



ALPHA BANK

**INTERIM CONSOLIDATED 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 consolidated balance sheet of ALPHA BANK A.E. (the "Bank") as of September 30, 2015 and the related consolidated 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 consolidated interim condensed financial information, which refer to, the current economic conditions in Greece, the effects of the increased provisions for credit risk on the Group's regulatory capital, the planned actions to restore the capital adequacy of the Group, 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 Group'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 Consolidated 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*
Interest and similar income		2,283,915	2,461,231	758,735	809,873
Interest expense and similar charges		(838,431)	(1,032,234)	(270,356)	(322,364)
Net interest income		1,445,484	1,428,997	488,379	487,509
Fee and commission income		286,739	290,004	90,871	103,167
Commission expense		(54,607)	(41,353)	(21,611)	(18,181)
Net fee and commission income		232,132	248,651	69,260	84,986
Dividend income		903	1,086	343	141
Gains less losses on financial transactions		45,369	85,690	9,116	16,632
Other income		46,833	50,395	15,336	17,276
		93,105	137,171	24,795	34,049
Total income		1,770,721	1,814,819	582,434	606,544
Staff costs	2	(397,261)	(485,364)	(132,420)	(157,867)
Provision for voluntary separation scheme			(194,500)		(194,500)
General administrative expenses		(399,239)	(374,201)	(158,459)	(127,859)
Depreciation and amortization	8, 9, 10	(78,207)	(68,623)	(26,461)	(22,627)
Other expenses		(3,775)	(6,203)	(1,407)	(1,805)
Total expenses		(878,482)	(1,128,891)	(318,747)	(504,658)
Impairment losses and provisions to cover credit risk	3	(2,355,918)	(1,075,124)	(258,731)	(334,404)
Negative goodwill from acquisitions	25		40,287		40,287
Share of profit/(loss) of associates and joint ventures		(9,022)	(7,369)	(5,035)	(2,377)
Profit/(loss) before income tax		(1,472,701)	(356,278)	(79)	(194,608)
Income tax	4	723,309	492,875	413,880	59,991
Profit/(loss) after income tax, from continuing operations		(749,392)	136,597	413,801	(134,617)
Profit/(loss) after income tax, from discontinued operations	26	(88,992)	(7,294)	(102)	(3,496)
Profit/(loss) after income tax		(838,384)	129,303	413,699	(138,113)
Profit/(loss) attributable to:					
Equity owners of the Bank					
- from continuing operations		(749,644)	136,361	413,716	(134,607)
- from discontinued operations		(88,992)	(7,294)	(102)	(3,496)
		(838,636)	129,067	413,614	(138,103)
Non-controlling interests					
- from continuing operations		252	236	85	(10)
Earnings/(losses) per share:					
Basic and diluted (€ per share)	5	(0.07)	0.01	0.03	(0.01)
Basic and diluted from continuing operations (€ per share)	5	(0.06)	0.01	0.03	(0.01)
Basic and diluted from discontinued operations (€ per share)	5	(0.0070)	(0.0006)	(0.0000)	(0.0003)

* The figures of the Interim Consolidated Income Statement of the comparative periods have been restated due to modification of the presentation of legal expenses, the negative goodwill acquisition retrospective adjustment of Diners Club Greece A.E.P.P. and the presentation of Bank's Branch in Bulgaria as a discontinued operation (notes 26 and 28).

The attached notes (pages 11 - 58) form an integral part of these interim consolidated financial statements



Interim Consolidated Balance Sheet

(Amounts in thousand of Euro)

	Note	30.9.2015	31.12.2014
ASSETS			
Cash and balances with Central Banks		1,602,599	2,019,017
Due from banks		1,866,178	2,771,739
Securities held for trading	7	4,377	4,189
Derivative financial assets		894,697	1,148,476
Loans and advances to customers	6	46,961,442	49,556,985
Investment securities			
- Available for sale	7	5,673,331	5,688,286
- Held to maturity	7	169,030	310,818
- Loans and receivables	7	4,297,721	4,299,101
Investments in associates and joint ventures		45,617	46,383
Investment property	8	609,139	567,212
Property, plant and equipment	9	1,046,258	1,083,348
Goodwill and other intangible assets	10	331,464	331,424
Deferred tax assets		4,422,668	3,689,446
Other assets		1,421,284	1,365,066
		<u>69,345,805</u>	<u>72,881,490</u>
Assets held for sale	26	436,361	53,971
Total Assets		69,782,166	72,935,461
LIABILITIES			
Due to banks	11	27,559,077	17,300,114
Derivative financial liabilities		1,674,700	1,948,541
Due to customers (including debt securities in issue)		30,469,514	42,900,633
Debt securities in issue held by institutional investors and other borrowed funds	12	1,132,335	1,523,521
Amounts due for current income tax and other taxes		28,702	61,794
Deferred tax liabilities		38,134	25,502
Employee defined benefit obligations		109,698	105,353
Other liabilities	13	1,313,204	1,091,747
Provisions	14	240,708	212,712
		<u>62,566,072</u>	<u>65,169,917</u>
Liabilities related to assets held for sale	26	260,265	58,994
Total Liabilities		62,826,337	65,228,911
EQUITY			
Equity attributable to equity owners of the Bank			
Share capital	15	3,830,718	3,830,718
Share premium		4,858,216	4,858,216
Reserves		188,345	105,712
Amounts recognized directly in Equity and relate to assets held for sale	26		(25)
Retained earnings		(1,975,160)	(1,142,801)
		<u>6,902,119</u>	<u>7,651,820</u>
Non-controlling interests		23,975	23,266
Hybrid securities	16	29,735	31,464
Total Equity		6,955,829	7,706,550
Total Liabilities and Equity		69,782,166	72,935,461

The attached notes (pages 11 - 58) form an integral part of these interim consolidated financial statements

Interim Consolidated Comprehensive Income

(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
Profit / (loss), after income tax, recognized in the income statement		(838,384)	129,303	413,699	(138,113)
Other comprehensive income recognized directly in equity:					
Amounts that may be reclassified to the income statement					
Change in available for sale securities' reserve		60,619	(20,692)	388,738	(167,873)
Change in cash flow hedge reserve		39,759	(143,808)	(23,986)	(46,935)
Exchange differences on translating and hedging the net investment in foreign operations		5,107	(2,056)	3,716	(1,896)
Change in share of other comprehensive income of associates and joint ventures		101	(1,055)		(1)
Income tax	4	(25,409)	46,158	(87,972)	54,936
Total amounts that may be reclassified to the income statement after income tax		80,177	(121,453)	280,496	(161,769)
Total amounts that may not be reclassified to the income statement after income tax					
Effect due to change to the income tax rate in defined benefit obligations	4	2,175		2,175	-
		2,175		2,175	
Total of other comprehensive income recognized directly in equity, after income tax	4	82,352	(121,453)	282,671	(161,769)
Total comprehensive income for the period, after income tax		(756,032)	7,850	696,370	(299,882)
Total comprehensive income for the period attributable to:					
Equity owners of the Bank					
- from continuing operations		(667,322)	14,931	696,408	(296,356)
- from discontinued operations		(88,992)	(7,294)	(102)	(3,496)
		(756,314)	7,637	696,306	(299,852)
Non controlling interests					
- from continuing operations		282	213	64	(30)



Interim Consolidated Statements of Changes in Equity

(Amounts in thousand of Euro)

	Note	Share Capital	Share Premium	Reserves	Retained earnings	Total	Non controlling interests	Hybrid securities	Total
Balance 1.1.2014		4,216,872	4,212,062	631,033	(747,572)	8,312,395	23,640	31,700	8,367,735
Changes for the period 1.1 - 30.9.2014									
Profit for the period, after income tax					129,067	129,067	236		129,303
Other comprehensive income recognized directly in equity, after income tax				(121,430)		(121,430)	(23)		(121,453)
Total comprehensive income for the period, after income tax		-	-	(121,430)	129,067	7,637	213	-	7,850
Share capital increase		553,846	646,154			1,200,000			1,200,000
Redemption of preference shares		(940,000)				(940,000)			(940,000)
Share capital increase expenses, after income tax					(35,764)	(35,764)			(35,764)
Purchases/Sales and change of ownership interests in subsidiaries					13	13	(64)		(51)
(Purchases), (Redemptions)/ Sales of hybrid securities, after taxes						-		(60)	(60)
Appropriation to reserves				1,724	(1,724)	-			-
Other					69	69			69
Balance 30.9.2014		3,830,718	4,858,216	511,327	(655,911)	8,544,350	23,789	31,640	8,599,779
Changes for the period 1.10 - 31.12.2014									
Profit for the period, after income tax					(458,876)	(458,876)	(135)		(459,011)
Other comprehensive income recognized directly in equity, after income tax				(405,262)	(28,427)	(433,689)	(45)		(433,734)
Total comprehensive income for the period, after income tax				(405,262)	(487,303)	(892,565)	(180)		(892,745)
Purchases/Sales and change of ownership interests in subsidiaries					61	61	(343)		(282)
(Purchases), (Redemptions)/ Sales of hybrid securities, after taxes						-		(176)	(176)
Appropriation to reserves				(378)	378	-			-
Other					(26)	(26)			(26)
Balance 31.12.2014		3,830,718	4,858,216	105,687	(1,142,801)	7,651,820	23,266	31,464	7,706,550

(Amounts in thousand of Euro)

	Note	Share Capital	Share Premium	Reserves	Retained earnings	Total	Non controlling interests	Hybrid securities	Total
Balance 1.1.2015		3,830,718	4,858,216	105,687	(1,142,801)	7,651,820	23,266	31,464	7,706,550
Changes for the period 1.1 - 30.9.2015									
Profit for the period, after income tax					(838,636)	(838,636)	252		(838,384)
Other comprehensive income recognized directly in equity, after income tax				80,147	2,175	82,322	30		82,352
Total comprehensive income for the period, after income tax				80,147	(836,461)	(756,314)	282		(756,032)
Effect due to change of the income tax rate at share capital increase expenses					6,261	6,261			6,261
Purchases/Sales and change of ownership interests in subsidiaries					(388)	(388)	427		39
(Purchases), (Redemptions)/ Sales of hybrid securities, after taxes					740	740		(1,729)	(989)
Appropriation to reserves				2,511	(2,511)	-			-
Balance 30.9.2015		3,830,718	4,858,216	188,345	(1,975,160)	6,902,119	23,975	29,735	6,955,829

The attached notes (pages 11 - 58) form an integral part of these interim consolidated financial statements



Interim Consolidated Statement of Cash Flows

(Amounts in thousand of Euro)

	Note	From 1 January to 30.9.2015	30.9.2014*
Cash flows from operating activities			
Profit/(loss) before income tax		(1,472,701)	(356,278)
Adjustments for gains/(losses) before income tax for:			
Depreciation of fixed assets	8, 9	44,110	44,660
Amortization of intangible assets	10	34,098	23,963
Impairment losses from loans, provisions and staff leaving indemnity		2,406,786	1,326,334
(Gains)/losses from investing activities		19,853	(63,553)
(Gains)/losses from financing activities		49,611	111,346
Share of (profit)/loss of associates and joint ventures		9,022	7,369
Negative goodwill from acquisitions			(40,287)
		1,090,779	1,053,554
Net (increase)/decrease in assets relating to operating activities:			
Due from banks		1,245,218	560,100
Securities held for trading and derivative financial assets		253,590	(204,125)
Loans and advances to customers		(288,919)	806,854
Other assets		(31,992)	144,276
Net increase/(decrease) in liabilities relating to operating activities:			
Due to banks		10,261,946	(3,526,375)
Derivative financial liabilities		(234,082)	151,956
Due to customers		(12,306,043)	(56,302)
Other liabilities		99,424	100,127
Net cash flows from operating activities before taxes		89,921	(969,935)
Income taxes and other taxes paid		(46,347)	(36,346)
Net cash flows from continuing operating activities		43,574	(1,006,281)
Net cash flows from discontinued operating activities		12,882	(18,482)
Cash flows from investing activities			
Investments in subsidiaries, associates and joint ventures		(12,138)	1,008
Acquisitions during the period		9,151	645,292
Amounts received from disposal of subsidiary		15,392	
Dividends received		903	1,090
Acquisition of fixed and intangible assets		(68,501)	(55,451)
Disposals of fixed and intangible assets		10,928	5,558
Net (increase)/decrease in investment securities		35,369	1,020,659
Net cash flows from continuing investing activities		(8,896)	1,618,156
Net cash flows from discontinued investing activities		(382)	16,658
Cash flows from financing activities			
Dividends paid			(604)
Receipts of debt securities in issue and other borrowed funds			499,096
Repayment of debt securities in issue and other borrowed funds		(111,077)	(93,080)
(Purchases)/sales of hybrid securities		(693)	(60)
Share capital increase			1,200,000
Redemptions of preference shares			(940,000)
Share capital increase expenses			(48,328)
Net cash flows from continuing financing activities		(111,770)	617,024
Effect of exchange rate fluctuations on cash and cash equivalents		8,865	(1,499)
Net increase/(decrease) in cash flows – continuing activities		(68,227)	1,227,400
Net increase/(decrease) in cash flows – discontinued activities		12,500	(1,824)
Cash and cash equivalents at the beginning of the period		1,194,244	973,167
Cash and cash equivalents at the end of the period		1,138,517	2,198,743

* The figures of the Interim Consolidated Statement of Cash Flows of the comparative period have been restated due to a modification of the presentation of legal expenses of Diners Club Greece A.E.P.P. negative goodwill acquisition retrospective adjustment and the presentation of Bank's Branch in Bulgaria as a discontinued operation (notes 26 and 28).

The attached notes (pages 11 - 58) form an integral part of these interim consolidated financial statements

Notes to the Interim Consolidated Financial Statements

GENERAL INFORMATION

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

The parent company of the Group is Alpha Bank A.E. which operates under the brand name of Alpha Bank A.E. The Bank's registered office is 40 Stadiou Street, Athens and is listed in the General Commercial Register with registration number 223701000 (ex record number of Société Anonyme Companies Registry 6066/06/B/86/05). The Bank's statute has a duration 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 purposes 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 ***

* Member of the Audit Committee

** Member of the Remuneration Committee

*** Member of the Risk Management Committee

**** Member of Corporate Governance and Nominations Committee

**NON-EXECUTIVE MEMBER**

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

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

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 of 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, 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 ordinary shares as at 30 September 2015. 4,310,302,518 ordinary shares of the Bank are traded in the Athens Exchange while

the Hellenic Financial 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 Group 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 held by institutional investors and other borrowed funds".

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

The accounting policies applied by the Group in preparing the condensed interim financial statements are consistent with those stated in the published financial statements for the year ended on 31.12.2014, 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 Group 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 Group, in the context of applying accounting policies and preparing financial statements in accordance with the International Financial Reporting Standards, makes estimates and assumptions that affect the amounts that are recognized as

income, expenses, assets or liabilities. The use of estimates and assumptions is an integral part of recognizing amounts in the financial statements that mostly relate to the following:

Fair value of assets and liabilities

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

Impairment losses of financial assets

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

Impairment losses of non – financial assets

The Group, at each 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 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 Group 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 Group. Any adjustments are recognized within the year that they become final.



Employee defined benefit obligations

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

Provisions and contingent liabilities

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

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

1.2.1 Going concern principle

The Group applied the going concern principle for the preparation of the financial statements as at 30.9.2015. For the application of this principle, the Group 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 Group of significant impairment losses during the second quarter. These losses have, in turn, burdened significantly the equity and the regulatory capital of the Group.

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 23, 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 Group, 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 29),
- 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 its 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 Group's exposure to the Hellenic Republic

The Group's total exposure to Greek Government securities

and loans related to the Hellenic Republic is presented in note 20. The main uncertainties regarding the estimations for the recoverability of the Group'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 Group 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 Group applies the credit risk policy which is presented in detail in note 42.1 of the annual financial statements as at 31.12.2014. The Group 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 Group recognizes deferred tax assets to the extent that it is probable that it will have sufficient future taxable profit available, against which, deductible temporary differences and tax losses carried forward can be utilized.

The main categories of deferred tax assets which have been recognized by the Group 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 arise, to their greater extent, from the Bank and they relate to the



years 2012-2014. Tax losses can be offset against taxable profits within five years from their formation. The Group recognized the aforementioned assets since, according to the estimated future taxable profits of the Bank, 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 Group'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 re-

covery, as it also applies to the other deferred tax assets categories. The Group 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 Group, 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 Group 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 of the Group amounted to €397.3 million for the nine-month period of 2015 compared to €485.4 million for the respective nine-month period of 2014, presenting a decrease of 18.2% 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)	2,369,040	1,116,663	261,390	366,425
Provisions to cover credit risk relating to off balance sheet items (note 14)	2,427	(26,443)	(274)	(27,299)
Recoveries	(15,549)	(15,096)	(2,385)	(4,722)
Total	2,355,918	1,075,124	258,731	334,404

For the preparation of the interim financial statements as of 30 September 2015, the Group 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 Group 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 Group 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 23.

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 on the



absence 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 described in the above table.

For the subsidiaries and the branches of the Bank operating in other countries, the applicable nominal tax rates for fiscal years 2014 and 2015 are as follows:

Cyprus	12.5
Bulgaria	10
Serbia	15
Romania	16
FYROM	10 ⁽¹⁾
Albania	15
Jersey	10
United Kingdom	21 ⁽²⁾ (from 1.4.2014)

In accordance with article 65A of Law 4174/2013, from 2011, the statutory auditors and audit firms conducting statutory audits to a 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.

The income tax in the income statement from continuing operations is analyzed on the table below:

	From 1 January to		From 1 July to	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
Current	14,408	14,993	4,931	3,690
Deferred	(300,364)	(507,868)	18,542	(63,681)
Tax rate adjustment	(437,353)		(437,353)	
Total	(723,309)	(492,875)	(413,880)	(59,991)

The Group in 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.

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	20,952	7,339	10,192	2,616
Valuation/ impairment of loans	(611,137)	(478,882)	(221,988)	(15,182)
Valuation of loans due to hedging	(651)	(122)	(101)	(141)
Other temporary differences	2,217	20,375	(31,952)	13,526
Cost of voluntary separation scheme		(50,570)		(50,570)
Employee defined benefit obligations	13,886	22,079	14,304	(204)
Valuation of derivatives	19,081	12,546	5,069	944
Effective interest rate	(1,099)	(2,213)	(267)	(867)
Fair value change of liabilities to credit institutions and other borrowed funds due to fair value hedge	(12,879)	(4,039)	(10,446)	(839)
Fair value change/impairment of bonds and other securities	22,060	(5,543)	(3,477)	(22,892)
Tax losses carried forward	(101,503)	(58,797)	(72,414)	(58)
Total	(737,717)	(507,868)	(418,811)	(63,681)

⁽¹⁾ From 1.1.2015 the tax base for legal entities changed. The tax rate of 10% is imposed on taxable profits and not on the non deductible expenses or distributable profits. The above apply to the profits of 2014.

⁽²⁾ Until 31.3.2014 the tax rate was 23%.

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 the supervised by Bank of Greece legal persons of paragraphs 5, 6, and 7 of articles 26 of Law 4172/2013 which have 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, 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 Meet-

ing 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		(1,472,701)		(356,278)
Income tax (weighted average nominal tax rate)	27.96	(411,733)	21.66	(77,171)
Increase/(decrease) due to:				
Additional tax on income from property			(0.01)	69
Non taxable income	0.25	(3,622)	0.33	(1,160)
Non deductible expenses	(3.49)	51,384	(1.94)	6,897
Negative goodwill from the acquisition of Diners not subject to tax			2.94	(10,475)
Other tax adjustments	(2.61)	38,370	(3.09)	10,999
Total	22.11	(325,601)	19.89	(70,841)
Adjustment of tax rates due to temporary differences 31.12.2014		(397,708)		
Deferred tax assets from impairment/valuation of Emporiki Bank's loans that were not recognized in previous year				(422,034)
Income tax		(723,309)		(492,875)

	From 1 July to			
	30.9.2015		30.9.2014	
	%		%	
Profit/(loss) before income tax		(79)		(194,608)
Income tax (weighted average nominal tax rate)	27.85	(22)	22.62	(44,011)
Increase/(decrease) due to:				
Additional tax on income from property			0.02	(36)
Non taxable income		(1,215)	0.27	(530)
Non deductible expenses		9,876	1.19	(2,309)
Negative goodwill from the acquisition of Diners not subject to tax			5.38	(10,475)
Other tax adjustments		14,834	1.13	(2,630)
Total	-	23,473	30.61	(59,991)
Adjustment of tax rates due to temporary differences 30.6.2015		(437,353)		
Income tax		(413,880)		(59,991)

The tax rate of 27.96% for the nine month period of 2015 and 21.66% for the nine month period of 2014, is the weighted average nominal tax rate based on the nominal income tax

rate and the profit/loss before tax of the parent company and of each of the Group's subsidiaries.

**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						
Change in available for sale securities' reserve	60,619	(21,980)	38,639	(20,692)	6,007	(14,685)
Change in cash flow hedge reserve	39,759	(3,946)	35,813	(143,808)	37,390	(106,418)
Foreign exchange differences on translating and hedging the net investment in foreign operations	5,107	517	5,624	(2,056)	2,761	705
Change in share of other comprehensive income of associates and joint ventures	101		101	(1,055)		(1,055)
Amounts that may be reclassified in the Income Statement	105,586	(25,409)	80,177	(167,611)	46,158	(121,453)
Amounts that may not be reclassified in the Income Statement						
Effect due to change of the income tax rate in defined benefit obligations		2,175	2,175			
Total	105,586	(23,234)	82,352	(167,611)	46,158	(121,453)

	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 to the Income Statement						
Change in available for sale securities' reserve	388,738	(99,901)	288,837	(167,873)	40,922	(126,951)
Change in cash flow hedge reserve	(23,986)	12,640	(11,346)	(46,935)	12,203	(34,732)
Foreign exchange differences on translating and hedging the net investment in foreign operations	3,716	(711)	3,005	(1,896)	1,811	(85)
Change in share of other comprehensive income of associates and joint ventures				(1)		(1)
Amounts that may be reclassified in the Income Statement	368,468	(87,972)	280,496	(216,705)	54,936	(161,769)
Amounts that may not be reclassified in the Income Statement						
Effect due to change of the income tax rate in defined benefit obligations		2,175	2,175			
Total	368,468	(85,797)	282,671	(216,705)	54,936	(161,769)

During the nine month period of 2015, in "Retained earnings", there is a deferred tax liability of € 296 arising from purchases/redemptions/sales of hybrid securities.

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

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

5. Earnings/(losses) per share

a. Basic

Basic earnings/(losses) per share are calculated by dividing the profit/(losses) after income tax attributable to ordinary equity 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 Group, 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:

- 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.

b. Diluted

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 Group does not have dilutive potential ordinary

shares and 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 dilutive 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	(838,636)	129,067	413,614	(138,103)
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 €)	(0.07)	0.01	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	(749,644)	136,631	413,716	(134,607)
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 €)	(0.06)	0.01	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	(88,992)	(7,294)	(102)	(3,496)
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 €)	(0.0070)	(0.0006)	(0.0000)	(0.0003)

The weighted average number of common shares, on 30.9.2014, is calculated based on the days during which the ordinary shares were in issue 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

	<u>30.9.2015</u>	<u>31.12.2014</u>
Individuals		
Mortgages:		
- Non-securitized	20,182,567	20,274,246
Consumer:		
- Non-securitized	3,951,252	3,701,797
- Securitized	1,375,407	1,462,066
Credit cards:		
- Non-securitized	689,105	773,928
- Securitized	556,640	579,353
Other	3,933	4,401
Total	26,758,904	26,795,791
Companies		
Corporate loans:		
- Non-securitized	27,889,454	27,860,246
- Securitized	2,013,561	2,084,171
Finance leases (leasing):		
- Non-securitized	256,297	268,880
- Securitized	449,577	459,666
Factoring	554,523	578,763
Total	31,163,412	31,251,726
Other receivables	338,994	339,745
	58,261,310	58,387,262
Less:		
Allowance for impairment losses ⁽¹⁾	(11,299,868)	(8,830,277)
Total	46,961,442	49,556,985

The Bank and Alpha Leasing A.E. have proceeded in securitization of consumer, corporate loans, credit cards and finance leases 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 and Alpha Leasing A.E. retained in all cases the risks and rewards deriving from the securitized portfolios.

The Bank proceeded on 8.7.2015 to the cancellation of amount of €3.745 billion of covered bonds which 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 mortgage loans provided as coverage for the above mentioned bonds amounted to €18 million.

⁽¹⁾ In addition to the allowance for impairment losses regarding loans and advances to customers, a provision of €17,860 (31.12.2014: €15,551) has been recorded to cover credit risk relating to off-balance sheet items. The total provision recorded to cover credit risk amounts to €11,317,728 (31.12.2014: €8,845,828).

Allowance for impairment losses

Balance 1.1.2014	6,956,134
Changes for the period 1.1 - 30.9.2014	
Impairment losses for the period from continuing operations (note 3)	1,116,663
Impairment losses for the period from discontinued operations	5,732
Change in present value of the allowance account	387,004
Provisions of companies which are consolidated for the first time	92
Foreign exchange differences	5,353
Loans written-off during the period	(77,953)
Balance 30.9.2014	8,393,025
Changes for the period 1.10 - 31.12.2014	
Impairment losses for the period from continuing operations	800,101
Impairment losses for the period from discontinued operations	1,571
Change in present value of the allowance account	126,994
Reclassification to provisions from other contingent liabilities	775
Reclassification to assets held for sale	(3,223)
Foreign exchange differences	(1,398)
Loans written-off during the period	(487,568)
Balance 31.12.2014	8,830,277
Changes for the period 1.1 - 30.9.2015	
Reclassification to assets held for sale on 1.1.2015 (Bulgaria)	(107,179)
Impairment losses for the period from continuing operations (note 3)	2,369,040
Change in present value of the allowance account	402,334
Provisions of companies which are consolidated for the first time	521
Foreign exchange differences	42,309
Loans written-off during the period	(237,434)
Balance 30.9.2015	11,299,868

The finance lease receivables by duration are as follows:

	<u>30.9.2015</u>	<u>31.12.2014</u>
Up to 1 year	402,356	398,910
From 1 year to 5 years	129,023	186,968
Over 5 years	284,387	280,637
	815,766	866,515
Non accrued finance lease income	(109,892)	(137,969)
Total	705,874	728,546

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

	<u>30.9.2015</u>	<u>31.12.2014</u>
Up to 1 year	385,333	376,693
From 1 year to 5 years	80,693	116,121
Over 5 years	239,848	235,732
Total	705,874	728,546



7. Investment and held for trading securities

i. Held for trading securities

Securities held for trading amounted to €4.4 million on 30.9.2015 (31.12.2014: €4.2 million) of which Greek Government Bonds €1.3 million (31.12.2014: €1.7 million).

ii. Investment securities

a. Available for sale

The available for sale portfolio amounting to €5.7 billion as at 30.9.2015 (31.12.2014: €5.7 billion). This amount includes securities issued by the Greek State that amount to €3.9 billion as at 30.9.2015 (31.12.2014: €3.7 billion) out of which €2.1 billion (31.12.2014: €2.2 billion) relate to Greek Government treasury bills. The Group during the nine month period of 2015 recognized impairment for other bonds amounting to €1.3 million, for shares amounting to €3,139 and for mutual funds amounting to €592 which are included in "Gain less losses on financial transactions".

b. Held to maturity

The held to maturity portfolio amounted to €169 million as at 30.9.2015 (31.12.2014: €310.8 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	627,457
Accumulated depreciation and impairment losses	(67,004)
1.1.2014 - 30.9.2014	
Net book value 1.1.2014	560,453
Additions	10,583
Additions from companies consolidated for the first time in 2014	48,796
Reclassification from "Property, plant and equipment"	4,683
Reclassification from "Other assets"	984
Foreign exchange differences	1,039
Disposals/Write-offs	(2,585)
Depreciation for the period from continuing operations	(7,981)
Depreciation for the period from discontinued operations	(28)
Net book value 30.9.2014	615,944
Balance 30.9.2014	
Cost	689,028
Accumulated depreciation and impairment losses	(73,084)
1.10.2014 - 31.12.2014	
Net book value 1.10.2014	615,944
Additions	3,957
Additions from companies consolidated for the first time in 2014	3,939
Disposals/Write-offs	(1,503)
Reclassifications to "Asset held for sale" (Property)	109
Reclassification from "Other assets"	942
Reclassification to "Assets held for sale" (Alpha Insurance Ltd)	(1,269)
Foreign exchange differences	(1,368)
Depreciation for the period from continuing operations	(3,060)
Depreciation for the period from discontinued operations	(10)
Impairments	(50,469)
Net book value 31.12.2014	567,212
Balance 31.12.2014	
Cost	693,486
Accumulated depreciation and impairment losses	(126,274)
1.1.2015 - 30.9.2015	
Net book value 1.1.2015	567,212
Additions	11,563
Additions from companies consolidated for the first time during nine month period of 2015	43,844
Reclassification to "Other assets"	(110)
Reclassification from "Property, plant and equipment"	4,241
Reclassification to "Asset held for sale"	(939)
Reclassification of investment assets of discontinued operations to "Assets held for sale"	(1,277)
Foreign exchange differences	1,733
Disposals/Write-offs	(9,077)
Depreciation for the period from continuing operations	(8,051)
Net book value 30.9.2015	609,139
Balance 30.9.2015	
Cost	755,884
Accumulated depreciation and impairment losses	(146,745)

The additions from companies consolidated for the first time relate to investment property which were obtained as collateral for loans and were acquired by the Group in the context of its credit risk management.

In 2014, an impairment loss amounting to €50.5 million was recognized, in order for the carrying amount of investment property not to exceed its 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	1,428,120	4,378	515,075	1,947,573
Accumulated depreciation and impairment losses	(390,427)	(2,660)	(432,016)	(825,103)
1.1.2014 - 30.9.2014				
Net book value 1.1.2014	1,037,693	1,718	83,059	1,122,470
Foreign exchange differences	(719)	8	212	(499)
Additions	10,951	14	10,722	21,687
Additions from companies consolidated for the first time in 2014	90		55	145
Disposals/Write-offs	(4,078)		(436)	(4,514)
Reclassification to "Other assets"	(680)		239	(441)
Reclassification to "Investment property"	(4,683)			(4,683)
Depreciation for the period from continuing operations	(21,301)	(438)	(14,940)	(36,679)
Depreciation for the period from discontinued operations	(1,083)		(790)	(1,873)
Net book value 30.9.2014	1,016,190	1,302	78,121	1,095,613
Balance 30.9.2014				
Cost	1,420,767	4,415	521,220	1,946,402
Accumulated depreciation and impairment losses	(404,577)	(3,113)	(443,099)	(850,789)
1.10.2014 - 31.12.2014				
Net book value 1.10.2014	1,016,190	1,302	78,121	1,095,613
Foreign exchange differences	(760)	(10)	(271)	(1,041)
Additions	4,865		3,710	8,575
Additions from companies consolidated for the first time	(53)		418	365
Disposals/Write-offs	(544)		(101)	(645)
Reclassification from "Intangible assets"			145	145
Reclassification internally to "Property, plant and equipment"	(216)		216	
Reclassification to "Other assets"	(2,892)		(239)	(3,131)
Reclassification to "Assets held for sale"	(212)		(241)	(453)
Depreciation for the period from continuing operations	(7,217)	(142)	(5,131)	(12,490)
Depreciation for the period from discontinued operations	(359)		(251)	(610)
Impairment losses	(3,001)		21	(2,980)
Net book value 31.12.2014	1,005,801	1,150	76,397	1,083,348
Balance 31.12.2014				
Cost	1,417,632	4,302	518,133	1,940,067
Accumulated depreciation and impairment losses	(411,831)	(3,152)	(441,736)	(856,719)
1.1.2015 - 30.9.2015				
Net book value 1.1.2015	1,005,801	1,150	76,397	1,083,348
Foreign exchange differences	593	6	162	761
Additions	5,650	60	13,683	19,393
Additions from companies consolidated for the first time in the nine month period of 2015			7	7
Disposals/Write-offs	(1,945)		(55)	(2,000)
Reclassification to "Investment property"	(4,241)			(4,241)
Reclassification of assets of discontinued operations to "Assets held for sale"	(3,924)		(2,545)	(6,469)
Reclassification internally to "Property, plant and equipment"	49	(18)	(31)	-
Reclassification to "Other assets"	(8,505)			(8,505)
Reclassification from "Other assets"			23	23
Depreciation for the period from continuing operations	(20,674)	(435)	(14,950)	(36,059)
Net book value 30.9.2015	972,804	763	72,691	1,046,258
Balance 30.9.2015				
Cost	1,391,353	4,181	518,168	1,913,702
Accumulated depreciation and impairment losses	(418,549)	(3,418)	(445,477)	(867,444)

In 2014, an impairment loss of €3 million was recognized for property, plant and equipment and was recorded in "Other Expenses".

10. Goodwill and other intangible assets

	Software	Other intangible	Total
Balance 1.1.2014			
Cost	418,490	112,361	530,851
Accumulated amortization and impairment losses	(254,865)	(33,072)	(287,937)
1.1.2014 - 30.9.2014			
Net book value 1.1.2014	163,625	79,289	242,914
Additions and acquisitions	23,418	85,512	108,930
Disposals/Write-offs	(48)		(48)
Reclassifications	25,741	(25,858)	(117)
Foreign exchange differences	10		10
Amortization for the period from continuing operations	(12,720)	(11,243)	(23,963)
Amortization for the period from discontinued operations	(483)	(8)	(491)
Net book value 30.9.2014	199,543	127,692	327,235
Balance 30.9.2014			
Cost	481,764	156,010	637,774
Accumulated amortization and impairment losses	(282,221)	(28,318)	(310,539)
1.10.2014 - 31.12.2014			
Net book value 1.10.2014	199,543	127,692	327,235
Additions	15,650		15,650
Sale of subsidiary	(1)		(1)
Disposals/Write-offs	(172)	(346)	(518)
Reclassifications	(738)	710	(28)
Reclassification to "Assets held for sale"	(74)		(74)
Foreign exchange differences	(72)		(72)
Amortization for the period from continuing operations	(4,196)	(6,419)	(10,615)
Amortization for the period from discontinued operations	(152)	(1)	(153)
Net book value 31.12.2014	209,788	121,636	331,424
Balance 31.12.2014			
Cost	488,347	155,103	643,450
Accumulated amortization and impairment losses	(278,559)	(33,467)	(312,026)
1.1.2015 - 30.9.2015			
Net book value 1.1.2015	209,788	121,636	331,424
Additions	37,473	72	37,545
Reclassification of assets of discontinued operations to "Assets held for sale"	(3,431)		(3,431)
Foreign exchange differences	23		23
Amortization for the period from continuing operations	(16,968)	(17,129)	(34,097)
Net book value 30.9.2015	226,885	104,579	331,464
Balance 30.9.2015			
Cost	519,423	153,113	672,536
Accumulated amortization and impairment losses	(292,538)	(48,534)	(341,072)

The figure "additions and acquisitions" in other intangible of the comparative period includes an amount of €25 million regarding the acquired customer relationships from Diners Club Greece A.E.P.P. and an amount of €60 million regarding the acquired customer relationships and deposit base from

the acquisition of Retail Banking operations of Citibank. The range of the useful life of customer relationships was determined between 8 and 9 years, whereas the useful life of customer deposit to 7 years.



LIABILITIES

11. Due to banks

	30.9.2015	31.12.2014
Deposits:		
- Current accounts	104,504	104,066
- Term deposits		
Central Banks	27,073,429	14,819,325
Other credit institutions	20,438	318,128
Cash collateral for derivative margin accounts	103,489	193,064
Sale of repurchase agreements (Repos)		1,606,716
Borrowing funds	252,202	255,019
Deposits on demand:		
- Other credit institutions	5,015	3,796
Total	27,559,077	17,300,114

The Group's deposits to Eurosystem have increased by €12.3 billion at 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 Bank's deposits' outflow amounting to €10.4 billion as a consequence of 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 €15.282 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 €14.386 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⁾

On 8.7.2015 the Group proceeded to cancellation of covered bond amount of €3.745 billion

After these cancellations, the total outstanding amount of covered bonds amounts to €5 million (31.12.2014: €3.75 billion).

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

iii. Short term securities (ECP)

Balance 1.1.2015	26,339
Changes for the period 1.1 – 30.9.2015	
Maturities/Redemptions	(29,894)
Accrued interest	106
Foreign exchange differences	3,449
Balance 30.9.2015	-

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

iv. Senior debt securities

Balance 1.1.2015	1,112,619
Changes for the period 1.1 - 30.9.2015	
(Repurchases)/sales	(172,565)
Maturities/Repayments	(114,742)
Fair value change	628
Accrued interest	18,838
Foreign exchange differences	203
Balance 30.9.2015	844,981

On 30.9.2015, the balance of bonds issued derives from Alpha Credit Group Plc and Emporiki Group Finance Plc.

v. Liabilities from the securitization of shipping loans

Balance 1.1.2015	414,446
Changes for the period 1.1 - 30.9.2015	
Maturities/Repayments	(102,950)
Accrued interest	7,786
Foreign exchange differences	34,424
Balance 30.9.2015	353,706

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 of the Group on 30.9.2015 which relates to the securitized shipping loans amounts to €353.7 million.

vi. Securitization of mortgage 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, amounting to a nominal value of €4.2 billion, were issued by special purpose entities and are held by the Bank.

vii. Subordinated debt (Lower Tier – II)

1. Subordinated Securities (Lower Tier II, Upper Tier II)

Balance 1.1.2015	154,042
Changes for the period 1.1 - 30.9.2015	
(Repurchases)/sales	(5,375)
Maturities/Repayments	(7,669)
Accrued interest	3,197
Balance 30.9.2015	144,195

The balance of 30.9.2015 of Subordinated Loan issued derived from Alpha Credit Group Plc, Alpha Group Jersey Ltd and Alpha Bank Cyprus Ltd.

2. 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 loan concerns bond issue with nominal value of €150 million issued by the Bank on 1.2.2013 under an agreement with Credit Agricole SA for the acquisition of former

Emporiki Bank. A decrease in the liability from the convertible bond of €49.6 million was recognized in financial income of the period.

Total debt securities in issue and other borrowed funds not held by the Group	1,357,882
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Of the above debt securities in issue amounting to €1,357,882 an amount of €225,547 (31.12.2014: €248,525) held by Bank customers has been reclassified to "Due to customers". There-

fore, the balance of "Debt securities in issue held by institutional investors and other borrowed funds" as at 30.9.2015, amounts to €1,132,335 (31.12.2014: €1,523,521).

13. Other liabilities

	<u>30.9.2015</u>	<u>31.12.2014</u>
Liabilities to third parties	113,797	102,690
Liabilities to insurance funds E.T.A.T.	130,572	193,997
Brokerage	14,821	17,271
Deferred income	10,259	10,957
Accrued expenses	124,855	61,529
Liabilities from credit cards	202,952	228,063
Other	715,948	477,240
Total	1,313,204	1,091,747

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 Group 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

	<u>30.9.2015</u>	<u>31.12.2014</u>
Insurance provisions	163,660	132,211
Provisions to cover credit risk and other provisions	77,048	80,501
Total	240,708	212,712

a. Insurance provisions

	<u>30.9.2015</u>	<u>31.12.2014</u>
General insurance		
Outstanding reserves	13	
Life insurance		
Mathematical reserves	163,647	132,177
Outstanding reserves		34
Total	163,647	132,211
Grand total	163,660	132,211

b. Provisions to cover credit risk and other provisions

Balance 1.1.2014	140,183
Changes for the period 1.1. - 30.9.2014	
Provisions to cover credit risk relating to off-balance sheet items (note 3)	(26,443)
Other provisions for the period	928
Reclassification to "Other liabilities"	(9,807)
Other provisions used during the period	(2,871)
Provision of voluntary separation scheme	194,500
Foreign exchange differences	(54)
Balance 30.9.2014	296,436
Changes for the period 1.10. - 31.12.2014	
Provisions to cover credit risk relating to off-balance sheet items	(24,986)
Other provisions for the period	4,263
Reclassification to provisions from other contingent liabilities	(775)
Other provisions used during the period	(1,677)
Utilization of provisions of voluntary separation scheme	(192,714)
Foreign exchange differences	(46)
Balance 31.12.2014	80,501
Changes for the period 1.1. - 30.9.2015	
Transfer of provisions of Bulgaria Branch to "Liabilities related to assets held for sale"	(780)
Provisions to cover credit risk relating to off-balance sheet items (note 3)	2,427
Other provisions for the period	1,471
Other provisions used during the period	(5,665)
Write-offs	(922)
Foreign exchange differences	16
Balance 30.9.2015	77,048

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 €17.9 million and other provisions to €59.2 million out of which €30 million relate 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 €0.30.

In the process of warrant's exercise on the shares of Hellenic Financial Stability Fund, held on 15.6.2015, 13,800 warrants were exercised 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 held 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:

- 4,310,302,518 (31.12.2014: 4,310,200,279) ordinary, registered, voting, non-paper shares and
- 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.

16. Hybrid securities

	<u>30.9.2015</u>	<u>31.12.2014</u>
Perpetual with first call option on 18.2.2015 and annually	31,700	31,700
Securities held by Group companies	(1,965)	(236)
Total	29,735	31,464

Based on Alpha Group Jersey Ltd announcement at 16.1.2015 and under the terms of the €600 million (tranche B) CMS linked Non-cumulative Non-voting Preferred Securities (ISIN:DE000A0DX3M2), for which the subordinated guaran-

tee of the Bank has been issued, no dividend (non-cumulative) was distributed or paid to the hybrid securities holders at 18.2.2015.

ADDITIONAL INFORMATIONS

17. Contingent liabilities and commitments

a) Legal issues

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

material impact on the financial position or operations of the Group. The Group on 30.9.2015 has recorded a provision for pending legal cases amounting to €30 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 final, 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 final, 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 (fiscal year 2011).

On 30.9.2014, 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 by absorption of Diners Club of Greece A.E.P.P was completed. Alpha Bank has been audited by the tax authorities for the years up to and including 2010. The years 2011 and 2012 are considered final 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.

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

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

** These companies received tax certificate for the years 2011, 2012 and 2013 without any qualification (note 3).

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



Name	Year
Insurance	
1. Alpha Insurance Brokers A.E. **/****	2009
2. Alpha Insurance Brokers S.R.L.	2005
3. Alphalife A.A.E.Z. **/****	2009
Real estate and hotel	
1. Alpha Astika Akinita A.E. **	2009
2. Ioniki Hotel Enterprises A.E. **	2010
3. Oceanos A.T.O.E.E. **/****	2009
4. Emporiki Development and Real Estate Management A.E.	2008
5. Alpha Real Estate D.O.O. Beograd	2008
6. Alpha Astika Akinita D.O.O.E.L. Skopje	2007
7. Alpha Real Estate Bulgaria E.O.O.D. (commencement of operation 2007)	*
8. Chardash Trading E.O.O.D. (commencement of operation 2006)	*
9. Alpha Real Estate Services S.R.L.	1998
10. Alpha Investment Property Chalandriou A.E. (commencement of operation 2012)	* *
11. Alpha Investment Property Attikis A.E. (commencement of operation 2012)	* *
12. Alpha Investment Property Attikis II A.E. (commencement of operation 2012)	* *
13. Alpha Investment Property Amarousion I A.E. (commencement of operation 2012)	* *
14. Alpha Investment Property Amarousion II A.E. (commencement of operation 2012)	* *
15. AGI – RRE Participations 1 S.R.L. (commencement of operation 2010)	*
16. AGI – BRE Participations 1 E.O.O.D. (commencement of operation 2010)	2011
17. Stockfort Ltd (commencement of operation 2010)	*
18. Romfelt Real Estate SA (commencement of operation 1991)	*
19. AGI – RRE Zeus S.R.L. (commencement of operation 2012)	*
20. AGI – RRE Athena S.R.L. (commencement of operation 2012)	*
21. AGI – RRE Poseidon S.R.L. (commencement of operation 2012)	*
22. AGI – RRE Hera S.R.L. (commencement of operation 2012)	*
23. AGI - BRE Participations 2 E.O.O.D. (commencement of operation 2012)	*
24. AGI – BRE Participations 2BG E.O.O.D. (commencement of operation 2012)	*
25. AGI – BRE Participations 3 E.O.O.D. (commencement of operation 2012)	*
26. AGI – BRE Participations 4 E.O.O.D. (commencement of operation 2012)	*
27. APE Fixed Assets A.E. **/****	2009
28. SC Cordia Residence S.R.L.	2011
29. HT-1 E.O.O.D	*
30. AGI-RRE Venus S.R.L. (commencement of operation 2014)	*
31. AGI-RRE Cleopatra S.R.L. (commencement of operation 2014)	*
32. AGI-RRE Hermes S.R.L. (commencement of operation 2014)	*
33. SC Carmel Residential S.R.L. (commencement of operation 2014)	*
34. Alpha Investment Property Neas Kifisias A.E. (commencement of operation 2014)	*
35. Alpha Investment Property Kallirois A.E. (commencement of operation 2014)	*
36. Alpha Investment Property Leivadias A.E. (commencement of operation 2014)	*
37. AGI-SRE Ariadni DOO (commencement of operation 2015)	*
38. Asmita Gardens SRL (commencement of operation 2015)	*
39. Alpha Investment Property Kefalariou A.E. (commencement of operation 2015)	*
Special purpose and holding entities	
1. Alpha Credit Group Plc (voluntary settlement of tax obligation)	2011
2. Alpha Group Jersey Ltd	****
3. Alpha Group Investments Ltd (commencement of operation 2007)	*
4. Ionian Holdings A.E. **/****	2009
5. Ionian Equity Participations Ltd (commencement of operation 2006)	2007
6. Emporiki Group Finance Plc	2011
7. AGI – BRE Participations 1 Ltd (commencement of operation 2009)	*
8. AGI – RRE Participations 1 Ltd (commencement of operation 2009)	*
9. Alpha Group Ltd (commencement of operation 2012)	*
10. Katanalotika Plc (voluntary settlement of tax obligation)	2011
11. Epihiro Plc (voluntary settlement of tax obligation)	2011
12. Irida Plc (voluntary settlement of tax obligation)	2011

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

** These companies received tax certificate for the years 2011, 2012 and 2013 without any qualification (note 3).

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

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

Name	Year
13. Pisti 2010 - 1 Plc (voluntary settlement of tax obligation)	2011
14. Alpha Shipping Finance Ltd (commencement of operation 2014)	*
15. AGI – RRE Athena Ltd (commencement of operation 2011)	*
16. AGI - RRE Poseidon Ltd (commencement of operation 2012)	*
17. AGI - RRE Hera Ltd (commencement of operation 2012)	*
18. Umera Ltd (commencement of operation 2012)	*
19. AGI – BRE Participations 2 Ltd (commencement of operation 2011)	*
20. AGI – BRE Participations 3 Ltd (commencement of operation 2011)	*
21. AGI – BRE Participations 4 Ltd (commencement of operation 2010)	*
22. Alpha Real Estate Services Ltd (commencement of operation 2010)	*
23. AGI – RRE Ares Ltd (commencement of operation 2010)	*
24. AGI – RRE Venus Ltd (commencement of operation 2012)	*
25. AGI – RRE Artemis Ltd (commencement of operation 2012)	*
26. AGI – BRE Participations 5 Ltd (commencement of operation 2012)	*
27. AGI-RRE Cleopatra Ltd (commencement of operation 2013)	*
28. AGI-RRE Hermes Ltd (commencement of operation 2013)	*
29. AGI-Cypre Arsinoe Ltd (commencement of operation 2013)	*
30. AGI-SRE Ariadni Ltd (commencement of operation 2014)	*
31. Zerelda Ltd (commencement of operation 2012)	*
32. AGI-Cypre Alaminos Ltd (commencement of operation 2014)	*
33. AGI-Cypre Tochini Ltd (commencement of operation 2014)	*
34. AGI-Cypre Evagoras Ltd (commencement of operation 2014)	*
35. AGI-Cypre Tersefanou Ltd (commencement of operation 2014)	*
36. AGI-Cypre Mazotos Ltd (commencement of operation 2014)	*
37. AGI-Cypre Ermis Ltd (commencement of operation 2014)	*
Other companies	
1. Alpha Bank London Nominees Ltd	****
2. Alpha Trustees Ltd (commencement of operation 2002)	*
3. Flagbright Ltd	****
4. Kafe Alpha A.E.**/****	2009
5. Alpha Supporting Services A.E.**/****	2009
6. Real Car Rental A.E.**/****	2009
7. Evisak A.E.*/**/****	2009
8. Emporiki Management A.E.***	2009
9. Alpha Bank Debt Notification Services S.A. (commencement of operation 2015)	*

c) Operating leases

The Group's minimum future lease payments are:

	30.9.2015	31.12.2014
- less than one year	43,980	46,350
- between one and five years	113,426	118,782
- over five years	162,976	176,372
Total	320,382	341,504

The minimum future lease revenues are:

	30.9.2015	31.12.2014
- less than one year	8,634	11,029
- between one and five years	44,711	36,633
- over five years	42,925	39,996
Total	96,270	87,658

It is noted that the comparative data of minimum future payments and revenues of Group do not include Bulgaria Branch due to presentation as discontinued operation.

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

** These companies received tax certificate for the years 2011, 2012 and 2013 without any qualification (note 3).

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

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



d) Off balance sheet liabilities

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

Letters of credit are used to facilitate trading activities and

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

The outstanding balances are as follows:

	30.9.2015	31.12.2014
Letters of credit	27,784	53,731
Letters of guarantee	4,074,152	3,933,314

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

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: €367.5 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 €1.1 billion concerning the Group's obligation to maintain deposits in Central Banks according to percentages determined by the respective country.
- Deposits pledged amounting to €0.2 billion concerning guarantees granted and provided for on behalf of the Greek State.
- Deposits pledged to credit institutions amounting to €1.1 billion which have been provided as guarantee for derivative transactions.
- Loans and advances to customers:
 - i. An amount of nominal value of €20.3 billion pledged to central banks for liquidity purposes.
 - ii. An amount of €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, that have been pledged to Central Banks for liquidity purposes.
 - iii. A carrying amount of €3.4 billion which relates to corporate, consumer loans, leasing facilities and credit cards has been securitized for the issuance of Special Purpose Entities' corporate bond of a nominal value of €4.2 billion, which are held 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 purpose of financing the Bank through a Special Purpose Entity of the Group which amounts to €0.4 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 securities issued by the European Financial Stability Facility (EFSF), that the Bank received 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 and has been pledged as collateral to Central Banks for participation in main refinancing operations.

In addition an amount of nominal value €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.

18. Group Consolidated Companies

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

A. SUBSIDIARIES

Name	Country of incorporation	Group's ownership interest %	
		30.9.2015	31.12.2014
Banks			
1. Alpha Bank London Ltd	United Kingdom	100.00	100.00
2. Alpha Bank Cyprus Ltd ^(27g)	Cyprus	100.00	100.00
3. Emporiki Bank Cyprus Ltd ^(27g)	Cyprus		100.00
4. Alpha Bank Romania S.A.	Romania	99.92	99.92
5. Alpha Bank AD Skopje	FYROM	100.00	100.00
6. Alpha Bank Srbija A.D.	Serbia	100.00	100.00
7. Alpha Bank Albania SH.A.	Albania	100.00	100.00
Leasing companies			
1. Alpha Leasing A.E.	Greece	100.00	100.00
2. Alpha Leasing Romania IFN S.A.	Romania	100.00	100.00
3. ABC Factors A.E.	Greece	100.00	100.00
4. Diners Club Greece A.E.P.P. ^(27e)	Greece		100.00
Investment Banking			
1. Alpha Finance A.E.P.E.Y.	Greece	100.00	100.00
2. SSIF Alpha Finance Romania S.A.	Romania	100.00	100.00
3. Alpha A.E. Investment Holdings	Greece	100.00	100.00
4. Alpha A.E. Ventures Capital Management – AKES	Greece	100.00	100.00
5. Emporiki Ventures Capital Developed Markets Ltd	Cyprus	100.00	100.00
6. Emporiki Ventures Capital Emerging Markets Ltd	Cyprus	100.00	100.00
Asset Management			
1. Alpha Asset Management A.E.D.A.K.	Greece	100.00	100.00
2. ABL Independent Financial Advisers Ltd	United Kingdom	100.00	100.00
Insurance			
1. Alpha Insurance Agents A.E.	Greece	100.00	100.00
2. Alpha Insurance Ltd ^(27a)	Cyprus		100.00
3. Alpha Insurance Brokers S.R.L.	Romania	100.00	100.00
4. Alphalife A.A.E.Z.	Greece	100.00	100.00
Real estate and hotel			
1. Alpha Astika Akinita A.E.	Greece	93.17	93.17
2. Ioniki Hotel Enterprises A.E.	Greece	97.27	97.27
3. Oceanos A.T.O.E.E.	Greece	100.00	100.00
4. Emporiki Development and Real Estate Management A.E. ^(27m)	Greece	100.00	100.00
5. Alpha Real Estate D.O.O. Beograd	Serbia	93.17	93.17
6. Alpha Astika Akinita D.O.O.E.L. Skopje	FYROM	93.17	93.17
7. Alpha Real Estate Bulgaria E.O.O.D.	Bulgaria	93.17	93.17
8. Chardash Trading E.O.O.D.	Bulgaria	93.17	93.17
9. Alpha Real Estate Services S.R.L.	Romania	93.17	93.17
10. Alpha Investment Property Chalandriou A.E. ^(27o)	Greece	100.00	100.00
11. Alpha Investment Property Attikis A.E.	Greece	100.00	100.00
12. Alpha Investment Property Attikis II A.E.	Greece	100.00	100.00
13. Alpha Investment Property Amarousion I A.E. ^(27o)	Greece	100.00	100.00
14. Alpha Investment Property Amarousion II A.E. ^(27o)	Greece	100.00	100.00
15. AGI-RRE Participations 1 S.R.L.	Romania	100.00	100.00
16. AGI-BRE Participations 1 E.O.O.D.	Bulgaria	100.00	100.00
17. Stockfort Ltd	Cyprus	100.00	100.00
18. Romfelt Real Estate S.A. ⁽²⁷ⁱ⁾	Romania	98.86	95.89
19. AGI-RRE Zeus S.R.L.	Romania	100.00	100.00



Name	Country of incorporation	Group's ownership interest %	
		30.9.2015	31.12.2014
20. AGI – RRE Athena S.R.L.	Romania	100.00	100.00
21. AGI – RRE Poseidon S.R.L.	Romania	100.00	100.00
22. AGI – RRE Hera S.R.L.	Romania	100.00	100.00
23. AGI-BRE Participations 2 E.O.O.D.	Bulgaria	100.00	100.00
24. AGI-BRE Participations 2BG E.O.O.D.	Bulgaria	100.00	100.00
25. AGI-BRE Participations 3 E.O.O.D.	Bulgaria	100.00	100.00
26. AGI-BRE Participations 4 E.O.O.D.	Bulgaria	100.00	100.00
27. APE Fixed Assets A.E.	Greece	72.20	72.20
28. SC Cordia Residence S.R.L.	Romania	100.00	100.00
29. HT-1 E.O.O.D.	Bulgaria	100.00	100.00
30. AGI-RRE Venus S.R.L.	Romania	100.00	100.00
31. AGI-RRE Cleopatra S.R.L.	Romania	100.00	100.00
32. AGI-RRE Hermes S.R.L.	Romania	100.00	100.00
33. SC Carmel Residential S.R.L.	Romania	100.00	100.00
34. Alpha Investment Property Neas Kifisias A.E. ^(27o)	Greece	100.00	100.00
35. Alpha Investment Property Kallirois A.E. ^(27o)	Greece	100.00	100.00
36. Alpha Investment Property Leivadias A.E.	Greece	100.00	100.00
37. AGI-SRE Ariadni DOO ^(27c)	Serbia	100.00	
38. Asmita Gardens SRL ⁽²⁷ⁱ⁾	Romania	100.00	
39. Alpha Investment Property Kefalariou A.E. ^(27h)	Greece	100.00	
Special purpose and holding entities			
1. Alpha Credit Group Plc	United Kingdom	100.00	100.00
2. Alpha Group Jersey Ltd	Jersey	100.00	100.00
3. Alpha Group Investments Ltd ^(27h, 27n, 27o, 27p)	Cyprus	100.00	100.00
4. Ionian Holdings A.E.	Greece	100.00	100.00
5. Ionian Equity Participations Ltd	Cyprus	100.00	100.00
6. Emporiki Group Finance Plc	United Kingdom	100.00	100.00
7. AGI – BRE Participations 1 Ltd	Cyprus	100.00	100.00
8. AGI – RRE Participations 1 Ltd	Cyprus	100.00	100.00
9. Alpha Group Ltd	Cyprus	100.00	100.00
10. Katanalotika Plc	United Kingdom		
11. Epihiro Plc	United Kingdom		
12. Irida Plc	United Kingdom		
13. Pisti 2010-1 Plc	United Kingdom		
14. Alpha Shipping Finance Ltd	United Kingdom		
15. AGI – RRE Athena Ltd	Cyprus	100.00	100.00
16. AGI – RRE Poseidon Ltd ^(27j)	Cyprus	100.00	100.00
17. AGI – RRE Hera Ltd	Cyprus	100.00	100.00
18. Umera Ltd	Cyprus	100.00	100.00
19. AGI-BRE Participations 2 Ltd	Cyprus	100.00	100.00
20. AGI-BRE Participations 3 Ltd	Cyprus	100.00	100.00
21. AGI-BRE Participations 4 Ltd	Cyprus	100.00	100.00
22. Alpha Real Estate Services Ltd	Cyprus	100.00	100.00
23. AGI-RRE Ares Ltd	Cyprus	100.00	100.00
24. AGI-RRE Venus Ltd	Cyprus	100.00	100.00
25. AGI-RRE Artemis Ltd	Cyprus	100.00	100.00
26. AGI-BRE Participations 5 Ltd	Cyprus	100.00	100.00
27. AGI-RRE Cleopatra Ltd	Cyprus	100.00	100.00
28. AGI-RRE Hermes Ltd	Cyprus	100.00	100.00
29. AGI-RRE Arsinoe Ltd ^(27d)	Cyprus	100.00	100.00
30. AGI-SRE Ariadni Ltd ^(27c)	Cyprus	100.00	100.00
31. Zerelda Ltd	Cyprus	100.00	100.00
32. AGI-Cypre Alaminos Ltd	Cyprus	100.00	100.00

Name	Country of incorporation	Group's ownership interest %	
		30.9.2015	31.12.2014
33. AGI-Cypre Tochini Ltd	Cyprus	100.00	100.00
34. AGI-Cypre Evagoras Ltd	Cyprus	100.00	100.00
35. AGI-Cypre Tersefanou Ltd	Cyprus	100.00	100.00
36. AGI-Cypre Mazotos Ltd	Cyprus	100.00	100.00
37. AGI-Cypre Ermis Ltd	Cyprus	100.00	100.00
Other companies			
1. Alpha Bank London Nominees Ltd	United Kingdom	100.00	100.00
2. Alpha Trustees Ltd	Cyprus	100.00	100.00
3. Flagbright Ltd	United Kingdom	100.00	100.00
4. Kafe Alpha A.E.	Greece	100.00	100.00
5. Alpha Supporting Services A.E.	Greece	100.00	100.00
6. Real Car Rental A.E.	Greece	100.00	100.00
7. Evisak A.E.	Greece	85.71	85.71
8. Emporiki Management A.E.	Greece	100.00	100.00
9. Alpha Bank Debtors Information Services A.E.	Greece	100.00	100.00

b. Joint ventures

1. Cardlink A.E. ^(27b)	Greece		50.00
2. APE Commercial Property A.E.	Greece	72.20	72.20
3. APE Investment Property A.E. ⁽²⁷ⁱ⁾	Greece	72.80	72.80
4. Alpha TANEO A.K.E.S.	Greece	51.00	51.00
5. Rosequeens Properties Ltd.	Cyprus	33.33	33.33
6. Rosequeens Properties S.R.L.	Romania	33.33	33.33

c. Associates

1. AEDEP Thessalias and Stereas Ellados	Greece	50.00	50.00
2. A.L.C. Novelle Investments Ltd	Cyprus	33.33	33.33
3. Banking Infromation Systems A.E.	Greece	23.77	23.77
4. Propindex A.E.D.A.	Greece	35.58	35.58
5. Olganos A.E.	Greece	30.44	30.44
6. Aquaculture Selonda AEGE ^(27f)	Greece	23.01	

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

Consolidated financial statements do not include the Commercial Bank of London Ltd which is a dormant company and Smelter Medical Systems AEBE, Historical Archive - Cultural Assistance of the Non-Profit Company Emporiki Bank of Greece, Aris Diomidis Emporiki AE, METEK AE, which have been fully impaired and are in the process of liquidation. It is

noted that on 30.9.2015 the liquidation process of the subsidiary of the Bank, Emporiki Media Advertising EPE., which was fully impaired and excluded from the consolidation, was completed. Moreover, on 9.10.2015 the liquidation process of the Bank's Company Historical Archive-Cultural Assistance of the Non-Profit Company Emporiki Bank of Greece was completed.

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



19. 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	760.2	536.9	12.2	(102.9)	238.3	0.8	1,445.5
Net fee and commission income	79.5	98.4	34.6	(5.2)	24.2	0.6	232.1
Other income	5.4	9.2	(0.6)	51.7	(1.3)	19.7	84.1
Total income	845.1	644.5	46.2	(56.4)	261.2	21.1	1,761.7
Total expense	(497.4)	(108.8)	(23.3)	(22.5)	(164.7)	(61.8)	(878.5)
Impairment losses	(1,259.5)	(912.8)			(183.6)		(2,355.9)
Profit/(loss) before income tax	(911.8)	(377.1)	22.9	(78.9)	(87.1)	(40.7)	(1,472.7)
Income tax							723.3
Profit/(loss) after income tax from continuing operations							(749.4)
Profit/(loss) from discontinued operations					(89.0)		(89.0)
Profit/(loss) after income tax							(838.4)
Assets 30.9.2015	25,168.6	17,327.4	469.2	12,181.7	9,322.3	5,313.0	69,782.2
Liabilities 30.9.2015	22,772.3	4,358.5	1,446.0	28,010.2	5,764.3	475.0	62,826.3

Total expenses include merger expenses 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	618.3	535.1	11.3	14.6	248.6	1.1	1,429.0
Net fee and commission income	77.0	111.7	26.2	7.1	26.1	0.6	248.7
Other income	4.1	9.7	1.8	53.2	28.4	32.5	129.7
Total income	699.4	656.5	39.3	74.9	303.1	34.2	1,807.4
Total expense	(543.0)	(120.2)	(22.5)	(20.9)	(173.9)	(53.9)	(934.4)
Impairment losses	(254.3)	(505.8)			(315.0)		(1,075.1)
Provision of voluntary separation scheme						(194.5)	(194.5)
Negative goodwill from the acquisition of Diners						40.3	40.3
Profit/(loss) before income tax	(97.9)	30.5	16.8	54.0	(185.8)	(173.9)	(356.3)
Income tax							492.9
Profit/(loss) after income tax from continuing operations							136.6
Profit/(loss) from discontinued operations					(7.3)		(7.3)
Profit/(loss) after income tax							129.3
Assets 31.12.2014	25,128.1	18,725.4	404.2	11,132.9	12,386.3	5,158.6	72,935.5
Liabilities 31.12.2014	29,837.8	7,046.0	1,938.9	15,939.0	9,977.0	490.3	65,228.9

It is noted that merger expenses of Emporiki Bank amount at €10.2 million are included in the total amount of the expenses.

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 countries.

The Group, through its extended branch network, offers all types of deposit products (deposits/ savings accounts, working capital/ current accounts, investment facilities/ term de-

posits, Repos, Swaps), loan facilities (mortgages, consumer, corporate loans, letters of guarantee) along with 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 operating in Greece and abroad except from South Eastern Europe countries. The Group offers working capital facilities, corporate loans, and letters of guarantee of the abovementioned corporations. This sector also includes the leasing products which are offered through the subsidiary Alpha Leasing A.E. and factoring services offered through the subsidiary ABC Factors A.E.

iii. Asset Management/Insurance

Consists of a wide range of asset management services offered through Group's private banking units and the subsidiary, Alpha Asset Management A.E.D.A.K. In addition, it includes income received from the sale of a wide range of insurance products to individuals and companies through

either AXA insurance, which is the corporate successor of the subsidiary Alpha Insurance A.E. or the subsidiary Alphilife A.A.E.Z.

iv. Investment Banking/Treasury

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

v. South Eastern Europe

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

vi. Other

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

20. 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 Group 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 Government securities:

Portfolio	30.9.2015		31.12.2014	
	Nominal value	Carrying amount	Nominal value	Carrying amount
Available for sale	4,649,284	3,880,279	4,703,271	3,708,048
Trading	1,843	1,280	2,675	1,729
Total	4,651,127	3,881,559	4,705,946	3,709,777

In addition, the public entities securities on 30.9.2015 amounted to €162,068 million (31.12.2014: €138,862).

The Group'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 Group's exposure in loans to public sector entities/organizations on 30.9.2015 amounted €1,347 million (31.12.2014: €1,324 million). The Group for the above receivables has re-



cognized impairment amounted to €36.8 million as at 30.9.2015 (31.12.2014: €28.2 million).

In addition, the balance of Group's loans guaranteed by the Greek State (directly guaranteed by Greek government, loans guaranteed by TEMPME, Loans guaranteed by Common Min-

isterial Decisions) on 30.9.2015 amounted to €716 million (31.12.2014: €725 million). For these loans, the Group has recognized impairment amounting to €141 million as at 30.9.2015 (31.12.2014: €142 million).

Off balance sheet exposure

	30.9.2015		31.12.2014	
	Nominal value	Fair value	Nominal value	Fair value
Bonds used as collaterals for refinancing operation	-	-	105,641	65,202

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

ii. Exposure to other peripheral Eurozone countries debt

The Group holds in its available for sale portfolio, bonds and treasury bills of the Republic of Cyprus with a book value of €53.7 million (31.12.2014: €50.9 million) and a bond of Cyprus Popular Bank (senior) with a book value of €1.6 million (31.12.2014: €1.6 million) after an impairment of €34.6 million recognized in 2013 income statement.

Additionally, the Group holds in its available for sale portfo-

lio, bonds issued by the Italian Republic with a book value of €6.8 million (31.12.2014: €6.8 million) and bonds issued by the Spanish Republic with a book value of €6.3 million (31.12.2014: €6.3 million).

The Group as at 30.9.2015 had no exposures from bonds from Portugal and Ireland.

21. 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	46,804,718	46,961,442	49,125,976	49,556,985
Investments securities				
- Held to maturity	125,975	169,030	309,592	310,818
- Loans and receivables	4,381,178	4,297,721	4,370,874	4,299,101
Liabilities				
Due to customers	30,451,625	30,469,514	42,557,113	42,900,633
Debt securities in issue ⁽¹⁾	720,182	1,117,335	1,286,879	1,458,921

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 depend-

ing on the type of deposit. In both of these cases, the future cash flows (floating rate) are calculated based on the implied forward rates until their maturity.

The fair value of held to maturity securities and of debt 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

⁽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.

data or on a combination of observable and unobservable market data.

The fair value of other financial assets and liabilities which

are measured 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	5,844	883,062	5,791	894,697
Securities held for trading				
- Bonds and treasury bills	1,280			1,280
- Shares	3,060			3,060
- Other variable yield securities	37			37
Available for sale securities				
- Bonds and treasury bills	4,675,682	878,293	15,978	5,569,953
- Shares	17,446		51,156	68,602
- Other variable yield securities	34,776			34,776
Derivative financial liabilities	3	1,674,697		1,674,700
Convertible bond		15.000		15.000

	31.12.2014			Total Fair Value
	Level 1	Level 2	Level 3	
Derivative financial assets	12,368	1,136,108		1,148,476
Securities held for trading				
- Bonds and treasury bills	1,729			1,729
- Shares	2,380			2,380
- Other variable yield securities	80			80
Available for sale securities				
- Bonds and treasury bills	4,693,769	862,161	14,442	5,570,372
- Shares	11,913		62,011	73,924
- Other variable yield securities	43,990			43,990
Derivative financial liabilities	86	1,943,062	5,393	1,948,541
Convertible bond		64,600		64,600

The tables above present the 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 with complex cash flows, 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 Group 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 Group 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 for quoted shares and mutual funds was determined on Level 2, due to the non-satisfaction of the criteria of an active market. With regards the fair value estimation of those assets, a valuation model was applied which was based on observable market data taking into ac-



count the lack of liquidity conditions during the Bank holiday. On 30.9.2015 these securities were transferred to Level 1, due to recovery of market as active.

Within the period, a Greek corporate bond amounting to €24.7 million was transferred from Level 2 to Level 1 due to

the satisfaction of the criteria of active market. In addition, within the period €150.9 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	5,791	5,127	Discounted cash flows underlying interest rates taking into account the credit risk of the counterparty	The probability of default and loss given default of the counterparty calculated using an internal model
		664	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	51,156	51,156	Discounted cash flows – Multiples valuation method – Cost of acquisition	Future profitability of the issuer

31.12.2014				
	Total fair value	Fair value	Valuation method	Significant non-observable inputs
Available for sale bonds	14,442	14,442	Based on issuer price	Price
Available for sale shares	62,011	62,011	Discounted cash flows – Multiples valuation method – Cost of acquisition	Future profitability of the issuer
Derivative Financial Liabilities	5,393	20	Discounted cash flows - Black Scholes valuation model with shares basket being the underlying instrument	Coefficient of variation and correlation coefficient between shares
		5,373	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 Group.

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	76,453		(5,393)
Total gain or loss recognized in the income statement	(3,830)	(58)	5,373
Total gain or loss recognized directly in equity	(1,012)		
Purchases/Issues	9,355		
Sales/Repayments/Settlements	(13,843)		20
Transfers to Level 3 from Level 2	11	5,849	
Balance 30.9.2015	67,134	5,791	
Amounts included in the income statement and relate to financial instruments included in the balance sheet at the end of the reporting period.	(2,389)	(58)	

During the period, purchases of foreign corporate bonds amounting to €7.3 million took place, which were classified in Level 3, because no observable inputs were used for valuation purposes, while shares amounting to €2 million were classified at the same level.

In addition, sales/redemptions of foreign corporate bonds amounting to €6.3 million and sale of shares amounting to €7.5 million took place.

In Derivative Financial Assets, transfer from Level 2 to Level 3 took place, given that the use of non-observable inputs was significant.

	31.12.2014	
	Assets	Liabilities
	Available for sale securities	Derivative Financial Liabilities
Opening balance 1.1.2014	75,261	(582)
Changes for the period 1.1 - 30.9.2014		
Total gain or loss recognized in the income statement	5,940	(2,541)
Total gain or loss recognized directly in equity	2,099	
Purchases/Issues	1,086	
Sales/Repayments/Settlements	(12,765)	18
Transfers to Level 3 from Level 1	714	
Balance 30.9.2014	72,335	(3,105)
Changes for the period 1.10 - 31.12.2014		
Total gain or loss recognized in the income statement	(5,937)	(2,288)
Total gain or loss recognized directly in equity	1,567	
Sales/Repayments/Settlements	1,324	
Transfers to Level 3 from Level 1	7,164	
Balance 31.12.2014	76,453	(5,393)
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	393	(2,541)



22. Capital adequacy

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

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

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

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

Since 1 January 2014, the above EU Directives have been repealed by virtue of EU Directive 2013/36/EU dated 26 June 2013 along with the EU Regulation 575/2013/EU, dated 26 June 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 8% capital adequacy limit, 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 (AQR) and Stress Tests. The results as well as the ratios that should be met were announced on October 31, 2015 as specifically in note 23.

	30.9.2015 (estimate)	31.12.2014* (restated)	31.12.2014 (published)
Common Equity Tier I	12.5%	14.3%	14.3%
Tier I	12.5%	14.3%	14.3%
Capital adequacy ratio	12.7%	14.6%	14.7%

* The change of 10 basis points in 2014 capital adequacy ratio is due to the final calculation of the credit risk weighted assets which was finalized after the publication of the 2014 Annual Financial Report.

23. 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 per-

formed 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 currently 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 Group'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 Group 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.

24. Related-party transactions

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

a. The outstanding balances of the Group'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 those transactions are as follows:

	30.9.2015	31.12.2014
Assets		
Loan and advances to customers	11,535	32,529
Liabilities		
Due to customers	12,394	46,912
Debt securities in issue	624	2,370
Employee defined benefit obligations	417	387
Total	13,435	49,669
Letters of guarantee and approved limits	11,552	11,917

	From 1 January	
	30.9.2015	30.9.2014
Income		
Interest and similar income	216	701
Fee and commission income	105	95
Total	321	796
Expenses		
Interest expense and similar charges	147	1,121
Fees paid to key management and close family members	2,502	2,482
Total	2,649	3,603

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

	30.9.2015	31.12.2014
Assets		
Loans and advances to customers	159,717	171,731
Other assets	924	391
Total	160,641	172,122
Liabilities		
Due to customers	22,026	7,265

	From 1 January	
	30.9.2015	30.9.2014
Income		
Interest and similar income	4,277	3,887
Fee and commission income	3	2
Other income	568	621
Total	4,848	4,510
Expenses		
Interest expense and similar charges	208	71
General administrative expenses		4,205
Other expenses	1,682	1,657
Total	1,890	5,933

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 at €647, while its deposits with Alpha Bank amount to

€5,146 (31.12.2014: €29,876). The interest expense related to deposits amounted 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 was completed on 6.6.2013, according to Law 3864/2010, HFSF acquired rep-

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

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

	From 1 January to	
	30.9.2015	30.9.2014
Income		
Interest and similar income		443
Fee and commission income	45	105
Total	45	548



25. 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.

An analysis of the above transactions is included in Note 47 of the 2014 Group's financial statements. As at 31.12.2014 the fair value of the net assets acquired through the acquisition of the retail banking operations of CIP and Diners, as they had been disclosed in the interim financial statements as at 30.9.2014, were adjusted. Within the first quarter of 2015 the Group 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 adjustments were recognized retrospectively as if the accounting treatment of the acquisitions had been completed at the acquisition date. Therefore, the amount of negative goodwill was restated in the financial statements of the comparative period, as specifically disclosed in note 28.

The following tables present the final fair values as at 30.9.2014 for the assets acquired from the acquisition of the retail banking operations of CIP and Diners respectively.

It is noted that, on 2.6.2015, the merger through absorption of the company Diners Club Greece A.E.P.P. was completed by the Bank.

CIP Transaction

	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	-

Diners Club Greece

	Fair value
Net assets	
Assets	
Cash and balances with Central Banks	1,455
Loans and advances to customers	147,924
Other intangible assets	25,085
Other assets	181
Total Assets	174,645
Liabilities	
Due to banks	107,794
Employee defined benefit obligations	5,398
Deferred tax liabilities	6,522
Other liabilities and provisions	13,207
Total Liabilities	132,921
Net assets	41,724
Consideration	(1,437)
Negative goodwill	40,287

26. Assets held for sale and other discontinued operations

On 17.7.2015, the Bank and Eurobank, with a joint referred communication, classified as their agreement, the main 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 receipt of necessary regulatory approvals.

On 30.6.2015 the assets of Bulgaria Branch, and direct related liabilities, meet the qualification requirements 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 the process of negotiations with the prospective buyer. Moreover, the Bulgaria Branch is a distinct geographical area of operations for the Bank which consists in the Southeast Europe operating segment. After the characterization of the Bulgarian Branch, being the only company in the banking sector through which the Bank operates in Bulgaria, as held for sale, its activities are "discontinued operations".

Therefore, for the purpose of preparation of the Group's interim financial statements, the Group valued the assets and liabilities of Bulgarian Branch at the lowest price between the

book value and fair value less selling costs recognizing the difference amounted to €85.5 million as loss in the income statement in the line "Net profit/(loss) after income tax from discontinued operations. After the valuation, assets of Bulgarian Branch amounted to €430.8 million on 30.9.2015, and are presented in the balance sheet as "Assets held for sale" with other properties held for sale of Group amounted to €5.6 million bringing the total Asset held for sale of Group to €436.4 million.

On 31.12.2014 the corresponding amount of the Group amounted to €54 million of which an amount of €46.1 million related to the subsidiary Alpha Insurance Ltd (Note 25 of the Consolidated Financial Statements of 31.12.2014), of which the sale was completed on 16.1.2015. The remaining amount of €7.9 million related to other assets held for sale. The liabilities of Bulgaria Branch amounting to €260.3 million are presented in the balance sheet as Liabilities related to assets held for sale. The respective amount of 31.12.2014 amounted to €59 million and related to Alpha Insurance Ltd.

The above figures are analyzed in the table below:

(Amounts in thousand of Euro)

	30.9.2015	31.12.2014
ASSETS		
Cash and balances with Central Banks	126,182	2
Due from banks	13,793	1,863
Securities held for trading		1,005
Loans and advances to customers	364,201	15,347
Investment securities		
- Available for sale	6	5,145
Investment property	1,249	1,269
Property, plant and equipment	5,008	453
Goodwill and other intangible assets	3,136	73
Other assets	2,722	26,227
	516,297	51,384
Difference from valuation at fair value	(85,500)	(5,270)
Assets held for sale	430,797	46,114
LIABILITIES		
Due to banks		(399)
Due to customers (including debt securities in issue)	256,300	
Amounts due to current income tax and other taxes	83	
Deferred tax liabilities		160
Other liabilities	3,138	2,052
Provisions	744	57,181
Total Liabilities related to assets held for sale	260,265	58,994
EQUITY		
Reserve for available for sale securities		53
Foreign exchange differences		(78)
Amounts recognized directly in equity and relate to assets held for sale	-	(25)



The results and cash flows from the Bulgarian Branch presented as coming from "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 as "discontinued operations".

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	20,387	25,502	5,741	7,429
Interest expense and similar charges	(4,957)	(11,309)	(2,187)	(3,479)
Net interest income	15,430	14,193	3,554	3,950
Fee and commission income	4,955	4,912	1,679	2,090
Commission expense	(305)	(359)	(105)	(151)
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	687	154	480
Other income	288	326	100	82
	721	1,017	256	566
Total income	20,801	19,763	5,384	6,455
Staff costs	(7,458)	(7,699)	(2,403)	(2,517)
General administrative expenses	(9,377)	(11,462)	(1,419)	(4,067)
Depreciation and amortization expenses	(2,164)	(2,392)	(690)	(777)
Other expenses	(19)	(30)	(1)	20
Total expenses	(19,018)	(21,583)	(4,513)	(7,341)
Impairment losses and provisions to cover the credit risk	(5,275)	(5,474)	(973)	(2,610)
Profit/(loss) before income tax	(3,492)	(7,294)	(102)	(3,496)
Income tax				
Profit/(loss) after income tax	(3,492)	(7,294)	(102)	(3,496)
Valuation of fair value	(85,500)			
Profit/ (loss) from discontinued operations after income tax	(88,992)	(7,294)	(102)	(3,496)

It is noted that both the sale of the Branch in Bulgaria and of Alpha Insurance Ltd are integrated into the context of the commitments undertaken by the Bank to implement on its approved by the European Commission Restructuring Plan. In particular, this Restructuring Plan provides specific restructuring and rationalization actions that must be performed by the Bank and they are in progress. In these actions are included indicatively the reduction of total Bank's expenses in Greece, the reduction of the refinancing cost and the strengthening of the balance sheet, the focus of activities in key markets, the restriction of assets and the provision of ad-

ditional funds which are related to international activities as well as the reduction of portfolio investments and other securities of the Bank.

The Group assesses at each reporting date of financial statements, the actions undertaken within the context of the restructuring plan's implementation in order, that in case, that the criteria of IFRS 5 are met (which are listed in note 1.17 of the Consolidated Financial Statements as at 31.12.2014) the assets and liabilities that are directly associated with them, are classified as held for sale.

27. Corporate events

- a.** On 16.1.2015 the sale of the total number of shares of the subsidiary Alpha Insurance Limited in Cyprus was completed. The result of the transaction, amounting to a loss of € 5.3 million, was recognized in "Gains less losses on financial transactions" of year 2014, at which the assets and liabilities of the subsidiary were classified in held for sale and they were valued at the lower price between the book value and the fair value less selling expenses.
- b.** On 23.1.2015 the Bank proceeded in the sale of the total number of shares of the joint venture Cardlink SA. The result for the group from the sale was a gain of amount € 6.8 million and was presented in "Gains less losses on financial transactions".
- c.** On 3.2.2015, the Group's subsidiary AGI-SRE Ariadni Ltd acquired the total number of shares of AGI-SRE Ariadni DOO based in Serbia for a total amount of € 1.
- d.** On 6.2.2015, the Group's subsidiary AGI-Cypre Arsinoe Ltd was renamed to AGI-RRE Arsinoe Ltd.
- e.** On 16.2.2015 the Bank's Board of Directors approved the initiation of the procedures of merger and absorption of Diners Club SA with the Bank, 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. On 2.6.2015 this merger was completed.
- f.** On 17.3.2015 the Bank acquired the 23.01% of the shares of Selonda AEGE as consequence of an agreement for restructuring of the company's debt. The fair value of the acquired shares has been set at € 1. The Bank has the intention to sell the corresponding shares.
- g.** 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.
- h.** On 16.4.2015 the subsidiary of the Bank, Alpha Group Investments Ltd founded the company Alpha Investment Property Kefalariou SA for an amount of € 24 thousand.
- i.** On 30.4.2015, the Group's subsidiary, AGI-RRE Participations 1 Ltd acquired the 99.996% of the shares of Asmita Gardens Srl based in Romania, for the amount of € 1.07 million. Figures of Asmita Gardens Srl are immaterial and the valuation process at fair value is not yet finalized.
- j.** On 7.5.2015 the Group's subsidiary, AGI-RRE Poseidon Ltd acquired the 2.97% of the minority interests of Romfelt Real Estate SA and therefore the Group holds the 98.86%.
- k.** On 17.7.2015, the Bank entered into an agreement in the main terms with Bank 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 26).
- l.** On 20.7.2015 the Bank participated in the increase in the share capital of the joint venture "APE Investment Property SA" based on its percentage of participation paying an amount of € 11.8 million.
- m.** On 29.7.2015 the subsidiary of the Bank, Emporiki Development and Real Estate Management S.A. sold all the shares held in the company "Marina Zeas S.A.".
- n.** 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.
- o.** On 2.9.2015 the subsidiary of the Bank, Alpha Group Investments Ltd, participated in the capital increase of the Group's subsidiaries, AEP Amarousion I, AEP Amarousion II, AEP Chandriou, AEP Neas Kifissias and AEP Kallirois by € 10 million, € 4.05 million, € 12 million, € 1.4 million and € 0.7 million respectively.
- p.** On 23.9.2015 the subsidiary of the Bank, Alpha Group Investments Ltd, founded the Alpha Bank Debt Notification Services S.A. company for an amount of € 350 thousands.
- q.** On 30.9.2015 the process of liquidation of the subsidiary company of the Bank, Emporiki Media Advertising Ltd was completed.



28. Restatement of financial statements

During the current period the Group modified the disclosure of 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 Group, and also corresponding to amounts of income there are't amounts included that are not provided by the Group as service.

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

Restated statements of income and cash flows for the period ended 30.9.2014: a) from the change of the presentation of legal expenses, b) from the designation of Bulgaria Branch as discontinued operation and c) from the finalization of the valuation of Diners Club Greece A.E.P.P. net assets, which were recognized retrospectively, are presented below. Furthermore, the adjustment of basic and diluted earnings/(losses) per share that resulted from the above is presented.

Consolidated 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	Finalization of Diners Club Greece A.E.P.P. negative goodwill	Restated Amounts	Discontinued operations	Continuing operations
Interest and similar income	2,486,733			2,486,733	25,502	2,461,231
Interest expense and similar charges	<u>(1,043,543)</u>			<u>(1,043,543)</u>	<u>(11,309)</u>	<u>(1,032,234)</u>
Net interest income	1,443,190			1,443,190	14,193	1,428,997
Fee and commission income	337,511	(42,595)		294,916	4,912	290,004
Commission expense	<u>(41,712)</u>			<u>(41,712)</u>	<u>(359)</u>	<u>(41,353)</u>
Net fee and commission income	295,799	(42,595)		253,204	4,553	248,651
Dividend income	1,090			1,090	4	1,086
Gains less losses on financial transactions	86,377			86,377	687	85,690
Other income	<u>50,721</u>			<u>50,721</u>	<u>326</u>	<u>50,395</u>
	<u>138,188</u>	<u>-</u>		<u>138,188</u>	<u>1,017</u>	<u>137,171</u>
Total income	1,877,177	(42,595)		1,834,582	19,763	1,814,819
Staff costs	(493,063)			(493,063)	(7,699)	(485,364)
Provision for voluntary separation scheme	(194,500)			(194,500)		(194,500)
General administrative expenses	(428,258)	42,595		(385,663)	(11,462)	(374,201)
Depreciation and amortization expenses	(71,015)			(71,015)	(2,392)	(68,623)
Other expenses	<u>(6,233)</u>			<u>(6,233)</u>	<u>(30)</u>	<u>(6,203)</u>
Total expenses	(1,193,069)	42,595		(1,150,474)	(21,583)	(1,128,891)
Impairment losses and provisions to cover credit risk	(1,080,598)			(1,080,598)	(5,474)	(1,075,124)
Negative goodwill from acquisitions	21,507		18,780	40,287		40,287
Share of profit/(loss) of associates and joint ventures	<u>(7,369)</u>			<u>(7,369)</u>		<u>(7,369)</u>
Profit/(Loss) before income tax	(382,352)		18,780	(363,572)	(7,294)	(356,278)
Income tax	<u>492,875</u>			<u>492,875</u>		<u>492,875</u>
Profit/(Loss) after income tax	110,523		18,780	129,303	(7,294)	136,597
Profit/(Loss) attributable to:						
Equity owners of the Bank	110,287		18,780	129,067	(7,294)	136,361
Non controlling interests	236			236		236
Earnings/(losses) per share:						
Basic and diluted earnings/(losses) per share (€ per share)	0.01			0.01	(0.0006)	0.01

(Amounts in thousand of Euro)

	From 1 July to 30.9.2014					
	Published Amounts	Restatements due to changes in the presentation of Legal Expenses	Finalization of Diners Club Greece A.E.P.P. negative goodwill	Restated Amounts	Discontinued operations	Continuing operations
Interest and similar income	817,302			817,302	7,429	809,873
Interest expense and similar charges	(325,843)			(325,843)	(3,479)	(322,364)
Net interest income	491,459			491,459	3,950	487,509
Fee and commission income	119,272	(14,015)		105,257	2,090	103,167
Commission expense	(18,332)			(18,332)	(151)	(18,181)
Net fee and commission income	100,940	(14,015)		86,925	1,939	84,986
Dividend income	145			145	4	141
Gains less losses on financial transactions	17,112			17,112	480	16,632
Other income	17,358			17,358	82	17,276
	34,615	-		34,615	566	34,049
Total income	627,014	(14,015)		612,999	6,455	606,544
Staff costs	(160,384)			(160,384)	(2,517)	(157,867)
Provision for voluntary separation scheme	(194,500)			(194,500)		(194,500)
General administrative expenses	(145,941)	14,015		(131,926)	(4,067)	(127,859)
Depreciation and amortization expenses	(23,404)			(23,404)	(777)	(22,627)
Other expenses	(1,785)			(1,785)	20	(1,805)
Total expenses	(526,014)	14,015		(511,999)	(7,341)	(504,658)
Impairment losses and provisions to cover credit risk	(337,014)			(337,014)	(2,610)	(334,404)
Negative goodwill from acquisitions	21,507		18,780	40,287		40,287
Share of profit/(loss) of associates and joint ventures	(2,377)			(2,377)		(2,377)
Profit/(Loss) before income tax	(216,884)	-	18,780	(198,104)	(3,496)	(194,608)
Income tax	59,991			59,991		59,991
Profit/(Loss) after income tax	(156,893)	-	18,780	(138,113)	(3,496)	(134,617)
Profit/(Loss) attributable to:						
Equity owners of the Bank	(156,883)	-	18,780	(138,103)	(3,496)	(134,607)
Non controlling interests	(10)			(10)		(10)
Earnings/(losses) per share:						
Basic and diluted earnings/(losses) per share (€ per share)	(0.01)			(0.01)	(0.0003)	(0.01)

Consolidated Statement of Cash Flows

(Amounts in thousand of Euro)

	From 1 January to 30.9.2014			
	Published Amounts	Restatement from Discontinued Operations	Finalization of Diners Club Greece A.E.P.P. negative goodwill	Restated Amounts including Discontinued Operations
Cash flows from operating activities				
Profit/(loss) before income tax	(382,352)	(7,294)	(18,780)	(356,278)
Adjustments for gain/(losses) before income tax for:				
Depreciation of fixed assets	46,561	1,901		44,660
Amortization of intangible assets	24,454	491		23,963
Impairment losses from loans, provisions and staff leaving indemnity	1,332,093	5,759		1,326,334
(Gains)/losses from investing activities	(63,553)			(63,553)
(Gains)/losses from financing activities	111,346			111,346
Share of (profit)/loss of associates and joint ventures	7,369			7,369
Negative goodwill of acquisitions	(21,507)		18,780	(40,287)
	1,054,411	857	-	1,053,554
Net (increase)/decrease in assets relating to operating activities:				
Due from banks	637,002	76,902		560,100
Securities held for trading and derivative financial assets	(204,762)	(637)		(204,125)
Loans and advances to customers	666,351	(140,503)		806,854
Other assets	145,135	859		144,276
Net increase /(decrease) in liabilities relating to operating activities:				
Due to banks	(3,523,599)	2,776		(3,526,375)
Derivative financial liabilities	152,307	351		151,956
Due to customers	(13,881)	42,421		(56,302)
Other liabilities	98,807	(1,320)		100,127
	(988,229)	(18,294)		(969,935)
Net cash flows from continuing operating activities before taxes				
Income taxes and other taxes paid	(36,534)	(188)		(36,346)
	(1,024,763)	(18,482)		(1,006,281)
Net cash flows from discontinued operating activities				(18,482)
Cash flows from investing activities				
Investments in subsidiaries, associates and joint ventures	1,008			1,008
Acquisitions of period	645,292			645,292
Amounts received from disposal of subsidiary				
Dividends received	1,090			1,090
Acquisition of fixed and intangible assets	(55,692)	(241)		(55,451)
Disposals of fixed and intangible assets	6,518	960		5,558
Net (increase)/decrease in investment securities	1,036,598	15,939		1,020,659
	1,634,814	16,658		1,618,156
Net cash flows from discontinued investing activities				16,658
Cash flows from financing activities				
Dividends paid	(604)			(604)
Receipts of debt securities in issue and other borrowed funds	499,096			499,096
Repayment of debt securities in issue and other borrowed funds	(93,080)			(93,080)
(Purchases)/sales of hybrid securities	(60)			(60)
Share capital increase	1,200,000			1,200,000
Redemptions of preference shares	(940,000)			(940,000)
Share capital increase expenses	(48,328)			(48,328)
	617,024			617,024
Effect of exchange rate fluctuations on cash and cash equivalents	(1,499)			(1,499)
	1,225,576	(1,824)		1,227,400
Net increase/(decrease) in cash flows – continuing activities				(1,824)
Net increase/(decrease) in cash flows – discontinued activities				(1,824)
Cash and cash equivalents at the beginning of the period	973,167			973,167
Cash and cash equivalents at the end of the period	2,198,743			2,198,743



29. 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 mil-

lion 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.

c. On 30.10.2015 the subsidiary company of the Bank, Alpha Group Investments Ltd, participated in the share capital increase of its subsidiaries AEP Attikis and AEP Attikis II with the amount of € 0,35 million and € 6.5 million respectively.

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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