	9,986
Revaluation/ impairment of assets	2,386		3,272	
Depreciation and write-offs of fixed assets	18,143	8,332	12,804	3,068
Valuation/ impairment of loans	(603,868)	(481,111)	(217,844)	(14,723)
Valuation of loans due to hedging	(651)	(122)	(101)	(141)
Provision for voluntary separation scheme		(50,570)		(50,570)
Employee defined benefit obligations	14,266	22,084	14,664	(195)
Valuation of derivatives	19,088	12,546	5,076	944
Effective interest rate	(1,099)	(582)	(267)	(252)
Fair value change of liabilities to credit institutions and other borrowed funds due to fair value hedge	(12,879)	(4,039)	(10,446)	(839)
Valuation of liabilities due to fair value hedge	(5,580)	1,754	(633)	244
Tax losses carried forward	(101,523)	(56,553)	(71,946)	(222)
Fair value change/impairment of bonds and other securities	14,595	5,462	(3,686)	(7,721)
Other temporary differences	146	16,940	(32,067)	64
Total	(748,006)	(495,900)	(412,177)	(60,357)

The Bank, during 2014, has recognized a deferred tax asset of €422,034 arising from impairment/valuation of loans derived from the acquisition of Emporiki Bank that were not recognized on 31.12.2013.

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 of

legal entities supervised by the Bank of Greece, under article 26 paragraphs 5, 6 and 7 of Law 4172/2013 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 inclusion in the Law is implemented by the General Meeting of Shareholders, 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 draft legislation was submitted to Parliament on 30th of October 2015, amending the aforementioned regarding the

date of implementation, which is postponed for one year. In addition, the amount of deferred tax asset for credit risk which is included in the same legislation is limited to the amount of provisions for credit risk which were accounted until 30 June 2015. Furthermore, the phrase "resolution process" is deleted from paragraph 3, which provides for the events that convert deferred tax assets into a final and a settled claim against the Greek State.

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

	From 1 January to			
	30.9.2015		30.9.2014	
	%		%	
Profit/(loss) before income tax		(1,431,366)		(277,066)
Income tax (nominal tax rate)	29	(415,096)	26	(72,037)
Increase/(decrease) due to:				
Non taxable income	0.10	(1,448)	0.35	(963)
Non deductible expenses	(3.40)	48,711	(1.35)	3,744
Other temporary differences	(0.81)	11,662	1.66	(4,610)
Total	24.89	(356,171)	26.66	(73,866)
Tax rate adjustment for temporary differences as at 31.12.2014		(392,262)		
Deferred tax assets from impairment/valuation of Emporiki Bank's loans that has not been recognized in previous year				(422,034)
Income tax		(748,433)		(495,900)

	From 1 July to			
	30.9.2015		30.9.2014	
	%		%	
Profit/(loss) before income tax		12,785		(216,845)
Income tax (nominal tax rate)	29	3,708	26	(56,380)
Increase/(decrease) due to:				
Non taxable income	(2.31)	(295)	0.25	(532)
Non deductible expenses	69.32	8,863	(0.42)	915
Other tax adjustments	45.32	5,795	2.01	(4,360)
Total	141.33	18,071	27.84	(60,357)
Tax rate adjustment for temporary differences as at 30.6.2015		(430,675)		
Income tax		(412,604)		(60,357)

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

	From 1 January to					
	30.9.2015			30.9.2014		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Amounts that may be reclassified to the Income Statement						
Net change in available for sale securities' reserve	(42,622)	12,388	(30,234)	37,662	(9,791)	27,871
Net change in cash flow hedge reserve	39,630	(11,493)	28,137	(147,677)	38,396	(109,281)
Tax rate adjustment (Law 4334/2015)		14,708	14,708			
Amounts that may be reclassified to the Income Statement	(2,992)	15,603	12,611	(110,015)	28,605	(81,410)
Amounts that may not be reclassified to the Income Statement						
Tax rate adjustment (Law 4334/2015) to the actuarial gain/(losses) of defined benefit obligations		2,154	2,154			
Total	(2,992)	17,757	14,765	(110,015)	28,605	(81,410)

	From 1 July to					
	30.9.2015			30.9.2014		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Amounts that may be reclassified in the Income Statement						
Net change in available for sale securities' reserve	369,503	(94,758)	274,745	(165,504)	43,032	(122,472)
Net change in cash flow hedge reserve	(24,162)	5,093	(19,069)	(48,117)	12,510	(35,607)
Tax rate adjustment (Law 4334/2015)		14,708	14,708			
Amounts that may be reclassified in the Income Statement	345,341	(74,957)	270,384	(213,621)	55,542	(158,079)
Amounts that may not be reclassified to the Income Statement						
Tax rate adjustment (Law 4334/2015) to the actuarial gain/(losses) of defined benefit obligations		2,154	2,154			
Total	345,341	(72,803)	272,538	(213,621)	55,542	(158,079)

During the nine month period of 2015, "Retained earnings" includes a deferred tax liability amounting to € 6.261 resulting from the change of income tax rate on share capital increase expenses which were recognized in the same account in previous years.

During the nine month period of 2014, "Retained earnings" includes a deferred tax liability of € 12,564 referring to share capital increase costs which were recorded in the same account and relate to the share capital increase completed during the reported period.

5. Earnings/(losses) per share

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

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

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

- i. The after-tax amount of any dividends of preference shares on non-cumulative dividend preference shares declared for distribution during the year.
- ii. The after-tax amount of the preference dividends for cumulative dividend preference shares required for the period, whether or not the dividends have been declared.

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

additionally, based on the preference shares' terms of issuance that held until 17.4.2014 and the convertible bond loan with Credit Agricole S.A., basic and diluted earnings/(losses) per share should not differ.

	From 1 January to		From 1 July to	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
Profit/(loss) attributable to equity owners of the Bank	(773,624)	213,626	424,257	(159,265)
Weighted average number of outstanding ordinary shares	12,769,059,858	12,187,487,584	12,769,059,858	12,769,059,858
Basic and diluted earnings/(losses) per share (in €)	(0.06)	0.02	0.03	(0.01)

	From 1 January to		From 1 July to	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
Profit/(loss) from continuing operations attributable to the ordinary equity owners of the Bank	(682,933)	218,834	425,389	(156,488)
Weighted average number of outstanding ordinary shares	12,769,059,858	12,187,487,584	12,769,059,858	12,769,059,858
Basic and diluted earnings/(losses) from continuing operations per share (in €)	(0.05)	0.02	0.03	(0.01)

	From 1 January to		From 1 July to	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
Profit/(loss) from discontinued operations attributable to the ordinary equity owners of the Bank	(90,691)	(5,208)	(1,132)	(2,777)
Weighted average number of outstanding ordinary shares	12,769,059,858	12,187,487,584	12,769,059,858	12,769,059,858
Basic and diluted earnings/(losses) from discontinued operations per share (in €)	(0.0071)	(0.0004)	(0.0001)	(0.0002)

The weighted average number of common shares, on 30.9.2014, is calculated based on the days during which the ordinary shares were issued compared to the total number

of days of the reporting period, taking into account the new total number of common shares resulting from the share capital increase of Bank on 28.3.2014.



ASSETS

6. Loans and advances to customers

	30.9.2015	31.12.2014
Individuals		
Mortgages		
- Non-securitized	16,621,433	16,857,072
Consumer:		
- Non-securitized	3,293,349	3,037,977
- Securitized	1,375,407	1,462,066
Credit cards:		
- Non-securitized	631,270	563,560
- Securitized	556,640	579,353
Other	22,478,099	22,500,028
Companies:		
Corporate loans:		
- Non-securitized	26,452,290	25,529,128
- Securitized	2,013,560	2,084,171
Other receivables	310,082	307,033
	51,254,031	50,420,360
Less:		
Allowance for impairment losses ⁽¹⁾	(9,205,231)	(6,944,450)
Total	42,048,800	43,475,910

The Bank has proceeded in securitization of consumer, corporate loans and credit cards through special purpose entities controlled by them.

Based on the contractual terms and structure of the above transactions (e.g. allowance of guarantees or/and credit enhancement or due to the Bank owing the bonds issued by the special purpose entities), the Bank has retained in all cases the risks and rewards deriving from the securitized portfolios.

The Bank proceeded on 8.7.2015 to the cancellation of the amount of €3.745 billion of covered bonds that had issued secured by mortgage loans. As at 30.9.2015, the balance of the covered bonds amounts to €5 million (note 12ii). The book value of the mortgage loans provided as coverage for the above mentioned bonds amounted to €18 million.

Loans and advances to customers as at 30.9.2015 include loans obtained from the merger of Diners Club Greece A.E.P.P. (note 24).

⁽¹⁾ In addition to the allowance for impairment losses regarding loans and advances to customers, a provision of €282,284 (31.12.2014: €276,235) has been recorded to cover credit risk relating to off-balance sheet items. The total provision recorded to cover credit risk amounts to €9,487,515 (31.12.2014: €7,220,685).

Accumulated impairment

Balance 1.1.2014	5,559,391
Changes for the period 1.1 - 30.9.2014	
Impairment losses for the period from continued operations (note 3)	758,310
Impairment losses for the period from discontinued operations	5,732
Change in present value of the allowance account	341,521
Foreign exchange differences	78
Loans written-off during the period	(19,334)
Balance 30.9.2014	6,645,698
Changes for the period 1.10 - 31.12.2014	
Impairment losses for the period from continued operations	561,092
Impairment losses for the period from discontinued operations	1,572
Change in present value of the allowance account	105,812
Foreign exchange differences	775
Loans written-off during the period	(370,499)
Balance 31.12.2014	6,944,450
Changes for the period 1.1-30.9.2015	
Transfer of accumulated provisions to assets held for sale	(107,179)
Impairment losses for the period (note 3)	2,178,157
Change in present value of the allowance account	337,214
Foreign exchange differences	6,100
Loans written-off during the period	(153,511)
Balance 30.9.2015	9,205,231

7. Investment and held for trading securities

i. Held for trading securities

Securities held for trading amounted to € 1.3 million on 30.9.2015 (31.12.2014: € 1.7 million) and relate to Greek Government Bonds (31.12.2014: € 1.7 million).

ii. Investment securities

a. Available for sale

The available for sale portfolio amounting to € 5.3 billion as at 30.9.2015 (31.12.2014: € 4.6 billion). This amount includes securities issued by the Greek State that amount to € 3.8 billion as at 30.9.2015 (31.12.2014: € 3.4 billion) out of which € 2.1 billion (31.12.2014: € 1.9 billion) relates to Greek Government treasury bills.

The Bank during the nine month period of 2015 recognized impairment loss for other bonds amounting to € 1,300 and for shares amounting to € 1,025 which are included in "Gain less losses on financial transactions".

b. Held to maturity

The held to maturity portfolio amounted to € 46.3 million as at 30.9.2015 (31.12.2014: € 93.8 million).

c. Loans and receivables

Loans and receivables include bonds issued by the European Financial Stability Facility (E.F.S.F.) with a nominal value of € 3,960,544 received by the Bank as a result of the share capital increase that was completed on 6.6.2013 and a nominal value of € 284,628 which were transferred to the Bank from the H.F.S.F. 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 30.9.2015 amounted to € 4.3 billion (31.12.2014: € 4.3 billion).

**8. Investment property**

	Land and Buildings
Balance 1.1.2014	
Cost	41,487
Accumulated depreciation and impairment losses	(13,282)
1.1.2014 - 30.9.2014	
Net book value 1.1.2014	28,205
Reclassification from "Property, plant and equipment"	2,659
Reclassification from "Other assets"	984
Depreciation for the period from discontinued operations	(28)
Depreciation for the period from continuing operations	(251)
Net book value 30.9.2014	31,569
Balance 30.9.2014	
Cost	45,207
Accumulated depreciation and impairment losses	(13,638)
1.10.2014 - 31.12.2014	
Net book value 1.10.2014	31,569
Reclassification from "Other assets"	942
Impairments	(468)
Depreciation for the period from discontinued operations	(9)
Depreciation for the period from continuing operations	(95)
Net book value 31.12.2014	31,939
Balance 31.12.2014	
Cost	46,149
Accumulated depreciation and impairment losses	(14,210)
1.1.2015 - 30.9.2015	
Net book value 1.1.2015	31,939
Additions	7
Reclassification to "Other assets"	(939)
Reclassification of investment assets of discontinued operations to "Assets held for sale"	(1,277)
Depreciation for the period from continuing operations	(278)
Net book value 30.9.2015	29,452
Balance 30.9.2015	
Cost	42,847
Accumulated depreciation and impairment losses	(14,395)

In 2014, an impairment loss amounting to €468 was recognized, in order for the carrying amount of investment property not to exceed their recoverable amount as at

31.12.2014, as estimated by certified valuers. The impairment amount was recorded in "Other Expenses".

9. Property, plant and equipment

	Land and buildings	Leased equipment	Equipment	Total
Balance 1.1.2014				
Cost	986,066	784	378,803	1,365,653
Accumulated depreciation and impairment losses	(289,284)	(36)	(322,034)	(611,354)
1.1.2014 - 30.9.2014				
Net book value 1.1.2014	696,782	748	56,769	754,299
Additions	8,733		7,004	15,737
Disposals/Write-offs	(3,576)		(265)	(3,841)
Reclassification to "Investment property"	(2,659)			(2,659)
Depreciation for the period from discontinued operations	(1,083)		(790)	(1,873)
Depreciation for the period from continuing operations	(14,064)	(81)	(9,768)	(23,913)
Net book value 30.9.2014	684,133	667	52,950	737,750
Balance 30.9.2014				
Cost	982,685	784	382,021	1,365,490
Accumulated depreciation and impairment losses	(298,552)	(117)	(329,071)	(627,740)
1.10.2014 - 31.12.2014				
Net book value 1.10.2014	684,133	667	52,950	737,750
Additions	4,759		1,730	6,489
Impairments	(2,772)			(2,772)
Disposals/Write-offs	(37)		(5)	(42)
Reclassification to "Other assets"	(3,013)			(3,013)
Depreciation for the period from discontinued operations	(359)		(251)	(610)
Depreciation for the period from continuing operations	(4,831)	(27)	(3,359)	(8,217)
Net book value 31.12.2014	677,880	640	51,065	729,585
Balance 31.12.2014				
Cost	984,065	784	383,690	1,368,539
Accumulated depreciation and impairment losses	(306,185)	(144)	(332,625)	(638,954)
1.1.2015-30.9.2015				
Net book value 1.1.2015	677,880	640	51,065	729,585
Additions	4,220		10,523	14,743
Disposals/Write-offs	(1,715)		(14)	(1,729)
Reclassification to "Other assets"	(8,505)	(18)		(8,523)
Reclassification from "Other assets"			18	18
Reclassification of assets of discontinued operations to "Assets held for sale"	(3,924)		(2,545)	(6,469)
Depreciation for the period from continuing operations	(13,581)	(80)	(10,735)	(24,396)
Net book value 30.9.2015	654,375	542	48,312	703,229
Balance 30.9.2015				
Cost	961,405	753	380,207	1,342,365
Accumulated depreciation and impairment losses	(307,030)	(211)	(331,895)	(639,136)

The carrying amount of owned land and buildings included in the above balances amounts to €623,061 as at 30.9.2015 (31.12.2014: €637,083).

In 2014, an impairment loss amounting to €2,772 was recognized for owned property, plant and equipment and was recorded in "Other Expenses".

**10. Goodwill and other intangible assets**

	Software	Banking rights	Other	Total
Balance 1.1.2014				
Cost	352,865	1,785	55,263	409,913
Accumulated amortization and impairment losses	(208,159)	(1,785)	(3,902)	(213,846)
1.1.2014 - 30.9.2014				
Net book value 1.1.2014	144,706		51,361	196,067
Additions	18,740		60,423	79,163
Amortization for the period from discontinued operations	(483)		(8)	(491)
Amortization for the period from continuing operations	(9,584)		(9,172)	(18,756)
Net book value 30.9.2014	153,379		102,604	255,983
Balance 30.9.2014				
Cost	371,605	1,785	115,686	489,076
Accumulated amortization and impairment losses	(218,226)	(1,785)	(13,082)	(233,093)
1.10.2014 - 31.12.2014				
Net book value 1.10.2014	153,379		102,604	255,983
Additions	14,188			14,188
Disposals			(344)	(344)
Amortization for the period from discontinued operations	(152)		(1)	(153)
Amortization for the period from continuing operations	(3,397)		(4,926)	(8,323)
Net book value 31.12.2014	164,018		97,333	261,351
Balance 31.12.2014				
Cost	385,793	1,785	115,342	502,920
Accumulated amortization and impairment losses	(221,775)	(1,785)	(18,009)	(241,569)
1.1.2015 - 30.9.2015				
Net book value 1.1.2015	164,018		97,333	261,351
Additions	34,656		71	34,727
Additions from the acquisition of Diners (note 24)			22,995	22,995
Reclassification of intangible assets of discontinued operations to "Assets held for sale"	(3,432)			(3,432)
Amortization for the period from continuing operations	(12,029)		(15,822)	(27,851)
Net book value 30.9.2015	183,213	-	104,577	287,790
Balance 30.9.2015				
Cost	413,777	1,785	138,339	553,901
Accumulated amortization and impairment losses	(230,564)	(1,785)	(33,762)	(266,111)

The amount reported as "Additions from the acquisition of Diners" in the nine month period of 2015 relates to the recognition of an intangible asset regarding the customer relationships from the acquired operation of credit cards, whose useful life was determined at 7 years.

The amount reported in "Additions of other intangible assets" in the fiscal year 2014 relates to the recognition of an intangible asset from the acquisition of Retail Banking operations of Citibank regarding the acquired customer relationships and the acquired deposit base, whose useful life was determined at 9 and 7 years respectively.

LIABILITIES

11. Due to banks

	<u>30.9.2015</u>	<u>31.12.2014</u>
Deposits:		
- Current accounts	116,215	115,207
- Term deposits		
Central Banks	27,073,429	14,819,325
Other credit institutions	6,603	495,852
Cash collateral for derivative margin accounts	103,489	193,064
Sale of repurchase agreements (Repos)		1,681,959
Borrowing funds	<u>250,447</u>	<u>253,055</u>
Total	27,550,183	17,558,462

Bank's deposits from Eurosystem increased by €12.3 billion during the nine month period of 2015 due to the increase of the borrowings from the European System of Central Banks

mainly as a result of the deposits' outflow amounting to €10.4 billion due to the adverse economic environment in Greece.

12. Debt securities in issue and other borrowed funds

i. Issues guaranteed by the Greek State (Law 3723/2008)

Under the programme for the enhancement of the Greek's economy's liquidity, according to Law 3723/2008, during the nine month period of 2015, the Bank proceeded to the issuance of senior debt securities of a nominal value of €15.28 billion with a floating interest rate of six month Euribor plus a spread of 6% (31.12.2014: 12%), while the maturities for the same period amounted to € 14.39 billion.

The total balance of senior debt securities guaranteed by the Greek State as at 30.9.2015 amounts to €10.72 billion (31.12.2014: €9.83 billion).

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

ii. Covered bonds ⁽¹⁾

The Bank proceeded on 8.7.2015 to the cancellation of an amount of €3.745 billion of the covered bonds.

After the above mentioned cancellations the total outstanding amount of covered bonds amounts to €5 million as at 30.9.2015 (31.12.2014: €3.750 billion).

Covered bonds are not included in "Debt securities in issue and other borrowed funds" as the corresponding securities are held by the Bank.

iii. Short term securities (ECP)

Balance 1.1.2015	26,341
Changes for the period 1.1 - 30.9.2015	
Maturities/Repayments	(29,894)
Accrued interest	106
Foreign exchange differences	<u>3,447</u>
Balance 30.9.2015	-

⁽¹⁾ Disclosures regarding covered bond issues, as determined by the 2620/28.8.2009 directive of Bank of Greece are published at the Bank's website.

**iv. Senior debt securities**

Balance 1.1.2015	1,444,249
Changes for the period 1.1 - 30.9.2015	
Maturities/Repayments	(184,085)
Fair value change	794
Accrued interest	13,072
Foreign exchange differences	208
Balance 30.9.2015	1,274,238

The outstanding amount as at 30.9.2015 relates to borrowings for issued bonds to Alpha Credit Group PLC and Emporiki Group Finance PLC.

v. Liabilities from the securitization of shipping loans

Balance 1.1.2015	365,577
Changes for the period 1.1 - 30.9.2015	
Maturities/Repayments	(83,195)
Accrued interest	7,774
Foreign exchange differences	31,056
Balance 30.9.2015	321,212

The Bank proceeded to a shipping loan securitization transaction, transferring them in the fully consolidated Special Purpose Entity, Alpha Shipping Finance Ltd. which in turn raised

funding from third parties. The liability as at 30.9.2015 which relates to the securitized shipping loans amounts to €321.2 million.

vi. Securitization of other loans

Liabilities arising from the securitization of consumer loans, corporate loans, credit cards and finance lease receivables are not included in "Debt securities in issue and other borrowed

funds" since these securities of a nominal value of €3.7 billion, which were issued by special purpose entities, are held by the Bank.

vii. Subordinated debt**1. Subordinated Securities (Lower Tier II, Upper Tier II)**

Balance 1.1.2015	88,602
Changes for the period 1.1 - 30.9.2015	
Maturities/Repayments	(15,351)
Accrued interest	(60)
Balance 30.9.2015	73,191

On 30.9.2015, the balance relates to borrowings to Alpha Credit Group PLC.

2. Hybrid capital

Balance 1.1.2015	31,796
Changes for the period 1.1 - 30.9.2015	
Accrued interest	27
Balance 30.9.2015	31,823

On 30.9.2015, the balance relates to borrowings for hybrid capital to the Alpha Credit Group PLC.

According to the announcement of Alpha Group Jersey Limited on 16.1.2015 and in accordance with the terms of the €600 million (Series B) CMS Linked Non-cumulative Non-

Voting Preferred Securities (ISIN: DE000A0DX3M2), for which has been granted subordinated guarantee by the Bank, no dividend (non-cumulative) has been distributed or paid to hybrid securities holders on 18.2.2015.

3. Convertible bond loan

Balance 1.1.2015	64,600
Changes for the period 1.1 – 30.9.2015	
Fair value change	(49,600)
Balance 30.9.2015	15,000

The convertible bond relates to bond issue with nominal value of € 150 million issued by the Bank on 1.2.2013 under the agreement with Credit Agricole SA for the acquisition of for-

mer Emporiki Bank. The decrease in the liability from the convertible bond amounting to 49.6 million was recognized in trading income.

Total debt securities in issue and other borrowed funds, not held by the Bank, as at 30.9.2015	1,715,464
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13. Other liabilities

	<u>30.9.2015</u>	<u>31.12.2014</u>
Suppliers	29,344	51,988
Deferred income	8,271	8,980
Accrued expenses	113,840	50,650
Liabilities to third parties	112,489	99,696
Liabilities to insurance funds E.T.A.T and I.K.A-E.T.E.A.M	130,572	193,997
Liabilities from credit cards	224,160	226,277
Other	616,466	362,299
Total	1,235,142	993,887

The caption "Other" includes an amount of €160 million which concerns the valuation of liabilities relating to the Emporiki Bank's acquisition that the Bank will pay to the seller if certain conditions are met.

On 23.7.2015, with the adoption of Law 4335 / 2015, Law 3746/2009 was modified and all assets and liabilities of the Resolution Scheme of the Hellenic Deposit and Investment Guarantee Fund (HDIGF) are transferred into an Account for the Settlement of Past Year's Resolution Measures. However, the above provision of law has not been enacted as it was repealed by a draft legislation that was submitted to the Parliament.

In addition, under the same Law, the European Directive 2014/59 that establishes the framework for the recovery and resolution of financial institutions and investment firms was

transposed. In particular, Resolution Scheme of the Deposit and Investment Guarantee Fund is established as the national Resolution Fund which should gradually, within ten years (until 31 December 2024), raise financial means equal to at least 1% of covered deposits by the HDIGF. For this purpose, financial institutions will pay contributions at least annually. The Bank is examining the impact from the above legislation amendments on the calculation of contributions and the amount of liabilities due to the Resolution Fund.

The amount relating to the contribution of the Bank for the period to the Resolution Fund, equals to €27.1 million (31.12.2014:€15.2 million) and is included in "Other". It is noted that contributions of € 27,1 million include a special levy that relates to the Bank's proportion in the contribution for the resolution of a Greek financial institution.

**14. Provisions**

Balance 1.1.2014	258,945
Changes for the period 1.1 - 30.9.2014	
Other provisions	173
Other provisions used during the period	(2,844)
Reclassification to "Other liabilities"	(9,807)
Provisions to cover credit risk relating to off-balance sheet items (note 3)	72,076
Voluntary separation scheme provision	194,500
Balance 30.9.2014	513,043
Changes for the period 1.10 - 31.12.2014	
Other provisions	3,090
Other provisions used during the period	(715)
Provisions to cover credit risk relating to off-balance sheet items	10,816
Utilisation of the provision of voluntary separation scheme	(192,714)
Balance 31.12.2014	333,520
Changes for the period 1.1 - 30.9.2015	
Transfer of provisions of Bulgaria Branch to "Liabilities related to assets held for sale"	(780)
Other provisions	1,218
Other provisions used during the period	(4,508)
Write-offs	(922)
Provisions to cover credit risk relating to off-balance sheet items (note 3)	6,177
Balance 30.9.2015	334,705

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

On 30.9.2015 the balance of provisions to cover credit risk

relating to off-balance sheet items amounts to €282.3 million and other provisions to €52.4 million out of which €27.9 million relates to legal cases.

EQUITY

15. Share capital and Retained earnings

a) Share capital

On 30.9.2015 and 31.12.2014, the Bank's share capital amounts to €3,830,718, divided to 12,769,059,858 shares of nominal value of €0.30 each.

In the process of warrant's exercise on the shares held by the Hellenic Financial Stability Fund, 13,800 warrants were exercised on 15.6.2015 by the common shareholders which corresponded to 102,239 ordinary shares resulting in the increase of issued shares.

b) Retained earnings

Since in 2014 there are no distributable profits, in accordance with article 44a of Codified Law 2190/1920, the Ordinary General Meeting of Shareholders on 26.6.2015 decided:

- the non-distribution of dividends to ordinary shareholders of the Bank and

Thus, on 30.9.2015 and 31.12.2014 the Bank's shares are analyzed as follows:

- a) 4,310,302,518 (31.12.2014: 4,310,200,279) ordinary, registered, voting, non-paper shares and
- b) 8,458,757,340 (31.12.2014: 8,458,859,579) ordinary, registered, voting, pursuant to restrictions of the article 7a of Law 3864/2010, non paper shares owned by the Hellenic Financial Stability Fund.

- the non payment to the Greek State of the respective return for 2014, under article 1 paragraph 3 of Law 3723/2008, on the preference shares issued by the Bank and owned by the Greek State up to 17.4.2014.



ADDITIONAL INFORMATION

16. Contingent liabilities and commitments

a) Legal issues

The Bank, in the ordinary course of business, is a defendant in claims from customers and other legal proceedings. 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 Bank.

The Bank on 30.9.2015 has recorded a provision for pending legal cases amounting to €27.9 million which is included in the caption "Provisions" in the Balance Sheet.

b) Tax issues

Alpha Bank has been audited by the tax authorities for the years up to and including 2009. The years 2011 and 2012 are considered audited, while a tax certificate with no qualifications was issued for 2013 and 2014. Emporiki Bank has been audited by the tax authorities for the years up to and including 2008. The years 2011 and 2012 are considered audited, while it has obtained a tax certificate with no qualifications for 2013.

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 operations 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.

On 2.6.2015, the merger via absorption of Diners Club of Greece A.E.P.P was completed. Diners Club of Greece A.E.P.P. has been audited by the tax authorities for the years up to and including 2010. The years 2011 and 2012 are considered audited while a tax certificate with no qualifications was issued for 2013.

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.

c) Operating leases

The Bank as lessee

The Bank has various obligations with respect to leases of buildings which are used as branches or for administrative purposes.

The duration of the lease agreements is initially for twelve years with a renewal or extension option according to the lease agreements. The policy of the Bank is to renew these contracts.

The minimum future lease payments are:

	30.9.2015	31.12.2014*
Less than one year	31,889	33,316
Between one and five years	81,959	92,228
More than five years	84,058	92,927
Total	197,906	218,471

Total lease expenses for the nine-month period of 2015 relating to rental of buildings amounted to €24,926 (nine-month period of 2014: €23,188)* and are included in "General administrative expenses".

The Bank as a lessor

The Bank's receivables from leases relate to leases from buildings either to Group companies or third parties.

* In the comparative figures the Bulgarian Branch is not included because it is presented as a discontinued operation.

The minimum future lease fees are:

	30.9.2015	31.12.2014*
Less than one year	3,069	3,258
Between one and five years	7,235	7,308
More than five years	7,228	7,408
Total	17,532	17,974

The lease revenues for the nine-month period of 2015 amounted to €2,463 (nine-month period of 2014: €2,330) and are included in "Other income".

d) Off balance sheet liabilities

The Bank as part of 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 related to letters of credit, letters of guarantee, undrawn credit facilities and credit limits, as well as guarantees provided for bonds issued by subsidiaries and other guarantees to subsidiaries.

In addition, contingent liabilities for the Bank arise from undrawn loan commitments 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.

The outstanding balances are as follows:

	30.9.2015	31.12.2014
Letters of credit	18,490	38,087
Letters of guarantee and other guarantees	4,850,531	4,897,126
Guarantees relating to bonds issued by subsidiaries of the Bank	1,505,078	1,759,966

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 Bank's client. Letters of credit, as well as letters of guarantee, are commitments under specific terms and are issued by the Bank for the purpose of ensuring that its clients will fulfill the terms of their contractual obligations.

The liability from limits that can not be recalled (committed) in case where counterparties fail to meet their contractual obligations as at 30.9.2015 amounts to €187.2 million (31.12.2014: €292.4 million) and are included in the calculation of risk weighted assets.

e) Assets pledged

Assets pledged, as at 30.9.2015 are analyzed as follows:

- Deposits pledged amounting to €0.3 billion concerning the Bank's obligation to maintain deposits in the Bank of Greece, corresponding to 1% of total customer deposits.
- Deposits pledged amounting to €0.2 billion concerning guarantees granted to the Greek State.
- Deposits pledged to credit institutions amounting to €1.1 billion which have been provided as a guarantee for derivative transactions.
- Due from banks:
 - i. amount of €1.1 billion pledged to Central Banks for liquidity purposes.
 - ii. amount of €0.4 billion given to foreign subsidiaries as collateral for credit risk.
- Loans and advances to customers:
 - i. amount of nominal value of €21 billion pledged to Central Banks for liquidity purposes.
 - ii. amount of nominal value €2.4 billion granted as collateral to the Greek State in order for the Bank to receive securities issued by the Greek State amounting to €1.6 billion in accordance with Law 3723/2008.
 - iii. A carrying amount of €3 billion, which relates to corporate, consumer loans and credit cards, has been securitized for the issuance of Special Purpose Entities' bonds of a nominal value of €3.7 billion, which are held

* In the comparative figures the Bulgarian Branch is not included because it is presented as a discontinued operation.



by the Bank and pledged to Central Banks for liquidity purposes.

- iv. A carrying amount of €0.6 billion, which relates to shipping loans, has been securitized for the issuance of securities through a Special Purpose Entity, for the purpose of financing the Bank which amounts to €0.3 billion at 30.9.2015.
- v. An amount of nominal value of €0.2 billion has been pledged for other loan facilities.
- Securities held for trading and investment securities portfolio out of which:
 - i. An amount of nominal value of €3.55 billion of Greek Government securities, of which a nominal amount of €3.5 billion has been pledged to central banks in order to participate in main refinancing operations, while Greek State securities of a nominal amount of €0.05 billion has been pledged for other loan facilities.
 - ii. An amount of nominal value €4.2 billion relates to se-

curities issued by the European Financial Stability Facility (EFSF), received from the Bank by the HFSF in the context of a) its participation to the 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; this amount is pledged as collateral to Central Banks for participation in main refinancing operations.

- iii. An amount of nominal value of €0.5 billion relates to bonds issued from the securitization of receivables of finance leases of a Group's entity, has been pledged to Central Banks in order for the Bank to participate in main refinancing operations.

In addition an amount of nominal value of €10.7 billion that relates to securities issued with the guarantee of the Greek State in accordance with Law 3723/2008 and are held by the Bank, are pledged as collateral to Central Banks for participation in main refinancing operations.

17. Operating segments

(Amounts in million of Euro)

	1.1 - 30.9.2015						
	Retail Banking	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South Eastern Europe	Other	Total
Net interest income	757.5	531.8	1.8	(103.3)		6.0	1,193.8
Net fee and commission income	78.1	92.1	28.1	(9.6)			188.7
Other income	5.4	4.3	0.8	48.7		(79.6)	(20.4)
Total income	841.0	628.2	30.7	(64.2)		(73.6)	1,362.1
Total expense	(506.0)	(90.9)	(13.1)	(13.1)		(46.8)	(669.9)
Impairment losses	(1,255.5)	(916.3)					(2,171.8)
Negative goodwill from acquisition						48.2	48.2
Profit/(loss) before income tax	(920.5)	(379.0)	17.6	(77.3)		(72.2)	(1,431.4)
Income tax							748.4
Profit/(loss) after income tax from continuing operations							(683.0)
Profit/(loss) from discontinued operations					(90.7)		(90.7)
Profit/(loss) after income tax							(773.7)
Assets 30.9.2015	24,745.8	19,806.4	113.0	13,944.0		7,343.0	65,952.2
Liabilities 30.9.2015	22,913.3	5,321.9	625.8	30,614.9		407.7	59,883.6

Total expenses include expenses relating to mergers amounting to €6.4 million.

(Amounts in million of Euro)

	1.1 - 30.9.2014						
	Retail Banking	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South Eastern Europe	Other	Total
Net interest income	601.2	508.5	1.6	21.2			1,132.5
Net fee and commission income	76.7	105.1	18.7	1.1			201.6
Other income	4.1	4.5	0.6	72.5		44.4	126.1
Total income	682.0	618.1	20.9	94.8		44.4	1,460.2
Total expense	(558.9)	(100.7)	(13.6)	(13.9)		(37.7)	(724.8)
Impairment losses	(254.3)	(563.6)					(817.9)
Provision for voluntary separation scheme						(194.5)	(194.5)
Profit/(loss) before income tax	(131.2)	(46.2)	7.3	80.9		(187.8)	(277.1)
Income tax							495.9
Profit/(loss) after income tax from continuing operations							218.8
Profit/(loss) from discontinued operations					(5.2)		(5.2)
Profit/(loss) after income tax							213.6
Assets 31.12.2014	25,271.0	20,189.2	108.6	14,925.6	757.8	6,382.4	67,634.6
Liabilities 31.12.2014	29,973.2	7,478.9	1,353.1	21,120.2	517.0	371.0	60,813.4

Total expenses include expenses relating to mergers amounting to €10.2 million.

i. Retail Banking

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

The Bank, 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, with international activities, corporations managed by the Corporate Banking Division and shipping corporations. The Bank offers working capital facilities, corporate loans, and letters of guarantee of the abovementioned corporations.

iii. Asset Management / Insurance

Consists of a wide range of asset management services offered through the Bank's private banking units. In addition, a wide range of insurance products to individuals and companies is provided.

iv. Investment Banking / Treasury

Includes stock exchange, advisory and brokerage services relating to capital markets, and also investment banking facilities, offered by the Bank. 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 operating in South Eastern Europe.

vi. Other

This segment consists of the Bank's administration section and the Bank's income and expenses that are not related to its operating activities or that are not repetitive and are due to external factors.



18. Exposure in credit risk from debt issued by the peripheral Eurozone countries

Due to the prolonged turmoil in the Eurozone countries, and the issues which the Greek economy faces, concerning the service of public debt, the Bank monitors credit risk from its

exposure to the Greek State as well as the remaining peripheral Eurozone countries.

i. Exposure to the Greek State

The table below presents the Bank's total exposure in Greek State securities:

Portfolio	30.9.2015		31.12.2014	
	Nominal value	Carrying amount	Nominal value	Carrying amount
Available for sale	4,530,034	3,785,439	4,360,221	3,396,496
Trading	1,843	1,280	2,675	1,729
Total	4,531,877	3,786,719	4,362,896	3,398,225

In addition, the public entities/organisations securities on 30.9.2015 amounted to €149.6 million (31.12.2014: €27.6 million).

The Bank's exposure to Greek State from other financial instruments, excluding securities, is depicted in the table below:

On balance sheet exposure

	30.9.2015	31.12.2014
	Carrying amount	Carrying amount
Derivative financial instruments – assets	396,379	566,070
Derivative financial instruments – liabilities	(299,285)	(290,879)

Derivative financial liabilities to public sector entities/organizations amounted to €29.6 million on 30.9.2015 (31.12.2014: €29.1 million).

The Bank's exposure in loans to public sector entities/organizations on 30.9.2015 amounted to €1,347 million (31.12.2014: €1,324 million). The Bank for the above receivables has recognized impairment amounted to €36.8 million as at 30.9.2015 (31.12.2014: €28.2 million).

In addition the balance of Bank's loans guaranteed by the Greek State (directly guaranteed by Greek State, loans guaranteed by Guarantee Fund for small and very small entities (TEMPME), Loans guaranteed by Common Ministerial Decisions) on 30.9.2015 amounted to €716 million (31.12.2014: €725 million). For these loans the Bank has recognized impairment amounted to €141 million as at 30.9.2015 (31.12.2014: €142 million).

Off balance sheet exposure

	30.9.2015		31.12.2014	
	Face value	Carrying amount	Face value	Carrying amount
Bonds used as collaterals for refinancing operation			105,641	65,202

Balances at 31.12.2014 concern to reverse repo transactions with pledged bonds of Greek Government which ended at 7.1.2015.

ii. Exposure to other peripheral Eurozone countries debt

The Bank holds in its available for sale portfolio, a bond of Cyprus Popular Bank (senior) with a book value of €1.6 million (31.12.2014: €1.6 million) after impairment of €31.8 million which was recognized in 2013 income statement.

The Bank as at 30.9.2015 had no exposures from bonds from Italy, Spain, Portugal and Ireland.

19. Disclosures relevant to the fair value of financial instruments

Fair value of financial instruments measured at amortized cost

	30.9.2015		31.12.2014	
	Fair value	Carrying amount	Fair value	Carrying amount
Assets				
Loans and advances to customers	41,931,202	42,048,800	43,199,945	43,475,910
Investments securities				
- Held to maturity	44,140	46,299	89,097	93,817
- Loans and receivables	4,381,178	4,297,721	4,370,874	4,299,101
Liabilities				
Due to customers	26,978,066	26,984,916	37,551,523	37,817,447
Debt securities in issue ⁽¹⁾	1,021,077	1,700,464	1,744,230	1,956,565

The table above presents the fair value and the carrying amount of financial instruments which are measured 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 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 securities 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 on a combination of observable and unobservable market 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

	30.9.2015			Total Fair Value
	Level 1	Level 2	Level 3	
Derivative financial assets	5,826	877,659	5,834	889,319
Securities held for trading				
- Bonds and treasury bills	1,280			1,280
Available for sale securities				
- Bonds and treasury bills	4,099,532	1,103,590	15,978	5,219,100
- Shares	11,200		18,752	29,952
- Other variable yield securities	7,271			7,271
Derivative financial liabilities		1,676,787	43	1,676,830
Convertible bond		15,000		15,000

⁽¹⁾ 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.



	31.12.2014			Total Fair Value
	Level 1	Level 2	Level 3	
Derivative financial assets	12,360	1,141,545	39	1,153,944
Securities held for trading				
- Bonds and treasury bills	1,729			1,729
Available for sale securities				
- Bonds and treasury bills	3,787,720	796,448	15,710	4,599,878
- Shares	10,786		19,046	29,832
- Other variable yield securities	9,115			9,115
Derivative financial liabilities	74	1,940,895	5,432	1,946,401
Convertible bond		64,600		64,600

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 and 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 classification includes securities whose fair value estimated using significant unobservable inputs. The fair value of non-listed shares, as well as shares not traded in an active market is determined based on the estimations made by the Bank which relate to the future profitability of the issuer after 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 into Level 3 or otherwise in Level 2.

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

On 30.6.2015 the fair value of bonds and treasury bills issued by the Greek State as well as listed shares and mutual funds was classified in Level 2, due to the non-satisfaction of the criteria of active market. On 30.9.2015 these securities were transferred to Level 1, due to the fact that the market became active. Within the period, a Greek corporate bond amounting to € 16.5 million was transferred from Level 2 to Level 1 due to the satisfaction of the criteria of active market. In addition, within the period, other corporate bonds except for Greek Government bonds, amounting to € 216.3 million, were transferred from Level 1 to Level 2, due to the non-satisfaction of the criteria of active market.

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

	30.9.2015			
	Total fair value	Fair value	Valuation method	Significant non-observable inputs
Derivative Financial Assets	5,834	5,127	Discounted cash flows with interest rates being the underlying instrument	The probability of default and loss given default of the counterparty is calculated using an internal model
		707	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid securities' dividends
Available for sale bonds	15,978	15,978	Based on issuer price	Price
Available for sale shares	18,752	18,752	Discounted cash flows – Multiples valuation method – Cost of acquisition	Future profitability of the issuer
Derivative Financial Liabilities	43	43	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid securities' dividends

	31.12.2014			
	Total fair value	Fair value	Valuation method	Significant non-observable inputs
Derivative Financial Assets	39	39	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid securities' dividends
Available for sale bonds	15,710	15,710	Based on issuer price	Price
Available for sale shares	19,046	19,046	Discounted cash flows – Multiples valuation method – Cost of acquisition	Future profitability of the issuer
Derivative Financial Liabilities	5,432	20	Discounted cash flows - Black Scholes valuation model with shares basket being the underlying instrument	Coefficient of variation and correlation coefficient between shares
		5,412	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid securities' dividends

A fair variation in non-observable inputs of the financial instruments which are measured at fair value classified in Level 3 would not affect significantly the results of the Bank.

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

	30.9.2015		
	Assets		Liabilities
	Available for sale securities	Derivative Financial Assets	Derivative Financial Liabilities
Opening balance 1.1.2015	34,756	39	(5,432)
Total gain or loss recognized in the income statement	(1,567)	(54)	5,369
Total gain or loss recognized directly in equity	2,259		
Purchases/Issues	7,621		
Sales/Repayments/Settlements	(8,350)		20
Transfers to Level 3 from Level 2	11	5,849	
Balance 30.09.2015	34,730	5,834	(43)
Amounts included in the income statement and relate to financial instruments included in the balance sheet at the end of the reporting period	(1.689)	(15)	(43)

During the period, purchases of foreign corporate bonds amounting to €7.6 million took place, which were classified in Level 3, because no observable parameters were utilized for valuation purposes. In addition, sales-repayments of foreign corporate bonds amounting to €7.9 million and stock

sales amounting €0.5 million took place. During the period, in the Derivative Financial Assets, it took place transfer of derivatives from Level 2 to Level 3 since the use of non-observable inputs is significant.



	31.12.2014		
	Assets		Liabilities
	Available for sale securities	Derivative Financial Assets	Derivative Financial Liabilities
Opening balance 1.1.2014	30,854	64	(646)
Changes for the period 1.1 - 30.9.2014			
Total gain or loss recognized in the income statement	831	(58)	(2,482)
Total gain or loss recognized directly in equity	2,424		
Purchases/Issues	206		
Sales/Repayments/Settlements	(3,574)		18
Transfers to Level 3 from Level 2	714		
Balance 30.9.2014	31,455	6	(3,110)
Changes for the period 1.10 - 31.12.2014			
Total gain or loss recognized in the income statement	(2,488)	33	(2,322)
Total gain or loss recognized directly in equity	(1,604)		
Purchases/Issues	547		
Sales/Repayments/Settlements	(318)		
Transfers to Level 3 from Level 1	7,164		
Balance 31.12.2014	34,756	39	(5,432)
Amounts included in the income statement and relate to financial instruments included in the balance sheet at the end of the reporting period 1.1 - 30.9.2014	853	(58)	(2,482)

20. Capital adequacy

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

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

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

The Bank's capital adequacy is supervised by the Single Supervising Mechanism of ECB, to which reports are submitted on a quarterly basis. The minimum ratios (Common Equity Tier I capital, Tier I capital and Capital Adequacy Ratio) are determined by the Bank of Greece Committee Act.

The capital adequacy ratio compares the Bank'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.

Since January 1, 2014 EU Directive 2013/36/EU dated 26 June 2013 along with the EU Regulation 575/2013/EU, dated June 26, 2013 "CRD IV" came into force, which gradually introduce the new capital adequacy framework (Basel III) of credit institutions.

From 1.1.2014, besides the limit of 8% of capital adequacy ratio, new limits of 4.5% for Common Equity Tier I ratio and 6% 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.

In the context of the regulation review and the new financial support programme of Greece from August 2015 an exercise of evaluation of Greek Banks by the Single Supervisory Mechanism (SSM) of ECB was conducted.

The exercise included Asset Quality Review and Stress Tests. The results and the ratios that should be met are anticipated to be announced on 31 October 2015 as specially mentioned in note 21.

	30.9.2015 (estimate)	31.12.2014
Common Equity Tier I	12.4%	14.7%
Tier I	12.4%	14.7%
Capital adequacy ratio	12.6%	14.9%

21. Comprehensive assessment - Recapitalisation framework

Comprehensive Assessment

According to the Agreement for Financial Support to be provided by the European Stability Mechanism, in the third quarter of 2015 a comprehensive assessment ("CA") was conducted for the four Greek systemic financial institutions, by the Single Supervisory Mechanism - SSM. The CA included the following steps (a) Asset Quality Review (AQR), (b) a stress test. The minimum capital threshold for the baseline scenario was a CET1 ratio of 9.5% and for the adverse scenario was a CET1 ratio of 8%. Although the above CA was based on the methodology applied for the comprehensive assessment conducted by the ECB in 2014 for the total of the banks that it supervises, the parameters and assumptions currently applied were more adverse due to the current economic circumstances. The CA was conducted with a reference date of 30.6.2015. As part of the asset quality review a portfolio of Greek loans was reviewed in terms of credit risk, adequacy of provision coverage and management practices. In the context of the stress test, SSM conducted, with the support of appointed financial advisors, an estimation of the future impairment losses of the Group's loans with a two and a half years horizon, for a base and an adverse macroeconomic scenario. The assumptions of the two scenarios were defined by the SSM. In addition, the SSM took into consideration the financial projections and estimations of future profitability made by the financial institutions, based on commonly accepted levels of macroeconomic indices for the base scenario, while the development of the macroeconomic figures in the adverse scenario was configured by the ECB.

The assessment of additional capital requirements was performed based on adjustments to the above figures according to the methodological approach of the SSM and was calculated from the differences between the Common Equity Tier I ratio that arose for credit institutions for each year until 2017 against a limit of 9.5% and 8% for the base and adverse scenario respectively.

The results of the CA were announced on 31 October 2015. The Group presented zero capital needs as a result of the AQR, which amounted to € 1.7 billion, and also presented low capital needs amounting to € 262.6 million under the base scenario. Under the adverse scenario the capital needs amounted to € 2,743 million.

In order to cover the above capital needs the Bank has already announced the optional exchange offer, with shares and/or cash, of hybrid securities, subordinated securities and senior bonds issued by subsidiaries of the Bank (Alpha Credit Group Plc, Emporiki Group Finance Plc and Alpha Group Jersey Limited), while at the same time it intends to proceed to actions for the enhancement of its equity which will be completed by the end of 2015, based on the institutional framework cur-

rently in force and the changes that are expected to be made to that framework.

In particular the AQR, as in 2014, was a regulatory exercise that was based upon a single standardized procedure applied by the ECB to assess the quality of the loan portfolio in Greece with a reference date of 30.6.2015. The result of the AQR amounted to €1.7 billion before income tax and is further analyzed as follows:

- € 531 million from the individual credit file review of a sample of loans,
- € 903 million from the collective assessment of loans, out of which € 816 million relate to mortgage loans,
- € 290 million from the extrapolation of the results of the credit file review to the remaining portfolio and
- € 22 million for additional variations in the derivatives valuation regarding counterparty risk.

The total AQR result expresses the difference from the provisional book values of the loan portfolio that were provided to the SSM for the purpose of conducting the exercise before the finalization of the recoverability assessment of the loans and advances portfolio as at 30.6.2015. Therefore, it does not express an adjustment to the Bank's book values as presented in the financial statements of 30.6.2015. However, within the last quarter of 2015, in the context of the periodic assessment of the methodology and parameters applied for the impairment assessment of the loans and advances portfolio, the Bank shall consider the AQR methodology and results and will adjust the parameters applied where required, taking also into consideration the circumstances prevailing at that time.

Finally, in the context of the Memorandum for Economic and Financial Stability, which was signed between Serbia and the International Monetary Fund a diagnostic assessment of the balance sheet of Banks operating in Serbia is in progress. The Central Bank of Serbia has appointed an international audit firm as Advisor for the execution and completion of the Asset Quality Review. The assessment is a regulatory exercise based on a single standard procedure and is performed with a common methodology for all participating banks. Alpha Bank Srbija A.D has been included in the population of the banks under assessment, providing the requested data by the auditor. The results of the assessment will be announced prior to the end of 2015.

Recapitalisation Framework

On 23.7.2015, Law 4335/2015 was announced that adopts European Directive 2014/59, which defines the context of the reestablishment and resolution for credit institutions.

In accordance with this Directive a set of rules was established to deal with financial crises across the EU to ensure that shareholders, creditors (including unsecured depositors) share



the burden of a potential recapitalization and/or the liquidation of troubled banks.

In accordance with Law 4335/2015 the Bank of Greece is designated as the resolution authority and has the power to apply resolution tools and exercise resolution powers.

The main resolution tools provided for by Law that may be applied individually or in any combination are the following:

- the sale of business tool,
- the bridge institution tool,
- the asset separation tool (in order to avoid the use of this tool exclusively as a tool of public financial support, the asset separation tool should be applied only in conjunction with other tools), and
- the bail-in tool (write-down or/and conversion of capital instruments and liabilities).

In addition, under this Directive the Ministry of Finance is empowered to use measures of public capital support or, if the credibility preconditions of a financial institution are satisfied, the provision of financial support through capital injection or purchase of equity instruments is available. In particular, as far as the recapitalization of financial institutions in Greece is concerned, on 30 October 2015, a draft legislation regarding the recapitalization framework of the credit institutions was submitted to vote in the Hellenic Parliament. The draft legislation, inter alia, provides for:

- The Hellenic Financial Stability Fund, according to the Financial Facility Agreement of 19.8.2015 is appointed as the competent body for the provision of capital support to the financial institutions
- The operation authorities of the Fund, the decision-making bodies and the selection procedures are established
- The procedures for the mobilization of the Fund are determined, as well as the conditions of supply of capital support not only for purposes of precautionary recapitalization but also for the implementation of measures of public financial stability
- Issues regarding the voting rights that the Fund acquires are described, as well as the special rights provided due to the share and contingent voting rights holding.

In particular with respect to capital support, this is provided through the participation of the Fund in the share capital increase of the credit institution through the issuance of common shares with voting rights or the issuance of contingent convertible bonds or other convertible instruments. In addition, in order to limit State aid to the lowest level, certain mandatory measures exist to provide for the allocation of any capital shortfall to holders of equity instruments and liabilities, without triggering any default clauses or to be accounted for as non fulfillment of contractual obligations.

22. Related-party transactions

The Bank enters 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 Bank's respective committees.

a. The outstanding balances of the Bank's transactions with key management personnel, which consist of members of the Board of Directors and the Bank's Executive Committee,

their close family members and the entities controlled by them, as well as, the results related to these transactions are as follows:

	<u>30.9.2015</u>	<u>31.12.2014</u>
Assets		
Loans and advances to customers	11,535	32,529
Liabilities		
Due to customers	6,524	42,582
Employee defined benefit obligations	417	387
Total	6,941	42,969
Letters of guarantee and approved limits	11,552	11,917

	From 1 January to	
	<u>30.9.2015</u>	<u>30.9.2014</u>
Income		
Interest and similar income	182	675
Fee and commission income	105	95
Total	287	770

	From 1 January to	
	30.9.2015	30.9.2014
Expenses		
Interest expense and similar charges	147	1,116
Fees paid to key management and close family members	2,502	2,476
Total	2,649	3,592

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

i. Subsidiaries

	30.9.2015	31.12.2014
Assets		
Due from banks	1,959,493	2,783,157
Derivative financial assets	788	12,959
Loans and advances to customers	3,161,706	2,271,310
Available for sale securities	702,312	753,009
Other assets	2,512	6,483
Total	5,826,811	5,826,918
Liabilities		
Due to banks	13,517	322,834
Due to customers	1,141,971	630,046
Derivative financial liabilities	35,619	20,381
Debt securities in issue and other borrowed funds	1,811,872	2,081,452
Other liabilities	10,120	5,746
Total	3,013,099	3,060,459
Letters of guarantee and other guarantees	974,517	1,157,316

Additionally to the financing of the subsidiaries that have issued debt securities, guarantees have been granted for the issue of these securities by the Bank's subsidiaries amounting to € 1,505,078 (31.12.2014: € 1,759,966)

	From 1 January to	
	30.9.2015	30.9.2014
Income		
Interest and similar income	79,698	73,167
Fee and commission income	11,338	14,068
Gains less losses on financial transactions		22,749
Other income	4,063	2,982
Total	95,099	112,966
Expenses		
Interest expense and similar charges	69,200	20,441
Commission expense	1,549	1,356
Gains less losses from financial transactions	24,761	
General administrative expenses	11,627	15,600
Total	107,137	37,397

**ii. Joint ventures**

	<u>30.9.2015</u>	<u>31.12.2014</u>
Assets		
Loans and advances to customers	156,492	168,507
Other assets		15
Total	156,492	168,522
Liabilities		
Due to customers	21,669	7,120

	From 1 January to	
	<u>30.9.2015</u>	<u>30.9.2014</u>
Income		
Interest and similar income	4,272	3,884
Fee and commission income	3	3
Other income	18	21
Total	4,293	3,908
Expenses		
Interest expense and similar charges	208	70
General administrative expenses		4,205
Total	208	4,275

iii. Associates

	<u>30.9.2015</u>	<u>31.12.2014</u>
Assets		
Loans and advances to customers	3,044	3,044
Liabilities		
Due to customers	293	207

	From 1 January to	
	<u>30.9.2015</u>	<u>30.9.2014</u>
Income		
Interest and similar income	5	

c. Until 25.8.2015 the Supplementary Fund of former Alpha Credit Bank's employees held bonds of the subsidiary Alpha Credit Group Plc. The interest income of those bonds amounted to €647, while its deposits in Alpha Bank amount to

€5,146 (31.12.2014: €29,876). The interest expense related to deposits amount to €41. Additionally, Alpha Bank's shares of €246 (31.12.2014: €1,075) are included in the assets of the Supplementary Fund.

d. The Hellenic Financial Stability Fund (HFSF) exerts significant influence on the Bank. In particular, due to its participation in the share capital increase which took place on 6.6.2013 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 Bank.

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

	From 1 January to	
	<u>30.9.2015</u>	<u>30.9.2014</u>
Income		
Interest and similar income		289
Fee and commission income	45	105
Total	45	394

23. Investments in subsidiaries, associates and joint ventures

	1.1 - 30.9.2015	1.10 - 31.12.2014	1.1 - 30.9.2014
Subsidiaries			
Opening balance	2,015,422	2,030,908	1,982,262
Additions	62,105	1,437	41,901
Disposals	(41,113)	(11,890)	
Transfer due to reclassification to assets held for sale		(1,831)	
Valuation of investments due to fair value hedge ⁽¹⁾	4,017	(3,202)	6,745
Closing balance	2,040,431	2,015,422	2,030,908
Associates			
Opening balance	631	631	631
Closing balance	631	631	631
Joint ventures			
Opening balance	56,636	86,788	87,842
Additions	12,265	293	471
Disposals	(50)	(30,445)	(1,525)
Closing balance	68,851	56,636	86,788
Total	2,109,913	2,072,689	2,118,327

Additions represent: share purchases, participation in share capital increases as well as acquisitions of shares due to mergers.

Disposals represent: sales of shares, return of capital, proceeds arising from the liquidation of companies, contribution in kind and impairments.

The additions/disposals in subsidiaries amounting to €33,955 and €39,676 respectively, relate to the acquisition of the shares of Emporiki Bank Cyprus from Alpha Bank Cyprus, in the context of which the Bank transferred its shares to Emporiki Bank Cyprus for Alpha Bank Cyprus shares.

From the sale of the shares of Emporiki Bank Cyprus Ltd a loss of €5.7 million incurred which was recorded in "Gains Less Losses from financial transactions".

Addition of amount €28,150 relates to the Bank's participa-

tion in the share capital increase of its subsidiary Alpha Group Investment Ltd (note 26h).

Also, disposal amounting to €1,437 relates to the merger via absorption of Diners Club Greece A.E.P.P. from the Bank which took place on 2.6.2015 (note 24).

The additions in joint ventures amounting to €471.8 and €11,794 relate to the Bank's capital contribution to ALPHA-TANEO AKES and participation to the share capital increase of "APE Investment Property AE", respectively (note 26g).

The disposals of the joint ventures amounting to €0.05 million relate to the sale of the total number of shares of Cardlink AE (note 25b).

On 9.10.2015, the liquidation process of Bank's Company Historical Archive-Cultural Contribution of Emporiki Bank's Non Profit Company was completed.

⁽¹⁾ The Bank uses FX swaps and money market loans to hedge the foreign exchange risk of its investments in its subsidiaries abroad.



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

On 30.9.2014, 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 and the receipt of required regulatory approvals.

a. CIP transaction

An analysis of the above transactions is included in Note 43 of the 2014 Bank's financial statements. The measurement at fair value of the net assets acquired through the acquisition of the retail banking operations of CIP, had not been completed as at 31.12.2014, due to the short period of time between the completion of the transaction and the publication of the annual financial statements. Within the first quarter of

2015 the Bank completed the valuation of the net assets acquired in the context of the above mentioned transactions without any adjustment in the provisional fair values disclosed in the annual financial statements of 31.12.2014.

The following table presents the final fair values as of 30.9.2014 for the assets acquired from the acquisition of the retail banking operations of CIP.

Retail Banking operations of CIP

	Fair value
Net assets	
Assets	
Cash and balances with Central Banks	20,279
Loans and advances to customers	227,466
Property, plant and equipment	458
Other intangible assets	60,079
Funding gap	680,950
Other assets	695
Total Assets	989,927
Liabilities	
Due to customers	927,343
Employee defined benefit obligations	2,936
Other liabilities and provisions	12,948
Total liabilities	943,227
Net assets	46,700
Consideration	(46,700)
Negative goodwill	-

b. Merger of Company Diners Club Greece A.E.P.P.

On 30.9.2014 the Bank obtained the control of Diners Club Hellas A.E.P.P after the acquisition of 100% of the share capital of the company. Since that date the company constitutes a subsidiary of the Bank. The details of this transaction and the accounting effects of the merger at a Group level are included in note 47 of the consolidated financial statements of the year 2014 and in Note 22 of the interim consolidated financial statements as at 31.3.2015.

On 2.6.2015, pursuant to the 59073/2.6.2015 resolution of the Directorate of companies and General Commercial Register of the Ministry of Economy, Infrastructure, Shipping and Tourism, with registration number 367376/2.6.2015 in the General Commercial Register the merger of the Bank and Din-

ers Club was approved through absorption of the second company from the first.

The transaction of absorption of a subsidiary by the holding company constitutes a business combination under joint control and hence its accounting depiction is not covered by the provisions of IFRS. In these cases IAS 8 requires the company to implement an accounting policy which is relevant and reliable according to the provisions of IAS for similar and relevant transactions and any relevant provisions of other accounting principles except for IAS. The Bank's accounting policy is the accounting recognition of all business combinations according to IFRS 3 even for cases of companies which were already under Bank's control.

The valuation of Diners' net assets on 30.9.2014 according

to the provisions of IFRS 3 for preparation of the consolidated financial statements purposes, was completed within the first quarter of 2015. Due to the short period of time between the date of acquisition (30.9.2014) and the date of merger (2.6.2015) it is estimated that any changes in the fair value of Diners' net assets are not significant and therefore a new valuation of Diners' net assets will not be conducted as at 2.6.2015 for the purpose of presenting the merger in the

Diners Club Greece A.E.P.P.

	Fair value
Net assets	
Assets	
Cash and balances with Central Banks	895
Loans and advances to customers	139,021
Other intangible assets	22,995
Other assets	141
Total Assets	163,052
Liabilities	
Due to banks	85,656
Employee defined benefit obligations	5,875
Deferred tax liabilities	6,692
Other liabilities and provisions	15,155
Total Liabilities	113,378
Net assets	49,674
Consideration (Acquisition Cost)	(1,437)
Negative Goodwill	48,237

In intangible assets an amount of €22.9 million that was recognized relates to the value which was attributed to the acquired customer relationships of the credit cards operations.

In addition, deferred tax liabilities amounting to €6.7 million were recognized arising from taxable temporary differences between the tax base and the accounting value which is recognized according to IFRS 3. These differences concern the provisions of credit card receivables and the intangible asset of the acquired customer relationships.

The amount of €48.2 million that has been recognized in "Negative Goodwill from acquisitions" in the Income Statement, represents the amount of negative goodwill arising from fair values. The negative goodwill arose from the very low acquisition price of the company (€1.4 million, which is the acquisition cost of the total share capital of Diners Club Greece A.E.P.P. as at 30.9.2014) in relation with the estimat-

Bank's separate financial statements. The Bank recognized the acquired Diners' net assets at the values of 2.6.2015 as these resulted by adjusting their fair value on 30.9.2014 for the transactions and financial results of Diners of the period 30.9.2014 – 2.6.2015.

The table below depicts the final values of net assets acquired as at 2.6.2015.

ed value of its loan portfolio and the acquired customer relationships. The respective amount did not constitute a taxable item during the legal merger of Alpha Bank with Diners Club Greece A.E.P.P.

The balance of Loans and Advances acquired from the merger of Diners before impairment amounted to €170.8 million. Regarding the estimation for the amounts that are expected not to be recovered, it is noted that the Bank examines the loans in the context of the impairment policy that it follows and the credit risk policy is analyzed in note 38.1 of the Bank's annual financial statements of the year 2014.

The table below presents the total income, expenses and results before and after tax that would have arisen for the Bank if the acquisition of Diners had taken place on 1.1.2015. Due to the legal merger the separate presentation of Diners Club Greece A.E.P.P. results after 2.6.2015 it is not feasible.

	Results of Bank 1.1 - 30.9.2015
Total Income	1,420,614*
Total Expenses	(2,844,448)
Profit/(Loss) before income tax	(1,423,834)
Profit/(Loss) after income tax	(766,179)

* This amount includes the negative goodwill amounting to €48.2 million.



25. Assets held for sale and discontinued operations

On 17.7.2015, the Bank and Eurobank, with a common statement, disclosed their agreement, concerning the principal terms, for the transfer of operations of Bank's Bulgaria Branch to Eurobank's subsidiary in Bulgaria (PostBank). The transfer will be completed in 2015, after the conclusion of definitive contracts and obtaining of necessary regulatory approvals. On 30.6.2015 the assets of Bulgaria Branch, and directly related liabilities, meet the classification criteria as "Held for sale" in accordance with IFRS 5, as at that date, the management had decided to sell the unit and was already in negotiations with the prospective buyer. Simultaneously, the Bulgaria Branch is a distinctive geographical area of operations for the Bank which is included in the Southeast Europe for reporting purposes per operating segment. After the classification of the Bulgaria Branch, which is the only entity in the banking sector through which the Bank operates in Bulgaria, as asset held for sale, its operations are classified as "discon-

tinued operations". Therefore, for the purpose of preparation of the Bank's interim financial statements, the Bank valued the assets and liabilities of Bulgaria Branch at the lower of their carrying amount and fair value less costs to sell, recognizing the difference which amounted to €85.5 million as "Loss after income tax from discontinued operations" in the Income Statement. After the aforementioned valuation, the assets of the Branch amount to €430,814 and are presented in the Balance Sheet as "Assets held for sale". Liabilities of the Branch which amount to €266,014 are presented in the Balance Sheet as "liabilities related to assets held for sale". On 31.12.2014 the corresponding figure of assets held for sale amounted to €1.8 million and concerned the subsidiary Alpha Insurance Ltd (see note 25 of the Financial Statements of 31.12.2014), which was sold on 16.1.2015. The aforementioned figures of Bulgaria Branch are analyzed in the table below:

(Amounts in thousand of Euro)

	30.9.2015
ASSETS	
Cash and balances with Central Banks	126,182
Due from banks	13,793
Loans and advances to customers	364,201
Investment securities	
- Available for sale	6
Investment property	1,249
Property, plant and equipment	5,008
Goodwill and other intangible assets	3,136
Other assets	2,739
	<u>516,314</u>
Difference from valuation in fair value	(85,500)
Assets held for sale	430,814
LIABILITIES	
Due to customers	261,214
Liabilities for current income tax and other taxes	83
Other liabilities	3,973
Provisions	744
Total Liabilities related to assets held for sale	266,014

The results and cash flows from Bulgarian Branch are presented as "discontinued operations" in the Income Statement, with a corresponding restatement of comparative periods 1.1.2014 to 30.9.2014 and 1.7.2014 to 30.9.2014 and in the

cash flow statement with a restatement of comparative period 1.1.2014 to 30.9.2014. The following table analyzes the amounts presented in the Income Statement.

Income Statement

(Amounts in thousand of euro)

	From 1 January to		From 1 July to	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
Interest and similar income	20,978	27,606	5,767	8,152
Interest expense and similar charges	(4,992)	(11,327)	(988)	(3,482)
Net interest income	15,986	16,279	4,779	4,670
Fee and commission income	4,955	4,912	1,679	2,089
Commission expense	(305)	(359)	(105)	(150)
Net fee and commission income	4,650	4,553	1,574	1,939
Dividend income	2	4	2	4
Gains less losses on financial transactions	431	688	154	481
Other income	288	326	100	81
	721	1,018	256	566
Total income	21,357	21,850	6,609	7,175
Staff costs	(7,458)	(7,698)	(2,403)	(2,516)
General administrative expenses	(11,632)	(11,463)	(3,674)	(4,067)
Depreciation	(2,164)	(2,392)	(690)	(778)
Other expenses	(19)	(31)	(1)	20
Total expenses	(21,273)	(21,584)	(6,768)	(7,341)
Impairment losses and provisions to cover credit risk	(5,275)	(5,474)	(973)	(2,611)
Profit/(Loss) before income tax	(5,191)	(5,208)	(1,132)	(2,777)
Income tax				
Profit/(loss), after income tax	(5,191)	(5,208)	(1,132)	(2,777)
Difference from valuation in fair value	(85,500)			
Net profit/(Loss) after income tax from discontinued operations	(90,691)	(5,208)	(1,132)	(2,777)

It is noted that both the sale of the Branch in Bulgaria and of the Alpha Insurance Ltd are part of the commitments undertaken by the Bank to implement its Restructuring Plan approved by the European Commission. In particular, this Restructuring Plan provides for specific restructuring and rationalization actions that must be performed by the Bank and which are in progress. Indicatively these actions include the reduction of Bank's total expenses in Greece, the reduction of the financing cost and the strengthening of the balance sheet, the concentration of activities in key markets and

the restriction of assets and of additional funding which are related to international activities as well as the reduction of investments and other securities portfolio of the Bank. The Bank assesses, at each reporting date of the financial statements, the actions undertaken within the context of implementation of the restructuring plan in order to classify, in the cases where the criteria of IFRS 5 are met (which are listed in note 1.16 of the financial statements of 31.12.2014), as held for sale the assets and the liabilities that are directly associated with them.



26. Corporate events

a. On 16.1.2015 the sale of the Bank's participation in the insurance company "Alpha Insurance Ltd" in Cyprus was completed. From the transaction a loss of €0.3 million incurred and was recognized in "Gain Less Losses from financial transactions", while until the completion of the share transfer a receipt of dividends of €0.7 million was recognized in "Dividend Income" of the current period.

b. On 23.1.2015 the Bank proceeded to the sale of the total number of shares of the joint venture Management and Electronic Trading Network Operation "Cardlink". From the transaction a gain of €5.95 million incurred and was recognized in "Gain Less Losses from financial transactions".

c. On 16.2.2015 the Bank's Board of Directors approved the initiation of the procedures to merge and absorb Diners Club Greece A.E.P.P. with the Bank, by absorption of the second from the first, in accordance with the provision of articles 68 paragraph 2 and 78 of Codified Law 2190/1920, in combination with article 16, paragraph 18(a) and (d) (1) of Law 2515/1997 and also in accordance with article 54 of Law 4172/2013, that was completed on 2.6.2015 by absorption of the company Diners Club Greece A.E.P.P from the Bank.

d. On 17.3.2015 the Bank in respect according to the relevant loan restructuring agreement of the company Selonda AEGE, acquired 23.01% of its shares. The fair value of the shares

which were acquired was defined to the amount of one Euro. The Bank intends to transfer these shares in the near future.

e. On 27.3.2015 the merger of Alpha Bank Cyprus Ltd and Emporiki Bank Cyprus Ltd was completed through absorption of the second from the first.

f. On 17.7.2015, the Bank entered into an agreement in the main terms with Eurobank Ergasias SA for the transfer of the operations of the Bank's Bulgaria Branch to Eurobank Bulgaria AD, a subsidiary of Eurobank Ergasias A.E. The proposed transaction is consistent with the restructuring plans of the two banking groups (note 25).

g. On 20.7.2015 the Bank proceeded to cover its ratio an increase in to the share capital increase of the joint venture "APE Investment Property SA" by contributing its share amounting to €11.8 million.

h. On 2.9.2015 the Bank participated in the share capital increase of its subsidiary, Alpha Group Investments Ltd, by paying the amount of €28.15 million.

i. On 30.9.2015 the process of liquidation of the subsidiary company of the Bank, Commercial Media Advertising Ltd. was completed.

27. Restatement of financial statements

During the current period the Bank modified the way of disclosing legal fees which, according to the loan agreements, are attributed to the loan accounts. Those expenses, which so far were included in general administrative expenses, are offset, for disclosure purposes, with the relevant income arising during the debit of the loan accounts, which is included in the fee and commission income.

The modification of the legal fees and of the relevant income disclosure was chosen because the substance of the transaction is better reflected in this way, since in the amounts of expenses no longer are included amounts that in essence are not charged to the Bank, and also corresponding to amounts of

income there are't amounts included that are not provided by the Bank as service.

As a result of this change, some funds of the income statement of the comparative period were restated without changing the result.

The restated statements of income and cash flows for the period ended 30.9.2014 are presented below after the change of the presentation of legal expenses and related revenues and also classification of Branch in Bulgaria as discontinued activity and adjustment of the index basic and diluted earnings / (loss) per share.

Income Statement

(Amounts in thousand of Euro)

	From 1 January to 30.9.2014				
	Published Amounts	Restatements due to changes in the presentation of Legal Expenses	Restated Amounts	Discontinued operations	Continuing operations
Interest and similar income	2,115,569		2,115,569	27,606	2,087,963
Interest expense and similar charges	(966,830)		(966,830)	(11,327)	(955,503)
Net interest income	1,148,739		1,148,739	16,279	1,132,460
Fee and commission income	282,550	(42,595)	239,955	4,912	235,043
Commission expense	(33,756)		(33,756)	(359)	(33,397)
Net fee and commission income	248,794	(42,595)	206,199	4,553	201,646
Dividend income	988		988	4	984
Gains less losses on financial transactions	111,294		111,294	688	110,606
Other income	14,793		14,793	326	14,467
	127,075		127,075	1,018	126,057
Total income	1,524,608	(42,595)	1,482,013	21,850	1,460,163
Staff costs	(393,245)		(393,245)	(7,698)	(385,547)
Provision for voluntary separation scheme	(194,500)		(194,500)		(194,500)
General administrative expenses	(345,872)	42,595	(303,277)	(11,463)	(291,814)
Depreciation and amortization expenses	(45,312)		(45,312)	(2,392)	(42,920)
Other expenses	(4,586)		(4,586)	(31)	(4,555)
Total expenses	(983,515)	42,595	(940,920)	(21,584)	(919,336)
Impairment losses and provisions to cover credit risk	(823,367)		(823,367)	(5,474)	(817,893)
Profit/(Loss) before income tax	(282,274)		(282,274)	(5,208)	(277,066)
Income tax	495,900		495,900		495,900
Profit/(Loss) after income tax	213,626		213,626	(5,208)	218,834
Basic and diluted earnings/(losses) per share (€ per share):	0.02		0.02	(0.0004)	0.02



Income Statement

(Amounts in thousand of Euro)

	From 1 July to 30.9.2014				
	Published Amounts	Restatements due to changes in the presentation of Legal Expenses	Restated Amounts	Discontinued operations	Continuing operations
Interest and similar income	691,715		691,715	8,152	683,563
Interest expense and similar charges	(303,933)		(303,933)	(3,482)	(300,451)
Net interest income	387,782		387,782	4,670	383,112
Fee and commission income	100,936	(14,015)	86,921	2,089	84,832
Commission expense	(15,615)		(15,615)	(150)	(15,465)
Net fee and commission income	85,321	(14,015)	71,306	1,939	69,367
Dividend income	12		12	4	8
Gains less losses on financial transactions	16,905		16,905	481	16,424
Other income	5,580		5,580	81	5,499
	22,497		22,497	566	21,931
Total income	495,600	(14,015)	481,585	7,175	474,410
Staff costs	(126,976)		(126,976)	(2,516)	(124,460)
Povision of voluntary separation scheme	(194,500)		(194,500)		(194,500)
General administrative expenses	(118,192)	14,015	(104,177)	(4,067)	(100,110)
Depreciation and amortization expenses	(14,921)		(14,921)	(778)	(14,143)
Other expenses	(1,034)		(1,034)	20	(1,054)
Total expenses	(455,623)	14,015	(441,608)	(7,341)	(434,267)
Impairment losses and provisions to cover credit risk	(259,599)		(259,599)	(2,611)	(256,988)
Profit/(Loss) before income tax	(219,622)		(219,622)	(2,777)	(216,845)
Income tax	60,357		60,357		60,357
Profit/(Loss) after income tax	(159,265)		(159,265)	(2,777)	(156,488)
Basic and diluted earnings/(losses) per share (€ per share):	(0.01)		(0.01)	(0.0002)	(0.01)

Statement of Cash Flows

(Amounts in thousand of Euro)

	From 1 January to 30.9.2014		
	Published Amounts	Restatement from discontinued operations	Restated amounts from continuing operations
Cash flows from operating activities			
Profit/(Loss) before income tax	(282,274)	(5,208)	(277,066)
Adjustments for gains/(losses) before income tax for:			
Depreciation/ impairment of fixed assets	26,065	1,901	24,164
Amortization of intangible assets	19,247	491	18,756
Impairment losses from loans, provisions defined benefit obligations	1,035,528	5,759	1,029,769
(Gains)/losses from investing activities	(105,807)		(105,807)
(Gains)/losses from financing activities	108,286		108,286
	801,045	2,943	798,102
Net (increase)/decrease in assets relating to operating activities:			
Due from banks	589,521	(3,323)	592,844
Securities held for trading and derivative financial assets	(197,920)	(637)	(197,283)
Loans and advances to customers	690,564	(60,375)	750,939
Other assets	138,715	523	138,192
Net increase/(decrease) in liabilities relating to operating activities:			
Due to banks	(3,370,327)	2,776	(3,373,103)
Derivative financial liabilities	151,847	351	151,496
Due to customers	(342,370)	40,470	(382,840)
Other liabilities	94,756	(1,023)	95,779
	(1,444,169)	(18,295)	(1,425,874)
Net cash flows from continuing operating activities before taxes			
Income taxes and other taxes paid	(20,696)	(188)	(20,508)
	(1,464,865)	(18,483)	(1,446,382)
Net cash flows from discontinued operating activities			(18,483)
Cash flows from investing activities			
Investments in subsidiaries, associates and joint ventures	(38,945)		(38,945)
Acquisition of Retail Banking operations of Citibank	643,943		643,943
Dividends received	988		988
Acquisition of fixed and intangible assets	(34,440)	(241)	(34,199)
Disposals of fixed and intangible assets	4,081	960	3,121
Net (increase)/decrease in investment securities	1,541,850	15,939	1,525,911
	2,117,477	16,658	2,100,819
Net cash flows from discontinued operating activities			16,658
Cash flows from financing activities			
Share capital increase	1,200,000		1,200,000
Repayment of preference shares	(940,000)		(940,000)
Share capital increase expenses	(48,328)		(48,328)
Dividends paid to ordinary shareholders	(604)		(604)
Proceeds from the issuance of debt securities in issue and other borrowed funds	499,012		499,012
Repayments of debt securities in issue and other borrowed funds	(64,741)		(64,741)
	645,339		645,339
Net cash flows from discontinued financing activities			
Effect of exchange rate fluctuations on cash and cash equivalents	1,468		1,468
	1,299,419	(1,825)	1,301,244
Net increase/(decrease) in cash flows from continuing operating activities			(1,825)
Net increase/(decrease) in cash flows from discontinued operating activities			(1,825)
Cash and cash equivalents at the beginning of the period	748,999		748,999
Cash and cash equivalents at the end of the period	2,048,418		2,048,418



28. Events after the balance sheet date

a. On 28.10.2015 the Bank announced separate invitations to holders of all of the outstanding series of securities issued by Alpha Credit Group Plc, Emporiki Group Finance Plc and Alpha Group Jersey Limited, to offer all outstanding securities to exchange for non-transferable receipts issued by the Bank. The exchange offers are being made in order to strengthen the Offeror's capital base, which has been impacted by the negative macro-economic conditions recently experienced in the Hellenic Republic that are affecting all Greek financial institutions. In addition, the Exchange Offers in relation to the Subordinated Securities and the Preferred Securities reflect the fact that, if State aid is required to meet any part of the additional capital requirements that may be imposed as a result of the Comprehensive Assessment conducted by the Single Supervisory Mechanism (SSM) or otherwise, burden-sharing will need to be achieved to the maximum extent possible through expected mandatory contributions by holders of equity, hybrid capital and subordinated debt of the Offeror as a prior condition to the grant of such state aid.

The Exchange Offer concerns senior securities of € 985 million and subordinated and hybrid securities of a total amount of € 100.9 million. The total perimeter of securities to be exchanged amounts to about € 1.1 billion.

The terms of Alpha Bank's Exchange Offer is the exchange:

1. in cash on the nominal value including accrued interest (excluding hybrid securities) at 50% for senior securities, 9% for subordinated securities and 5% for hybrid securities.
2. in shares (or any combination thereof) on the nominal value including accrued interest (excluding hybrid securities) at 100% for senior securities, 85% for subordinated securities and 50% for hybrid securities
3. Cash Resale Amount, only in the case of non-permitted equityholders.

b. On 30.10.2015 the Bank participated in the share capital increase of the company Alpha Group Investments Ltd by contributing an amount of € 6.85 million.

Athens, 31 October 2015

THE CHAIRMAN
OF THE BOARD OF DIRECTORS

THE MANAGING
DIRECTOR

THE GENERAL MANAGER
AND CHIEF FINANCIAL OFFICER

THE ACCOUNTING AND
TAX MANAGER

VASILEIOS T. RAPANOS
ID. No. AI 666242

DEMETRIOS P. MANTZOUNIS
ID. No. I 166670

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