



ALPHA BANK CYPRUS LTD

ANNUAL REPORT | **2009**

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BOARD OF DIRECTORS AND PROFESSIONAL ADVISERS

Board of Directors

S. N. Filaretos

Chairman

K. M. Kokkinos

Managing Director

Gr. Th. Timplalexis

General Manager

Ch. C. Giampanas

M. S. Yiannopoulos

G. M. Michaelides

L. A. Papagaryfallou

A. D. Hadjipavlou (retired on 30 June 2009)

Secretary

L. A. Papalambrianou

Legal Advisers

Chrysafinis and Polyviou

Independent Auditors

KPMG Limited

Registered Office

**Corner of Chilonos & Gladstonos Street,
Stylianos Lena Square, Nicosia**

Head Office

**Alpha Bank Building
3, Lemesos Avenue,
Nicosia**

BOARD OF DIRECTORS' REPORT

The Board of Directors of Alpha Bank Cyprus Limited (the "Company") presents to the members its annual report together with the audited financial statements of the Company for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

During the year 2009, the Company continued its full banking operations by offering a wide range of banking and financial services.

The Company is a wholly owned subsidiary company of Alpha Bank S.A., registered in Greece. The Company is the holding company of the Group of Alpha Bank Cyprus Limited.

REVIEW OF THE COMPANY'S POSITION, DEVELOPMENT AND PERFORMANCE

Key Financial Data	Change %	2009 €	2008 €
Profits from operations	(6,5)	161.614.266	172.844.187
Profits before taxation	(28,8)	72.707.995	102.144.452
Profits after taxation	(30,2)	64.086.183	91.847.663
Earnings per share	(30,2)	45,94 cent	65,84 cent

	Change %	2009 €	2008 €
Loans and advances	(3,4)	4.361.477.224	4.517.494.680
Customer deposits	(4,3)	3.275.464.608	3.421.001.071
Own Funds	15,9	472.642.093	407.924.658

The year was an extremely difficult year due to the world financial crisis which has belatedly affected Cyprus. Profits before tax were €72.707.995 compared to €102.144.452 in 2008 as a result mainly of the following factors:

- Increase in the impairment for non-performing loans
- Decrease of commissions relating to the granting of new loans
- Decrease of income from transfers as a result of the reduced activity in International Business

The following factors affected positively the profitability:

- The control of the rate of growth of administrative expenses which in conjunction with the productivity increase had as a result a fairly low cost to income ratio.
- The control of the rate of growth in loan arrears as a result of intensive and coordinated efforts which has resulted in keeping the loan arrears ratio at lower levels than the corresponding industry ratio.

As a result of the financial crisis, but also due to the conservative policy followed by the Company, loans and advances decreased by 3,4%. Deposits also decreased by 4,3%.

Finally the following important events took place in 2009 that affect the assets and liabilities of the Company:

The Company took part in the issue of 3 year special bonds of the Cyprus Republic for the amount of €237m which have been utilised for the drawing of liquidity through a repurchase agreement with the European Central Bank. This has not materially affected the financial results of the Company.

The Company obtained a bond of €1.1bn that was issued by a subsidiary company of Alpha Bank SA with an AA rating. The bond is included in Loans to other credit institutions. The bond is expected to affect positively the future results of the Company.

FINANCIAL RESULTS

The results of the Company are set out in the statement of comprehensive income on page 9 of the financial statements.

The profits for the year attributable to the owners amounted to €64.086.183 (2008: €91.847.663) which the Board of Directors recommends to be transferred to the revenue reserve.

DIVIDENDS

The Board of Directors does not recommend the payment of dividend (2008: €nil).

RISK MANAGEMENT

Risk is considered any financial or other factor that creates a possibility of future decreases in the profitability of the Company.

The most important risks that the Company is exposed due to its operations are credit risk, market risk (mainly interest rate risk and foreign exchange risk), liquidity risk, operational risk and compliance risk.

Details as to how these risks are managed are disclosed in note 36 of the financial statements.

FUTURE DEVELOPMENT

The financial crisis is affecting negatively both the financial markets as well as the economy in general. Under this economic environment and the challenges posed by the market the Company is expected to continue to develop its business activities by adopting a conservative business plan based on the following priorities:

- Attracting of new deposits in the local market as well as through its international business network
- Selective growth in advances based on defined credit criteria
- Controlling of loans arrears and loan impairments
- Controlling of administrative expenses and improvement in productivity
- Continuous improvement in the quality of services offered to clients

Despite the negative impact of the crisis the financial results of the Company are expected to remain at satisfactory levels.

SHARE CAPITAL

There was no change in the Company's Share capital during the year.

BRANCHES

The Company is currently comprised of a technologically advanced network of 37 branches and other specialized units which are additionally supported by ATM and Internet Banking.

BOARD OF DIRECTORS

The members of the Board of Directors as at the date of this report are set out below:

S.N. Filaretos, Chairman
K. M. Kokkinos, Managing Director
Gr. Th. Timplalexis, General Manager
Ch. C. Giampanas
M. S. Yiannopoulos
G.M. Michaelides
L.A. Papagaryfallou

Mr. A. D. Hadjipavlou has retired as a member of the Board of Directors on 30 June 2009. Mr. G. M. Michaelides is a non-executive member of the Board of Directors.

In accordance with Article 89 of the Company's Articles of Association, Messrs G.M. Michaelides and Gr.Th. Timplalexis retire and being eligible, offer themselves for re-election.

EVENTS AFTER THE REPORTING PERIOD

The events after the reporting period are presented in note 41 of the financial statements.

INDEPENDENT AUDITORS

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution authorising the Board of Directors to fix their remuneration will be submitted at the Annual General Meeting.

By order of the Board

L. A. Papalambrianou
Secretary

Nicosia, 24 February 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALPHA BANK CYPRUS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of the parent company Alpha Bank Cyprus Limited (the "Company") on pages 9 to 53, which comprise the statement of financial position as at 31 December 2009 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to either fraud or error. In making

those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the parent company Alpha Bank Cyprus Limited as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

Report on Other Legal Requirements

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of the information available to us and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 5 to 6 is consistent with the financial statements.

Other matter

This report, including the opinion has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap. 113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Chartered Accountants

Nicosia, 24 February 2010

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Note	2009 €	2008 €
Interest income	5	277.863.421	317.933.237
Interest expense	5	(147.804.433)	(192.180.928)
Net interest income		<u>130.058.988</u>	<u>125.752.309</u>
Fees and commissions income	6	25.735.364	32.483.560
Fees and commissions expenses	6	(1.372.341)	(1.152.046)
Net income from fees and commissions		<u>24.363.023</u>	<u>31.331.514</u>
Net loss from the change in the fair value of the financial instruments	7	(215.608)	(463.694)
Other income from operations	8	7.407.863	16.224.058
		<u>7.192.255</u>	<u>15.760.364</u>
Results from operating activities		<u>161.614.266</u>	<u>172.844.187</u>
Provision for impairment of bad and doubtful debts	17	(34.751.155)	(17.814.895)
Staff costs	9	(39.246.338)	(37.083.278)
Depreciation and amortisation	20,21	(2.894.128)	(2.557.396)
Other expenses	10	<u>(12.014.650)</u>	<u>(13.244.166)</u>
Profits for the year before taxation	11	72.707.995	102.144.452
Taxation	12	<u>(8.621.812)</u>	<u>(10.296.789)</u>
Profits for the year		<u>64.086.183</u>	<u>91.847.663</u>
Other comprehensive income			
Revaluation of investments	18	<u>631.252</u>	<u>-</u>
Other comprehensive income for the year		<u>631.252</u>	<u>-</u>
Total comprehensive income for the year		<u>64.717.435</u>	<u>91.847.663</u>
Profits attributable to the owners of the Company		<u>64.086.183</u>	<u>91.847.663</u>
Total comprehensive income attributable to the owners of the Company		<u>64.717.435</u>	<u>91.847.663</u>
Earnings per share (cent)	13	<u>45,94</u>	<u>65,84</u>

The notes on pages 13 to 53 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

		2009 €	2008 €
Assets			
Cash and balances with the Central Bank of Cyprus	14	75.959.371	68.979.626
Loans and advances to financial institutions	15	3.758.423.134	2.271.220.821
Loans and advances to customers	17	4.361.477.224	4.517.494.680
Investments available for sale	18	17.062.225	5.283.522
Investments in subsidiary companies	19	16.428.909	16.428.909
Property, plant and equipment	20	34.086.426	33.968.165
Intangible assets	21	364.705	318.982
Derivatives held for risk management	16	-	1.021.294
Deferred taxation	23	700.459	201.544
Other assets	22	3.598.648	6.439.291
Total assets		<u>8.268.101.101</u>	<u>6.921.356.834</u>
Liabilities			
Bonds	24	100.000.000	100.000.000
Amounts due to banks	25	4.358.936.231	2.926.690.646
Customer deposits	26	3.275.464.608	3.421.001.071
Taxation	27	927.821	1.001.868
Other liabilities	28	60.130.348	64.738.591
Total liabilities		<u>7.795.459.008</u>	<u>6.513.432.176</u>
Equity			
Share capital	29	118.575.000	118.575.000
Share premium	30	15.334.698	15.334.698
Reserves	31	338.732.395	274.014.960
Total equity		<u>472.642.093</u>	<u>407.924.658</u>
Total equity and liabilities		<u>8.268.101.101</u>	<u>6.921.356.834</u>
Items off the statement of financial positions	32	<u>487.694.855</u>	<u>516.059.369</u>

The financial statements were approved by the Board of Directors on 24 February 2010.

S. N. Filaretos
Chairman

K. M. Kokkinos
Managing Director

Gr. Th. Timplalexis
General Manager

L. Skaliotis
Head Financial Control

The notes on pages 13 to 53 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Share capital €	Share premium €	Investment Revaluation Reserve €	Difference from the conversion of share capital into Euro reserve €	Retained earnings €	Total equity €
1 January 2009	118.575.000	15.334.698	-	599.951	273.415.009	407.924.658
Profits for the year	-	-	-	-	64.086.183	64.086.183
Revaluation of investments	-	-	631.252	-	-	631.252
31 December 2009	118.575.000	15.334.698	631.252	599.951	337.501.192	472.642.093

	Share capital €	Share premium €	Investment Revaluation Reserve €	Difference from the conversion of share capital into Euro reserve €	Retained earnings €	Total equity €
1 January 2008	119.174.951	15.334.698	-	-	181.567.346	316.076.995
Reduction of share capital due to the conversion into Euro	(599.951)	-	-	599.951	-	-
Profits for the year	-	-	-	-	91.847.663	91.847.663
31 December 2008	118.575.000	15.334.698	-	599.951	273.415.009	407.924.658

The notes on pages 13 to 53 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2009

	2009	2008
Note	€	€
Cash flows from operating activities		
Profits for the year	64.086.183	91.847.663
Adjustments for:		
Depreciation of property, plant and equipment	2.639.040	2.317.890
Amortisation of intangible assets	255.088	239.504
Gain on disposal of shares	(81.112)	-
Loss on disposal of property, plant and equipment	20.393	16.797
Dividends received	(1.416.113)	(905.626)
Write off of property plant and equipment	3.308	-
Deficit on revaluation of derivatives	215.608	463.694
Provision for impairment of bad doubtful debts	34.751.155	17.814.895
Taxation	8.621.812	10.296.789
Profit from operations before changes in working capital	109.095.362	122.091.606
Increase on deposits with Central Bank of Cyprus	-	27.143.922
(Increase)/decrease in loans and advances to financial institutions	(1.340.049.544)	424.276.074
Decrease/(increase) in loans and advances to customers	140.670.101	(1.281.753.714)
Decrease in provisions for improvement of bad doubtful debts	(19.403.800)	(10.085.489)
Decrease in other assets	2.934.287	15.822.448
Increase in other liabilities	2.270.877	1.824.936
Increase in amounts due to banks	1.570.366.994	789.386.989
(Decrease)/increase in customer deposits	(144.667.043)	312.536.705
Cash flows from operating activities	321.217.234	401.243.477
Taxation paid	(9.194.773)	(12.593.240)
Net cash flows from operating activities	312.022.461	388.650.237
Cash flows from investing activities		
Payments less proceeds from investments available for sale	(11.066.339)	7.030.980
Proceeds from disposal of property, plant and equipment	16.911	5.706
Payments for the acquisition of property, plant and equipment	(2.797.913)	(6.125.574)
Payments for the acquisition of intangible assets	(300.811)	(146.082)
Derivatives held for risk management	-	(643.727)
Derivatives held for trading	(7.036.499)	7.882.221
Dividends received	1.416.113	905.626
Net cash flows (for)/ from investing activities	(19.768.538)	8.909.150
Cash flows from financing activities		
Receipts from the issue of bonds	-	100.000.000
Net cash flows from financing activities	-	100.000.000
Net increase in cash and cash equivalents	292.253.923	497.559.387
Cash and cash equivalents at the beginning of the year	1.756.848.526	1.259.289.139
Cash and cash equivalents at the end of the year	35 <u>2.049.102.449</u>	<u>1.756.848.526</u>

The notes on pages 13 to 53 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

1. INCORPORATION AND PRINCIPAL ACTIVITY

Alpha Bank Cyprus Limited (the "Company") was registered in Cyprus in 1960 as a limited liability company in accordance with the requirements of the Cyprus Companies Law, Cap.113. On 13 September 2000, the Company converted its status to a Public Liability Company according to the Companies Law, Cap. 113. On 21 January 2003, the Company was converted from a public to a private company according to the Companies Law, Cap. 113.

On 27 of December 2006, the Company renamed from Alpha Bank Limited to Alpha Bank Cyprus Limited in accordance with the requirements of the Cyprus Company Law Cap.113. The trade name continues to be "Alpha Bank".

The Company is the parent company of the Group of Alpha Bank Cyprus Limited. The Company considers its ultimate parent company to be Alpha Bank S.A., registered in Greece.

The Company continued its full banking operations by offering a wide range of banking and financial services.

2. BASIS OF PRESENTATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The financial statements of the Company are for the year ended 31 December 2009 and are presented in Euro ("€") which as from 1 January 2008 is the official currency of the Republic of Cyprus and in the case of the Company is also its functional currency.

The Company prepared these parent's separate financial statements for compliance with the requirements of the Cyprus Income Tax Law.

The Company has also prepared consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU for the Company and its subsidiary companies which together are referred to as the "Group". The consolidated financial statements can be obtained from the registered office of the Company.

The users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as of and for the year ended 31 December 2009 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

Changes in accounting policies

• Overview

Starting on 1 January 2009, the Company has changed its accounting policies in the following areas:

- Presentation of financial statements
- Determination and presentation of operating segments.

• Presentation of financial statements

The Company applies revised IAS 1 "Presentation of Financial Statements", which became effective as of 1 January 2009. As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised Standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

• **Determination and presentation of operating segments**

As of 1 January 2009 the Company determines and presents operating segments based on the information that internally is provided to the CEO, who is the Company's Chief Operating Decision Market. This change in accounting policy is due to the adoption of IFRS 8 "Operating Segments". Previously operating segments were determined and presented in accordance with IAS 14 "Segment Reporting". This change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies set out below have been applied consistently to all years presented in these financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention as amended to include the fair values of leasehold premises, the investments available for sale, the derivatives and the investments in subsidiary companies.

The preparation of financial statements in compliance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are

believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Application of new and revised Standards and Interpretations

As from 1 January 2009, the Company adopted all the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), which became effective and also were endorsed by the European Union (EU) and are relevant to its operations. The adoption of these Standards did not have a material effect on the financial statements except from the following:

- IAS1 (revised) "Presentation of financial statements", as a result of the adoption of which, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it is also in conformity with the revised standard. The change in the accounting policy impacts only presentation aspects.
- IFRS7 "Financial Instruments – Disclosures (amendment)", as a result of the adoption of which, the Company provides additional disclosures in relation to the fair value measurements of its financial instruments by level of a fair value measurement hierarchy.

Standard/Interpretation	Effective for annual periods beginning on or after
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Adopted by the European Union

• IFRS1 (Revised): "First Time Adoption of International Financial Reporting Standards"	1 July 2009
• IFRS3 (Revised): "Business Combinations"	1 July 2009
• IAS27 (Amended): "Consolidated and Separate Financial Statements"	1 July 2009
• IFRIC17: "Distribution of Non-cash Assets to Owners"	1 July 2009
• Amendments to IAS39: "Eligible Hedged Items"	1 July 2009
• Improvements to IFRSs 2008 – Amendments to IFRS5: "Non-current Assets held for sale and Discontinued Operations"	1 July 2009
• IFRIC18: "Transfers of Assets from customers"	1 July 2009
• Amendments to IAS32: "Classification of Rights Issues"	1 February 2010

Not adopted by the European Union

• Improvements to IFRSs – 2009	1 July 2009/1 January 2010
• Amendments to IFRS2: "Group cash-settled Share-based Payment Transactions"	1 January 2010
• Amendments to IFRS1: "Additional Exemptions for First-time Adopters"	1 January 2010
• IFRIC19: "Extinguishing Financial Liabilities with Equity Instruments"	1 July 2010
• Amendments to IFRIC14: "Prepayments of a Minimum Funding Requirement"	1 January 2011
• IAS24 (Revised): "Related Party Disclosures"	1 January 2011
• IFRS9: "Financial Instruments"	1 January 2013

Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the Company using the exchange rates on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency using the exchange rate on that date. Foreign currency differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are retranslated using the currency rate at the date of the transaction.

Interest receivable

Interest receivable is recognised on an accruals basis. Interest receivable includes interest receivable from loans and advances and from investments available for sale.

According to the Regulations of the Central Bank of Cyprus interest receivable on non-performing credit facilities is suspended and is not recognised in the statement of comprehensive income.

"Non-performing credit facilities" are considered to be loans and advances that exceed their limit or are in arrear in the settlement of capital or interest or other income for a period more than 3 months. A loan or an advance is not classified as a non-performing credit facility in cases of fully secured credit facilities.

Income is not recognised in cases of "non-performing credit facilities". In these cases the recognition of income is suspended until the amounts involved are received and consequently it is not shown in the income statement, but is transferred to a provisional account of suspension of income.

Interest receivable is recognised in the Income Statement when the income has been collected.

Interest expense

Interest expense is recognised on an accrual basis.

Income and expenses from fees and commission

Income from fees and expenses are recognised according to the completion of the transaction in order to correlate with the cost of the service provided.

Fees and commissions are recognised on accrued basis in the accounting period services provided.

Dividend income

Dividend income is recognized in the statement of comprehensive income when it is received.

Expenses on improvements, repairs and maintenance

The expenses on the alteration or improvement of buildings or improvements on leasehold premises are capitalized and depreciated based on the number of years indicated on the note of property, plant and equipment.

The cost on repairs and maintenance of buildings and other plant and equipment is charged in the statement of comprehensive income of the year in which it is incurred.

Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are reviewed regularly by the Company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available (refer also to note 2 of the financial statements). Following this, it is not feasible to disclose any other information relating to operating segment of the Company beyond that which is already disclosed since the Company provides only banking operations.

Loans and Advances

Loans and advances, originated by providing cash directly to the borrowers are measured initially at fair value including arrangement costs. Loans and advances are subsequently measured at amortised cost using the effective yield method. Loans and advances to customers are stated net of provisions for bad and doubtful

debts. Loans and advances are written off to the extent that there is no realistic prospect of recovery.

The collectability of individually significant loans and advances is evaluated based on the customer's overall financial condition, resources and payment record, the prospect of support from any creditworthy guarantors and the realisable value of any collateral.

A loan is considered impaired when management determines that it is possible that the Company will not be able to collect all amounts due according to the original contractual terms, unless such loans are secured or other factors exist where the Company expects that all amounts due will be received.

When a loan has been classified as impaired, the carrying amount of the loan is reduced to the estimated recoverable amount, being the present value of expected future cash flows including amounts recoverable from guarantees and collaterals, discounted at the original effective interest rate of the loan.

For certain homogeneous loan portfolios, such as consumer loans, provisions are calculated based on a collective assessment of the whole portfolio. During the assessment of the portfolio a number of factors, such as the level of watch list or potential problem debts, the time period for which amounts are overdue, the prevailing economic conditions and prior period loss rates are taken into consideration.

Non-performing loans are monitored continuously and are reviewed for provision purposes every three months. Any subsequent changes to the estimated recoverable amounts and timing of the expected future cash flows, are compared to the prior estimates and any difference arising results in a corresponding charge/credit in the statement of comprehensive income. A provision for an impaired loan is reversed only when the credit quality of the customer has improved to such an extent that there is reasonable assurance that all principal and interest according to the original terms of the loan will be collected timely.

Financial Instruments

Recognition date

Purchasing and selling of financial assets required to be delivered within the time limit as prescribed in the regulations and standard rules of the relevant market, is recognised on the date of transaction that, is on the date when the Company is bound to purchase or sell such assets. Derivatives are recognised on the date of the transaction. Amounts due to credit institutions, customers deposits, placements with credit institutions and loans and advances to customers are recognised as soon as the Company has received or granted cash to the contracting parties, unless a financial asset or liability is not measured at fair value through profit and loss.

Initial recognition of financial instruments

The classification of the financial instruments during the initial recognition depends on the acquisition objectives and their characteristics. All financial instruments are initially measured at fair value plus transaction expenses directly incurred during the acquisition or the issuance of such financial assets or liability, unless a financial asset or liability is measured at fair value through profit and loss.

Derivatives to be classified at fair value through profit or loss

The Company uses derivative financial instruments such as currency and interest rate swaps and forward rate agreements to compensate for the market price risks arising from its operating financial and investment activities. Derivatives not fulfilling the requirements for hedging purposes are considered to be trading instruments.

Derivatives are initially recognised at their acquisition price. Subsequently the derivatives are adjusted at their fair value. The fair value of a currency and interest rate swap is considered to be the estimated price to be received or paid by the Company to terminate the currency and

interest rate swap on the balance sheet date taking into account the current creditworthiness of the contracting parties. The fair value of the forward rate agreements is the market price on the reporting period. Any adjustment of the fair value is recognised in the statement of comprehensive income. Derivatives are stated as other assets in case of positive fair values and as other liabilities in case of negative fair values.

Hedging

For Derivates fulfilling the relevant hedging criteria, the surplus or deficit from the instrument is recognised in the net loss or profit from the change in fair value of the financial instrument in the statement of comprehensive income. The accounting value of the hedged asset or liability is adjusted through the income statement that relates to the risk being hedged. When the hedged asset or liability is sold, terminated or exercised, then the hedged asset or liability is sold, terminated or exercised, then the hedging no longer fulfills the relevant criteria and hedge accounting is terminated.

Loans and advances

Loans and advances are financial assets with constant and prescribed payments not having a stock exchange price in an active market. Such financial assets have not been acquired for the direct sale thereof and they are not classified as investments available for sale. This accounting policy relates to the categories stated in the balance sheet as placements with credit institutions and loans and advances to customers. Following the initial recognition, loans and advances are calculated at depreciated cost using the effective interest rate method less provisions for impairment. Loss form the impairment of such loans and advances is recognised in the provision for impairment of loans and advances in the statement of comprehensive income.

Investments available for sale

Investments available for sale are investments which may be sold for liquidity purposes or due to market risk changes and include shares, treasury bonds and government bonds.

Available for sale investments are measured at estimated fair value, based on current market price for securities listed on stock exchange investments in unlisted securities are presented in the estimated fair value calculated using recognised valuation models and indicators adjusted on the specific circumstances of the issuer or based on the financial results, the current situation and the prospects of the issuer compared with those of similar companies listed on stock exchange where current market prices exist.

Profit or loss from the change in fair value is recognised directly in equity in the investments revaluation reserve. When the investment is disposed the overall profit or loss previously recognised in the investments revaluation reserve is transferred to the statement of comprehensive income. When the Company holds more than one investment upon the same security, it is considered that such investments are sold on the basis of the weighted average cost of capital method. Interest on government bonds which are held as available for sale is recognised as interest receivable using the effective interest rate method.

Dividends received on available for sale shares are recognised in income from operations in the statement of comprehensive income as soon as the right to receive is deemed final. Loss incurred from the impairment of such investments is recognised in the net loss from the change in fair value of financial instruments in the statement of comprehensive income.

In the case of disposal of investments, the difference between the net proceeds and the carrying amount value stated in the financial statements is transferred to the statement of

comprehensive income along with any amount from the investments revaluation reserve in relation to the investment being disposed.

Impairment of Assets

The Company assesses at each reporting period the carrying value of its assets in order to find out whether there is any objective evidence that an asset may be impaired. If any such evidence exists, the Company estimates the recoverable amount of that asset. The recoverable amount of an asset is the higher of an asset's net selling price and value in use. Net selling price is defined as the higher value between the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, and value in use as the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life. The impairment is recognised in the statement of comprehensive income as an expense.

Investments in subsidiary companies

Investments in subsidiary companies are initially recognised at cost and subsequently re-measured at fair value. Any surplus arising from changes in net assets is transferred to the revaluation reserve of the Company, while deficits are charged directly to the statement of comprehensive income to extent that they are not covered by previous surplus on revaluation.

Property, plant and equipment

Land and buildings are stated at historic cost less depreciation on buildings. Property, plant and equipment are stated at historic cost less accumulated depreciation. The historic cost includes expenses directly associated with the acquisition of property and equipment. The costs of material renovations and other expenses are included in the carrying value of the asset or is recognised as separate asset when it is probable that they will result to future economic benefits in the Company.

Depreciation is calculated on a straight line basis in such a way that the cost less the estimated residual value is being depreciated over the expected useful economic life of the assets. Annual depreciation rates are as follows:

Premises and improvements	
on leasehold premises	5-50 years
Leasehold premises	10 years
Installations and equipment	3-10 years

No depreciation is calculated on land.

Amortisation on leasehold premises is calculated so as to write off the revalued amount of the leasehold by equal annual instalments over the period of the lease.

The residual value and the remaining useful economic life is reserved at each reporting period date if it is considered necessary.

On disposal of property, plant and equipment the difference between the net receipts and the net carrying value is debited or credited to the statement of comprehensive income. In the case of disposal of revalued assets, the amounts included in the revaluation reserve are transferred through revenue reserves.

Intangible assets

Computer application software

Computer application software programs are stated at cost less accumulated depreciation. Amortisation is calculated on a straight line basis in such a way that the cost less the estimated residual value of the intangible assets is being amortised over the expected useful economic life of the assets. The annual amortisation rate for computer application software is 33,3% with exception the Company's main system whose annual amortisation rate is 20%.

Expenses incurred for the maintenance of computer application software programs are charged in the statement of comprehensive income of the year in which they incur.

Employees' retirement benefits

The Company operates a defined benefit retirement plan for staff as described in note 9 of the financial statements. The defined benefit retirement plan is a plan which sets a lump sum payable on retirement, or a pension amount paid during retirement, taking into account factors such as years of service and salary.

Contributions to these plans are made on a yearly basis in order to create adequate reserves or capital during the working life of employees so that they may receive their related benefits upon their retirement.

The cost of defined benefit retirement benefits is charged to the statement of comprehensive income during the years of service of staff in accordance with the assessment of independent professional actuaries who provide actuarial assessments every two years.

The obligation for the retirement benefits scheme for its employees is calculated according to the present value of expected future payments that is required for the settlement of the obligation that arises from the services of employees for the current and past periods.

Actuarial profits or losses that exceed the 10% of the current value of the obligation or the fair value of the assets whichever is the highest, are amortized over the remaining average working life of the employees that participate in the scheme.

Taxation

Taxation on income is provided for in accordance with the tax legislation and tax rates which apply in Cyprus where the Company carries on its operations and is recognised as an expense in the period in which the income arises.

Deferred taxation

Provision for deferred taxation is made on all temporary differences between the carrying values of assets and liabilities for financial reporting purposes and their tax base. Deferred tax is calculated at the tax rates applying at the year end. Any deferred tax assets arising from deductible temporary differences are recognised to the extent that it is expected that taxable profits will be available in the future.

Any adjustment in deferred taxation, which is due to changes of tax rates, is shown in the statement of comprehensive income or in the reserves according to where the original debit or credit for the deferred tax was initially recorded.

Financial guarantee contracts

Financial guarantee contracts (except for those considered to be insurance contracts) are contracts that require the issuer to make specified payments to reimburse the holder for a loss that is incurred because a specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Such financial guarantees are granted to banks, financial institutions and other organisations on behalf of customers for the granting of loans and other bank facilities.

Financial guarantees are initially recognised at fair value on the date of the granting thereof and subsequently they are evaluated on the basis of the highest amount out of:

- (a) The amount of initial recognition less, if any, the amount of accumulated amortization recognised; and
- (b) The best cost estimation required for the settlement of the relevant commitment on the balance sheet date. These estimations are based on the experience with similar transactions and previous loss reports and they are supplemented by the evaluations of the Management.

Any increase of the liability related to such guarantees is recognized in the statement of comprehensive income. The Company has not recognized any amounts relating to financial guarantee contracts in the statement of comprehensive income.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and of loans and advances to financial institutions and other securities, the maturity of which does not exceed three months from their acquisition date. In this category, balances with the Central Bank of Cyprus as part of the minimum reserve requirement on deposits are included.

Loan capital

The loan capital consists of bonds that are recognised at fair value and represent the proceeds from the issue. The bonds are classified as secondary capital (Tier 2 Capital) for the purposes of calculating the capital adequacy ratio.

Share capital

The ordinary shares are classified as equity.

Provisions

Provisions are recognised in the statement of financial position when the Company has legal or commercial commitment as a result of an event that happened in the past and is likely to require an outflow of economic benefits to repay the obligation. Provisions are calculated by the Members of the Board at the best estimated cost for the obligation to be settled at the reporting period and are discounted to present value when the amount are material.

Operating leases

Leases on assets where the Company does not undertake substantially all the risks and rewards arising from ownership are classified as operating leases.

The rent paid on a monthly basis on the operating leases is debited in the statement of comprehensive income based on the straight line method over the life of the lease.

Comparative amounts

The comparative amounts included in the financial statements are adjusted when it is considered necessary in order to comply with the current year's presentation.

4. SEGMENT REPORTING

The Company's key business segment is that of banking and financial services and all its activities are conducted in Cyprus.

5. NET INTEREST INCOME

		2009	2008
	Note	€	€
Interest income			
Loans and advances to banks	15	36.480.510	80.717.601
Loans and advances to customers – (Ref note)	17	235.469.075	235.297.650
Derivatives	16	1.757.526	1.678.900
Government bonds	18	4.109.703	-
Corporate bonds	18	46.607	239.086
Total interest income		277.863.421	317.933.237
Interest expense			
Amounts due to banks	25	36.003.585	72.170.872
Customer deposits	26	107.651.227	114.241.442
Derivatives	28	627.571	1.832.047
Bonds	24	3.522.050	3.936.567
Total interest expense		147.804.433	192.180.928
Net interest income		130.058.988	125.752.309

Explanatory note:

Loans and advances to customers are disclosed after the unwinding of interest as analysed below:

		2009	2008
	Note	€	€
Loans and advances to customers		246.780.421	247.453.858
Unwinding of interest	17	(11.311.346)	-
Suspension of interest	17	-	(12.156.208)
		235.469.075	235.297.650

6. NET INCOME FROM FEES AND COMMISSIONS

	2009	2008
	€	€
Fees and commissions income		
Commissions receivable	18.231.949	21.988.896
Income from fees	5.335.437	5.009.653
Study fees	<u>2.167.978</u>	<u>5.485.011</u>
Total income from fees and commissions	<u>25.735.364</u>	<u>32.483.560</u>
Fees and commissions expenses		
Expenses from fees	(1.353.660)	(1.139.030)
Commissions payable	<u>(18.681)</u>	<u>(13.016)</u>
Total expense from fees and commissions	<u>(1.372.341)</u>	<u>(1.152.046)</u>
Net income from fees and commissions	<u><u>24.363.023</u></u>	<u><u>31.331.514</u></u>

7. NET LOSS FROM THE CHANGE IN THE FAIR VALUE OF THE FINANCIAL INSTRUMENTS

	2009	2008
	€	€
(Deficit)/surplus on revaluation of derivatives held for risk management	(1.021.294)	1.021.294
Surplus/(deficit) on revaluation of hedged financial instruments (note 26)	869.421	(917.762)
Deficit from revaluation of derivatives held for trading purposes	<u>(63.735)</u>	<u>(567.226)</u>
	<u><u>(215.608)</u></u>	<u><u>(463.694)</u></u>

8. OTHER INCOME FROM OPERATIONS

	2009	2008
	€	€
Realised gain from foreign exchange transactions	6.014.491	22.710.511
Unrealised loss from foreign exchange transactions	(103.853)	(7.392.079)
Gain on disposal of shares	81.112	-
Dividend received	<u>1.416.113</u>	<u>905.626</u>
	<u><u>7.407.863</u></u>	<u><u>16.224.058</u></u>

9. STAFF COSTS

		2009	2008
	Note	€	€
Salaries and employer's contribution		32.141.632	30.071.373
Other staff costs		515.795	573.748
Cost of retirement benefits	28	6.588.911	6.438.157
		<u>39.246.338</u>	<u>37.083.278</u>

The number of staff of the Company as at 31 December 2009 amounted to 763 persons (2008:770 persons).

The Company operates a non – contributory, defined benefits scheme for which provisions are made in the financial statements in order to accumulate sufficient reserves to meet the entitlement payment at retirement of employees. The amount of the provision is determined in accordance with valuation by independent professional actuaries which takes into account, inter alia, the employees' remuneration, age and years of service, and after making assumptions as to future salary increases and the annual return on the relevant funds.

Full actuarial valuation of the Company's liabilities for the provision of retirement benefits is carried out at least every two years by independent professional actuaries. The latest independent actuarial valuation was carried out in 2009.

10. OTHER EXPENSES

		2009	2008
		€	€
Advertising and promotion		2.574.720	2.967.677
Rent payable		1.781.635	1.776.069
Maintenance and repairs		682.909	794.903
Loss on disposal of plant and equipment		20.393	16.797
Other expenses		6.954.993	7.688.720
		<u>12.014.650</u>	<u>13.244.166</u>

11. PROFITS FOR THE YEAR BEFORE TAXATION

Profits for the year before taxation are stated after charging the following:

		2009	2008
	Note	€	€
Directors' emoluments:			
Executive Directors	40	1.400.034	1.107.702
Directors	40	25.630	34.172
Independent Auditors' remuneration		73.478	55.843
Depreciation of property, plant and equipment	20	2.639.040	2.317.890
Amortisation of intangible assets	21	255.088	239.504
Rents payable	10	1.781.635	1.776.069
Loss on disposal of plant and equipment	10	20.393	16.797

12. TAXATION

	2009	2008
	€	€
Corporation tax for the year	7.645.829	10.790.976
Corporation tax for previous years	1.474.652	-
Special contribution to the defence fund on dividends	246	119.209
Deferred taxation - credit	(498.915)	(613.396)
Charge for the year	<u>8.621.812</u>	<u>10.296.789</u>

The Company is subject to corporation tax at the rate of 10% on taxable profits.

In certain circumstances dividends from overseas may be subject to defence tax at the rate of 15%.

Furthermore, tax losses from the year 1997 and onwards, can be carried forward to subsequent years until such losses are eliminated. Companies of the same group can set off tax losses with taxable profits arising in the current year.

Reconciliation of taxation based on taxable income and taxation based on the accounting profits of the Company

	2009	2008
	€	€
Accounting profits before taxation	<u>72.707.995</u>	<u>102.144.452</u>
Taxation based on tax rates	7.270.800	10.214.445
Tax effect of non-allowable expenses	144.111	127.742
Tax effect of deductions and non-taxable income	(267.996)	(164.607)
Previous years taxes	1.474.651	-
Special contribution to the defence fund	<u>246</u>	<u>119.209</u>
Taxation as per statement of comprehensive income	<u>8.621.812</u>	<u>10.296.789</u>

13. EARNINGS PER SHARE

	2009	2008
Profits attributable to the owners (€)	<u>64.086.183</u>	<u>91.847.663</u>
Weighted average number of shares in issue during the year	<u>139.500.000</u>	<u>139.500.000</u>
Earnings per share (cents)	<u>45,94</u>	<u>65,84</u>

14. CASH AND BALANCES WITH THE CENTRAL BANK OF CYPRUS

	2009	2008
	€	€
Cash and cash equivalents	23.189.041	22.392.052
Deposits with the Central Bank of Cyprus	<u>52.770.330</u>	<u>46.587.574</u>
	<u>75.959.371</u>	<u>68.979.626</u>

Balances with the Central Bank of Cyprus include the minimum reserve requirement on deposits amounting to €47.770.330 (2008: €46.587.574).

The analysis of the above assets by maturity date and by currency are presented in note 36 of the financial statements. The deposits carry interest based on the interbank rate of the relevant time period and currency.

15. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

	2009	2008
	€	€
Bonds held as part of assets securitization transaction – repurchase receivables	1.110.115.502	-
Placements with Alpha Bank Group companies	2.617.116.990	2.231.316.195
Placements with other banks	<u>31.190.642</u>	<u>39.904.626</u>
	<u>3.758.423.134</u>	<u>2.271.220.821</u>

During the year the Company acquired bonds issued by special purpose entities (SPEs) of Alpha Bank SA incorporated for the purpose of asset securitization transactions. The Management is of the opinion that in substance, these bonds should be classified as loans and advances.

Analysis of the above deposits by maturity date is presented in note 36 of the financial statements.

16. DERIVATIVES HELD FOR RISK MANAGEMENT

	2009		2008	
	Nominal value	Fair value	Nominal value	Fair value
	€	€	€	€
Derivatives held for risk management	<u>-</u>	<u>-</u>	<u>58.500.000</u>	<u>1.021.294</u>

The Company hedged the interest rate risk that resulted from the negative change in the fair value of deposits with fixed interest rates, using interest rate swaps with nominal value of €58.500.000 (deposits). The fixed interest rate deposits as well as the corresponding swaps have matured in 2009.

17. LOANS AND ADVANCES TO CUSTOMERS

	2009	2008
	€	€
Loans and advances to customers	4.517.490.623	4.658.160.726
Provision for impairment of doubtful debts	<u>(156.013.399)</u>	<u>(140.666.046)</u>
	<u><u>4.361.477.224</u></u>	<u><u>4.517.494.680</u></u>

The fair value of loans and advances to customers is about equal to the carrying amount presented in the statement of financial position after the deduction of the impairment.

By economic sector

	2009	2008
	€	€
Industry	90.131.984	122.445.416
Tourism	159.317.784	163.611.187
Trade	144.045.701	178.659.735
Building and construction	1.796.052.474	1.920.427.734
Personal and professional	2.219.461.927	2.130.658.650
Other sectors	<u>108.480.753</u>	<u>142.358.004</u>
	<u><u>4.517.490.623</u></u>	<u><u>4.658.160.726</u></u>

Provision for Impairment

	Impairment Reserve	Suspension of interest account	Total
	€	€	€
2009			
1 January	110.596.305	30.069.741	140.666.046
Debit in the statement of comprehensive income	34.751.155	-	34.751.155
Reversals and write offs	(30.715.148)	-	(30.715.148)
Transfer	30.069.741	(30.069.741)	-
Effect of discounting- Unwinding of interest	<u>11.311.346</u>	<u>-</u>	<u>11.311.346</u>
31 December	<u><u>156.013.399</u></u>	<u><u>-</u></u>	<u><u>156.013.399</u></u>
2008			
1 January	104.782.615	28.154.023	132.936.638
Debit in the statement of comprehensive income	17.814.895	12.156.208	29.971.103
Reversals and write offs	<u>(12.001.205)</u>	<u>(10.240.490)</u>	<u>(22.241.695)</u>
31 December	<u><u>110.596.305</u></u>	<u><u>30.069.741</u></u>	<u><u>140.666.046</u></u>

18. INVESTMENTS AVAILABLE FOR SALE

	2009	2008
	€	€
Cyprus listed corporate bonds	15.260.630	3.417.203
Shares in companies	<u>1.801.595</u>	<u>1.866.319</u>
	<u>17.062.225</u>	<u>5.283.522</u>
Listed on the Cyprus Stock Exchange	15.260.630	3.417.203
Unlisted	<u>1.801.595</u>	<u>1.866.319</u>
	<u>17.062.225</u>	<u>5.283.522</u>
Geographical analysis based on:		
- Cyprus	16.911.201	5.067.774
- USA	<u>151.024</u>	<u>215.748</u>
	<u>17.062.225</u>	<u>5.283.522</u>

The unlisted securities include the holdings of the Company in JCC Payments Systems Ltd and VISA Inc.

The movement of the items available for sale is analysed as follows:

	Government Bonds	Shares in companies	Cyprus Listed Corporate Bonds	Total
	€	€	€	€
2009				
1 January	-	1.866.319	3.417.203	5.283.522
Disposals	-	(64.724)	(3.417.203)	(3.481.927)
Acquisitions	13.955.930	-	-	13.955.930
Accrued interest	673.448	-	-	673.448
Revaluation	<u>631.252</u>	<u>-</u>	<u>-</u>	<u>631.252</u>
31 December	<u>15.260.630</u>	<u>1.801.595</u>	<u>-</u>	<u>17.062.225</u>
2008				
1 January	-	354.292	11.960.210	12.314.502
Disposals	-	-	(8.543.007)	(8.543.007)
Acquisitions	<u>-</u>	<u>1.512.027</u>	<u>-</u>	<u>1.512.027</u>
31 December	<u>-</u>	<u>1.866.319</u>	<u>3.417.203</u>	<u>5.283.522</u>

Analysis of the above assets by maturity date is presented in note 36 of the financial statements.

	Derivative Financial Assets €	Available for Sale (AFS) Investment Securities: Bonds €	Available for Sale (AFS) Investment Securities: Shares €	Available for Sale (AFS) Investment Securities Total €	Derivative Financial Liabilities €
2009					
Level 1	-	15.260.630	-	15.260.630	-
Level 2	126.893	-	-	-	1.043.364
Level 3	-	-	1.801.595	1.801.595	-
Total	<u>126.893</u>	<u>15.260.630</u>	<u>1.801.595</u>	<u>17.062.225</u>	<u>1.043.364</u>
2008					
Level 1	-	3.417.203	-	3.417.203	-
Level 2	1.054.543	-	-	-	7.922.484
Level 3	-	-	1.866.319	1.866.319	-
Total	<u>1.054.543</u>	<u>3.417.203</u>	<u>1.866.319</u>	<u>5.283.522</u>	<u>7.922.484</u>

19. INVESTMENTS IN SUBSIDIARY COMPANIES

	2009 €	2008 €
Cost of investment		
Alpha Trustees Limited	85.430	85.430
Alpha Insurance Limited	<u>16.343.479</u>	<u>16.343.479</u>
	<u>16.428.909</u>	<u>16.428.909</u>

The subsidiary companies and their activities are the following:

	Shareholding		Activities
	2009	2008	
	%	%	
Alpha Trustees Limited	100	100	Trustee Services
Alpha Insurance Limited	82,05	82,05	Provision of insurance services of life and general insurance

The Company and the subsidiary companies are registered and operate in Cyprus.

20. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements on leasehold buildings	Lease premium	Plant and equipment	Total
	€	€	€	€	€
Cost					
1 January 2008	5.671.333	27.761.151	219.555	15.955.426	49.607.465
Additions	-	4.368.320	-	1.757.254	6.125.574
Write offs	-	-	-	(103.982)	(103.982)
Disposals	-	-	-	(50.130)	(50.130)
31 December 2008	<u>5.671.333</u>	<u>32.129.471</u>	<u>219.555</u>	<u>17.558.568</u>	<u>55.578.927</u>
1 January 2009	5.671.333	32.129.471	219.555	17.558.568	55.578.927
Additions	-	1.732.983	-	1.064.930	2.797.913
Write offs	-	-	-	(75.290)	(75.290)
Disposals	-	-	-	(83.587)	(83.587)
31 December 2009	<u>5.671.333</u>	<u>33.862.454</u>	<u>219.555</u>	<u>18.464.621</u>	<u>58.217.963</u>
Depreciation					
1 January 2008	-	7.017.355	200.655	12.206.471	19.424.481
Charge for the year	-	1.154.337	4.948	1.158.605	2.317.890
On disposals	-	-	-	(27.627)	(27.627)
On write offs	-	-	-	(103.982)	(103.982)
31 December 2008	<u>-</u>	<u>8.171.692</u>	<u>205.603</u>	<u>13.233.467</u>	<u>21.610.762</u>
1 January 2009	-	8.171.692	205.603	13.233.467	21.610.762
Charge for the year	-	1.325.835	4.955	1.308.250	2.639.040
On write offs	-	-	-	(71.982)	(71.982)
On disposals	-	-	-	(46.283)	(46.283)
31 December 2009	<u>-</u>	<u>9.497.527</u>	<u>210.558</u>	<u>14.423.452</u>	<u>24.131.537</u>
Net book value					
1 January 2008	<u>5.671.333</u>	<u>20.743.796</u>	<u>18.900</u>	<u>3.748.955</u>	<u>30.182.984</u>
31 December 2008	<u>5.671.333</u>	<u>23.957.779</u>	<u>13.952</u>	<u>4.325.101</u>	<u>33.968.165</u>
31 December 2009	<u>5.671.333</u>	<u>24.364.927</u>	<u>8.997</u>	<u>4.041.169</u>	<u>34.086.426</u>

21. INTANGIBLE ASSETS

	Application software
	€
Cost	
1 January 2008	5.268.099
Additions	146.082
31 December 2008	<u>5.414.181</u>
1 January 2009	5.414.181
Additions	300.811
31 December 2009	<u>5.714.992</u>
Amortization	
1 January 2008	4.855.695
Charge for the year	239.504
31 December 2008	<u>5.095.199</u>
1 January 2009	5.095.199
Charge for the year	255.088
31 December 2009	<u>5.350.287</u>
Net book value	
1 January 2008	<u>412.404</u>
31 December 2008	<u>318.982</u>
31 December 2009	<u>364.705</u>

22. OTHER ASSETS

	2009	2008
	€	€
Debtors and prepaid expenses	1.498.949	1.653.454
Prepayment of interest	1.972.806	4.736.451
Interest receivable from investments	-	16.137
Derivatives held for trading	<u>126.893</u>	<u>33.249</u>
	<u>3.598.648</u>	<u>6.439.291</u>

	2009		2008	
	Nominal value	Fair value	Nominal value	Fair value
	€	€	€	€

Derivatives held for trading

Foreign exchange derivatives				
Forward contracts	<u>32.512.993</u>	<u>126.893</u>	<u>518.018</u>	<u>33.249</u>

23. DEFERRED TAXATION

	2009	2008
	€	€
1 January	201.544	(411.852)
Credit in the statement of comprehensive income	<u>498.915</u>	<u>613.396</u>
31 December	<u><u>700.459</u></u>	<u><u>201.544</u></u>

Deferred tax arose as a result of the following:

	2009	2008
	€	€
Deferred tax assets		
Provision for impairment of loans and advances to customers	1.339.145	640.000
Other temporary differences	<u>-</u>	<u>54.934</u>
	<u>1.339.145</u>	<u>694.934</u>
Deferred tax liabilities		
Differences between depreciation and capital allowance	<u>(638.686)</u>	<u>(493.390)</u>
Deferred tax asset	<u><u>700.459</u></u>	<u><u>201.544</u></u>

Deferred tax was calculated based on current tax rates (10%).

24. BONDS

	2009	2008
	€	€
1 January	100.000.000	-
Issue of bonds 2013/2018	<u>-</u>	<u>100.000.000</u>
31 December	<u><u>100.000.000</u></u>	<u><u>100.000.000</u></u>

The Board of Directors of the Company has approved the issue of €1M bonds with 10 years duration with a nominal value of €100 each and which have been offered to a limited number of investors in Cyprus and abroad. The bonds were issued on 30 May 2008 and have been floated to the Cyprus Stock Exchange on 31 December 2008 where they are tradeable.

The Bonds may be redeemed in whole at the option of the Company at their principal amount together with any outstanding interest, five years after their issue date, or on any interest payment date thereafter, subject to the prior consent of the Central Bank of Cyprus.

The Bonds bear a floating interest which will be set at the beginning of each period and will apply to the specific interest period.

The floating interest rate is equal to the 3-month Euribor in force at the beginning of each interest period plus a 1,80%. The Bonds are not secured and in the event of liquidation of the Company, their repayment shall follow in priority the repayment of the obligations of the Company to its depositors and any other creditors, but they will have priority over the repayment of the rights of the shareholders of the Company.

25. AMOUNTS DUE TO BANKS

	2009	2008
	€	€
Amounts due to Alpha Bank Group companies	3.989.275.118	2.859.772.825
Amounts due to other financial institutions	<u>369.661.113</u>	<u>66.917.821</u>
	<u><u>4.358.936.231</u></u>	<u><u>2.926.690.646</u></u>

Analysis of the above deposits by maturity date is presented in note 36 of financial statements. Included in the amounts due to other financial institutions is an amount of €237.098.750 which represents repurchase agreements with the European Central Bank as part of its main financing operations.

26. CUSTOMER DEPOSITS

	2009	2008
	€	€
Demand	338.865.087	484.956.415
Savings	4.721.709	5.269.626
Fixed term or notice deposits	2.931.877.812	2.929.905.609
Revaluation of hedged items at fair value	<u>-</u>	<u>869.421</u>
	<u><u>3.275.464.608</u></u>	<u><u>3.421.001.071</u></u>

27. TAXATION

	2009	2008
	€	€
Corporation tax	918.382	882.659
Special contribution to the defence fund	<u>9.439</u>	<u>119.209</u>
	<u><u>927.821</u></u>	<u><u>1.001.868</u></u>

The above amounts are payable within one year.

	2009	2008
	€	€
1 January	1.001.868	2.684.923
Charge for the year	9.120.726	10.910.185
Payments	<u>(9.194.773)</u>	<u>(12.593.240)</u>
31 December	<u><u>927.821</u></u>	<u><u>1.001.868</u></u>

28. OTHER LIABILITIES

	2009	2008
	€	€
Accrued interest on bonds	223.733	506.756
Defined benefit scheme liability (note (i))	43.137.001	37.673.278
Accrued expenses	4.564.355	3.714.132
Provisions for legal claims (note (ii))	1.642.715	2.109.269
Other payables	8.224.607	10.929.213
Taxes payable on behalf of clients	1.294.573	1.883.459
Derivatives held for trading (note (iii))	1.043.364	7.922.484
	<u>60.130.348</u>	<u>64.738.591</u>

Explanatory notes**(i) Defined Benefit Scheme Liability**

	2009	2008
	€	€
Present value of obligations	52.960.990	44.860.211
Unrecognized actuarial deficit	(9.823.989)	(7.186.933)
	<u>43.137.001</u>	<u>37.673.278</u>

The movement in the defined benefit scheme liability is analysed as follows:

	2009	2008
	€	€
1 January	37.673.278	33.320.060
Debit in the statement of comprehensive income	6.588.911	6.438.157
Payments to members who retired	(1.125.188)	(2.084.939)
31 December	<u>43.137.001</u>	<u>37.673.278</u>

The movement of the liability as shown in the statement of financial position of the Company is analysed as follows:

	2009	2008
	€	€
Present value of obligations 1 January	44.860.212	42.377.934
Current service cost	3.917.583	4.042.394
Interest on liabilities	2.550.038	2.186.078
Payments to members who retired	(1.125.189)	(2.048.936)
Actuarial gain / loss	2.758.346	(1.697.259)
Present value of obligations 31 December	<u>52.960.990</u>	<u>44.860.211</u>

The charge in the statement of comprehensive income is analysed as follows:

	2009 €	2008 €
Current service cost	3.917.583	4.042.394
Interest on liabilities	2.550.038	2.186.077
Amortisation – unrecognized loss	121.290	209.686
	<u>6.588.911</u>	<u>6.438.157</u>

The main assumptions used for the actuarial valuation, expressed as weighted average, were:

	2009	2008
Discount rate	5,21%	5,75%
Future salary increase	6,75%	6,50%
Future rate of inflation	2,00%	2,50%

(ii) Provisions of legal claims

	2009 €	2008 €
1 January	2.109.269	1.565.641
(Release) / Provision for the year	(404.076)	543.628
Utilised during the period	(62.478)	-
31 December	<u>1.642.715</u>	<u>2.109.269</u>

(iii) Derivatives held for trading

	Nominal amount 2009 €	Nominal amount 2008 €	Fair value 2009 €	Fair value 2008 €
<u>Interest rate Derivatives</u>				
Interest rate swaps	12.474.843	12.477.142	671.930	608.195
<u>Foreign exchange derivatives</u>				
Forward contracts	32.817.534	81.960.710	371.434	7.314.289
Total of Derivatives	<u>45.292.377</u>	<u>94.437.852</u>	<u>1.043.364</u>	<u>7.922.484</u>

29. SHARE CAPITAL

	2009 Number of shares	2009 €	2008 Number of shares	2008 €
Authorised				
Shares of €0,85 cents each	<u>600.000.000</u>	<u>510.000.000</u>	<u>600.000.000</u>	<u>510.000.000</u>
Issued and fully paid				
1 January	139.500.000	118.575.000	139.500.000	119.174.951
Reduction of share capital due to the conversion of the nominal value of the share from £0,50 each to €0,85 each	-	-	-	(599.951)
31 December	<u>139.500.000</u>	<u>118.575.000</u>	<u>139.500.000</u>	<u>118.575.000</u>

As from 1 January 2008, Euro ("€") is the official currency of the Republic of Cyprus. During 2008, the share capital of the Company was converted from Cyprus Pounds to Euro according to the requirements of the Adoption of Euro Law (Law 33(I)/2007). During the conversion, any roundings were performed in accordance with the aforementioned Law. For the conversion of the share capital of the Company from Cyprus Pounds to Euro we have used the irrevocable conversion rate €1=£0,585274.

On 29 February 2008, at an Extraordinary General Meeting of the Shareholders of the Company, it was resolved to convert and reduce the nominal value of the Company's share price allowing for the roundings from C£0,50 to €0,85.

Additionally, the Extraordinary General Meeting of the shareholders of the Company approved that the authorised and issued share capital of the Company be converted into Euro and reduced to €510.000.000 and €118.575.000 respectively.

The resulting difference from the conversion from Cyprus Pounds to Euro amounting to €599.951 is credited to a special reserve the so called "Difference arising from the conversion of share capital into Euro" for future capitalization or other legal use.

30. SHARE PREMIUM

	2009 €	2008 €
1 January and 31 December	<u>15.334.698</u>	<u>15.334.698</u>

The share premium reserve arising from the issue of shares at a premium is not available for distribution as dividend.

31. RESERVES

	2009 €	2008 €
1 January	273.415.009	181.567.346
Profits for the year	<u>64.086.183</u>	<u>91.847.663</u>
31 December	<u>337.501.192</u>	<u>273.415.009</u>
Investment Revaluation Reserve		
Surplus on revaluation of investments available for sale	<u>631.252</u>	<u>-</u>
31 December	<u>631.252</u>	<u>-</u>
Difference from the conversion of share capital into Euro reserve		
1 January	599.951	-
Capitalization of reserves due to the conversion of capital into Euro	<u>-</u>	<u>599.951</u>
31 December	<u>599.951</u>	<u>599.951</u>
Total Reserves	<u>338.732.395</u>	<u>274.014.960</u>

The revenue reserve is distributable according to the requirements of the Company Law, Cap. 113.

The investments revaluation reserve arose from the revaluation of investments available for sale. The investments revaluation reserve is not distributable but in case of disposal of revalued investments, any balance of the surplus on revaluation which belongs to the disposed investments which is included in the investments revaluation reserve, is transferred to the revenue reserve.

As from 1 January 2003, companies which do not distribute 70% of their profits after taxation, as determined by the Special Defence contribution Law, during the two years after the end of taxable year that the profits are reported, it will be considered that they have distributed this amount as dividend. Special defence contribution of 15% will be payable on the dividend distribution at the extent which shareholders (individuals and companies) at the end of the two year period after the end of taxable year that the profits are reported, are taxable Cyprus residents. The amount of distribution of dividends is reduced by any realised dividend that has already been distributed for the year during which the profits are reported. The special defence contribution is paid by the company for the owners account.

The above requirements of the Law are not applied in the case of the Company due to the fact that its owners are not residents in Cyprus for tax purposes.

32. ITEMS OFF THE STATEMENTS OF FINANCIAL POSITION

	2009 €	2008 €
Contingent liabilities		
Bank guarantees	111.494.543	126.816.658
Commitments		
Import letters of credit and confirmed export letters of credit	64.705.515	38.535.432
Loan and facility limits already approved but not utilized	311.494.797	350.707.279
	<u>376.200.312</u>	<u>389.242.711</u>
Total items off the statement of financial position	<u>487.694.855</u>	<u>516.059.369</u>

Documentary credits and letters of guarantee are usually compensated through respective third party liabilities.

Documentary credits which are in the form of letters of credit relating to imports/exports commit the Company to make payments to third parties on production of documents and provided that the terms of the documentary credit are satisfied. The repayment by the customer is due immediately or within up to six months.

Loan and facility limits that have been approved but not utilized by clients represent a contractual obligation. These limits are granted for a specific time period and may be cancelled by the Company at any time by giving notice to the customer.

Credit risk exposure relating to items off the statement of financial position:

	Financial Services Sector €	Industry €	Buildings & Construction €	Trading €	Public Sector €	Tourism industry €	Other €	Individual and consumer €	Total €
2009									
Letters of Guarantee and Documentary Credits	1.740.351	1.684.096	116.071.787	19.515.549	-	2.869.811	30.182.456	4.136.008	176.200.058
Loan and facility limits already approved but not utilized	28.497.770	10.302.772	125.200.213	13.266.952	-	9.116.949	8.997.500	116.112.641	311.494.797
Total	<u>30.238.121</u>	<u>11.986.868</u>	<u>241.272.000</u>	<u>32.782.501</u>	<u>-</u>	<u>11.986.760</u>	<u>39.179.956</u>	<u>120.248.649</u>	<u>487.694.855</u>
2008									
Letters of Guarantee and Documentary Credits	2.663.227	1.333.110	94.395.752	19.409.566	-	3.629.525	38.358.784	5.562.126	165.352.090
Loan and facility limits already approved but not utilized	8.511.820	9.425.113	152.352.386	18.707.375	-	6.670.703	139.047.117	15.992.765	350.707.279
Total	<u>11.175.047</u>	<u>10.758.223</u>	<u>246.748.138</u>	<u>38.116.941</u>	<u>-</u>	<u>10.300.228</u>	<u>177.405.901</u>	<u>21.554.891</u>	<u>516.059.369</u>

33. OTHER CONTINGENT LIABILITIES

Lease commitments

The minimum future liabilities for lease agreements that expire at various dates up to 2032 are analysed as follows:

	2009 €	2008 €
Within one year	1.367.931	1.760.231
Between one to five years	5.182.773	5.128.178
More than five years	8.775.474	8.275.763
	<u>15.326.178</u>	<u>15.164.172</u>

Litigation

As at 31 December 2009, there were pending litigations against the Company in relation to its activities. Following legal advice, the Board of Directors proceeded to a provision for some cases in the financial statements, where the Company anticipated financial loss.

Apart from the above there are no pending litigations, claims or assessments against the Group or court decisions where the outcome of which would have a material effect on the financial statements apart from those already provided for (note 28 of the financial statements).

34. CAPITAL COMMITMENTS

As at 31 December 2009, the Company's commitments for capital expenditure for which no provision has been made in the financial statements amounted to €1.636.905 (2008: €3.146.423) and related to additional work performed to the new Head Office buildings and cost of refurbishment of new branches.

35. CASH AND CASH EQUIVALENTS

Cash and cash equivalents that appear in the statement of cash flows consist of the following elements of the statement of financial position:

	Note	2009 €	2008 €
Cash and balances with the Central Bank of Cyprus	14	75.959.371	68.979.626
Loans and advances to financial institutions	15	2.390.529.926	2.243.377.157
Amounts due to banks	25	(417.386.848)	(555.508.257)
		<u>2.049.102.449</u>	<u>1.756.848.526</u>

36. RISK MANAGEMENT

Alpha Bank Cyprus Limited, as a member of the Alpha Bank Group is adhering to the provisions of Basel II, as these are adopted in the "Capital Requirements Directive" of the Central Bank of Cyprus as well as the provisions of the "Corporate Governance Directive" of the Central Bank of Cyprus.

The structure of the Risk Management function is based on the Risk Management Policy framework that the Group has developed and aims at:

- Compliance with the instructions of the supervisory bodies with regards to setting a policy for the acceptance, follow up and management of every risk.
- Improvement in the handling of the action taken to prevent and minimize risks.
- Effective capital planning in order to cover the risks undertaken.

Within the above framework, the Group has established Manuals with Policies and Procedures in various areas relating to risk management such as:

- credit risk
- loan impairment
- market risk
- management of assets - liabilities
- operational risk
- regulatory compliance, and
- capital maintenance

The above policies are specific and are incorporated into the procedures of the Company, taking into account the requirements of the supervisory framework.

The Company follows the "Internal assessment of Capital Adequacy" (ICCAP) and prepares a relevant report in accordance with the Instructions of the Central Bank of Cyprus and the Pillar II of the Second Treaty of Basel (Basel II). During the assessment, strategies and procedures are being reviewed in order to ensure that they remain comprehensive and proportionate to the nature, scale and complexity of the Company, as well as the maintaining on a continued basis the amount, composition and allocation of internal funds that are considered appropriate to cover the nature and level of risks that the company has adopted or is likely to undertake.

The Company operates an independent Risk Management Unit, whose main responsibility is to implement effective methods of recognizing, quantifying and managing the risks that the Company undertakes.

The Unit has the following departments:

- Credit Risk
- Market Risk and Liquidity Risk
- Operational Risk
- Information Security

Credit risk

Credit Risk refers to the potential risk that the Company may face from the inability of a creditor or contracting parties to meet their repayment obligations in time, or even to fully repay their debts as per the agreed terms of each contract.

The Company minimizes credit risk with the diversification of the lending portfolio to different sectors of the economy and categories of clients. It is noted that the diversification between different sectors of the economy is limited due to the small size and the special characteristics of the Cyprus economy (ie focus on service sectors). Diversification between different categories of clients is achieved following the setting of upper credit limits to individuals and groups. Through compliance with the internal procedures of the Company and through the adoption of systems for

the approval and control of the loans, the losses arising from credit risk are minimized to the greatest extent possible.

The procedures followed include among others, the grading and the evaluation of the customers' repayment ability, the laying out of the stages that have to be followed from the preparation and submission of the customer's application to the appropriate approval authority to the stage of final approval and implementation. The close following up of the customer accounts after the loan, is drawn is also laid out in the above procedures. The procedures are evaluated on a regular basis aiming at greater standardization and better measurement and monitoring of credit risk.

The loan approvals are sanctioned only from loan committees, whose authority is determined based on the amount, the type and grade of the customer, the particular product and the collateral being offered. The credit policy of the Company is within the Group policy and the Regulations of the Central Bank of Cyprus.

Important tools that are being used for the loan approval process as well as the credit quality classification of the loan portfolio are the credit grading and scoring systems. The Company during 2009 has replaced various evaluation techniques with new systems which are used by the Group.

The mitigation of credit risk is enhanced through the securing of collateral from customers against their loans.

In addition to the above, the Company monitors continuously loans in default as well as non performing loans and takes all the necessary measures for their minimisation.

Additionally, the Company maintains impairment allowances so as to meet losses from bad debts. In the context of this policy, the impairment reserves are created at both individual and group level.

I. LOANS AND ADVANCES WITH REPAYMENT**Loans and advances to individuals**

	Neither past due nor impaired €	Past due but not impaired €	Individually impaired €	Collectively impaired €	Total €
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2009

Not past due	1.808.444.213	-	9.642.058	652.244	1.818.738.515
Past due up to 30 days	-	146.393.934	315.574	255.217	146.964.725
Past due 30 – 60 days	-	79.751.716	-	252.644	80.004.360
Past due 60 – 90 days	-	34.871.301	-	70.228	34.941.529
Past due 90 – 180 days	-	18.305	11.718	30.492.839	30.522.862
Past due 180 – 270 days	-	931	-	14.785.705	14.786.636
Past due 270 – 360 days	-	411	1.151.972	6.011.811	7.164.194
Past due over 360 days	-	919	32.429	7.206.105	7.239.453
Legal Action	-	121	20.618.907	58.480.625	79.099.653

Total before impairment (A)	<u>1.808.444.213</u>	<u>261.037.638</u>	<u>31.772.658</u>	<u>118.207.418</u>	<u>2.219.461.927</u>
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Loans and advances to companies

	Neither past due nor impaired €	Past due but not impaired €	Individually impaired €	Collectively impaired €	Total €
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Not past due	1.954.410.509	-	47.042.024	1.109.427	2.002.561.960
Past due up to 30 days	-	127.245.715	718.243	-	127.963.958
Past due 30 – 60 days	-	53.446.690	679.376	283.464	54.409.530
Past due 60 – 90 days	-	45.328.622	868.889	-	46.197.511
Past due 90 – 180 days	-	1.270.614	-	1.032.911	2.303.525
Past due 180 – 270 days	-	-	-	175.109	175.109
Past due 270 – 360 days	-	156	-	198.227	198.383
Past due over 360 days	-	11	4.123	79.016	83.150
Legal Action	-	11	51.124.561	13.010.998	64.135.570

Total before impairment (B)	<u>1.954.410.509</u>	<u>227.291.819</u>	<u>100.437.216</u>	<u>15.889.152</u>	<u>2.298.028.696</u>
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Total (A + B)	<u><u>3.762.854.722</u></u>	<u><u>488.329.457</u></u>	<u><u>132.209.874</u></u>	<u><u>134.096.570</u></u>	<u><u>4.517.490.623</u></u>
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Loans and advances to individuals

	Neither past due nor impaired €	Past due but not impaired €	Individually impaired €	Collectively impaired €	Total €
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2008

Not past due	1.807.919.078	-	20.718.060	11.636.742	1.840.273.879
Past due up to 30 days	-	127.467.591	321.353	1.815.642	129.604.586
Past due 30 – 60 days	-	36.489.504	4.822	2.080.635	38.574.961
Past due 60 – 90 days	-	31.618.306	-	2.798.512	34.416.818
Past due 90 – 180 days	-	14.205.420	457.225	15.977.557	30.640.201
Past due 180 – 270 days	-	329	389.131	11.055.071	11.444.530
Past due 270 – 360 days	-	331.303	29.969	3.099.042	3.460.314
Past due over 360 days	-	836	993.407	3.597.238	5.591.481
Legal Action	-	249.791	16.784.278	20.617.811	37.651.879
Total before impairment (A)	<u>1.807.919.078</u>	<u>210.363.080</u>	<u>39.698.244</u>	<u>72.678.248</u>	<u>2.130.658.649</u>

Loans and advances to companies

	Neither past due nor impaired €	Past due but not impaired €	Individually impaired €	Collectively impaired €	Total €
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Not past due	2.310.329.835	-	38.866.120	1.160.855	2.350.356.810
Past due up to 30 days	-	81.046.564	1.753.135	7.115	82.806.814
Past due 30 – 60 days	-	10.214.176	741.845	-	10.956.021
Past due 60 – 90 days	-	4.252.660	692.693	132.882	5.078.236
Past due 90 – 180 days	-	796.848	529.507	169.129	1.495.484
Past due 180 – 270 days	-	299	-	584.582	584.881
Past due 270 – 360 days	-	386	-	352.022	352.408
Past due over 360 days	-	418	3.541	296.916	300.876
Legal Action	-	72.993	61.311.938	14.185.615	75.570.546
Total before impairment (B)	<u>2.310.329.835</u>	<u>96.384.344</u>	<u>103.898.779</u>	<u>16.889.116</u>	<u>2.527.502.074</u>
Total (A + B)	<u><u>4.118.248.913</u></u>	<u><u>306.747.424</u></u>	<u><u>143.597.023</u></u>	<u><u>89.567.364</u></u>	<u><u>4.658.160.724</u></u>

II. LOANS AND ADVANCES THAT ARE PAST DUE BUT NOT IMPAIRED

	Housing Loans €	Consumer Loans and Credit Cards €	Loans to companies €	Total €
2009				
Past due up to 90 days	218.736.957	42.279.995	226.021.028	487.037.980
Past due over 90 days	-	20.686	1.270.791	1.291.477
Total before impairment	<u>218.736.957</u>	<u>42.300.681</u>	<u>227.291.819</u>	<u>488.329.457</u>
Fair value of collaterals	<u>196.852.956</u>	<u>29.366.271</u>	<u>216.978.603</u>	<u>443.197.830</u>
2008				
Past due up to 90 days	158.424.007	37.198.123	95.493.792	291.115.922
Past due over 90 days	11.893.950	2.847.000	890.552	15.631.502
Total before impairment	<u>170.317.957</u>	<u>40.045.123</u>	<u>96.384.344</u>	<u>306.747.424</u>
Fair value of collaterals	<u>154.279.963</u>	<u>18.806.411</u>	<u>71.002.782</u>	<u>244.089.156</u>

III. LOANS AND ADVANCES – IMPAIRMENT ON AN INDIVIDUAL BASIS IN RELATION TO COLLATERALS

Loans and advances to individuals

	Housing Loans €	Consumer loans €	Credit Cards €	Other €	Totals €
2009					
Balances	426.458	31.330.687	15.513	-	31.772.658
Provision for impairment	(14.657)	(19.302.114)	(14.177)	-	(19.330.948)
Book value	<u>411.801</u>	<u>12.028.573</u>	<u>1.336</u>	<u>-</u>	<u>12.441.710</u>
Fair value of collaterals					
Residential property	-	9.254.779	8.954	-	9.263.733
Commercial property	-	1.424.254	-	-	1.424.254
Other real estate	-	5.299.826	3.400	-	5.303.226
Total collaterals	<u>-</u>	<u>15.978.859</u>	<u>12.354</u>	<u>-</u>	<u>15.991.213</u>

Loans and advances to companies

	Other €	Totals €
Balances	100.437.216	100.437.216
Provision for impairment	(53.443.612)	(53.443.612)
Book value	<u>46.993.604</u>	<u>46.993.604</u>
Fair value of collaterals		
Cash	129.300	129.300
Residential property	25.469.143	25.469.143
Commercial property	2.796.522	2.796.522
Other real estate	15.236.203	15.236.203
Total collaterals	<u>43.631.168</u>	<u>43.631.168</u>

Loans and advances to individuals

	Housing Loans €	Consumer Loans €	Credit Cards €	Other €	Totals €
2008					
Balances	18.559	39.676.643	3.043	-	39.698.245
Provision for impairment	(6.260)	(28.538.917)	(769)	-	(28.545.946)
Book value	<u>12.299</u>	<u>11.137.726</u>	<u>2.274</u>	<u>-</u>	<u>11.152.299</u>
Fair value of collaterals					
Cash	-	62.214	-	-	62.214
Residential property	-	2.403.808	-	-	2.403.808
Commercial property	-	1.270.091	-	-	1.270.091
Other real estate	25.983	9.156.962	499	-	9.183.444
Total collaterals	<u>25.983</u>	<u>12.893.075</u>	<u>499</u>	<u>-</u>	<u>12.919.557</u>

Loans and advances to companies

	Other €	Totals €
Balances	101.901.267	101.901.267
Provision for impairment	(59.500.132)	(59.500.132)
Book value	<u>42.401.135</u>	<u>42.401.135</u>
Fair value of collaterals		
Cash	55.983	55.983
Residential property	4.477.010	4.477.010
Commercial property	2.531.779	2.531.779
Other real estate	33.991.613	33.991.613
Total collaterals	<u>41.056.385</u>	<u>41.056.385</u>

IV. LOANS AND ADVANCES WITH CREDIT RISK RATING

Loans neither past due nor impaired

	2009
	€

Loans and advances to individuals

With no grade	1.808.444.213
	<u>1.808.444.213</u>

Loans and advances to companies

AA	1.613.291
A+	343.164
A	5.760.005
A-	7.367.111
BB+	60.443.221
BB	181.429.300
BB-	73.739.969
B+	286.175.687
B	512.062.583
B-	451.065.234
CC+	129.533.160
CC	107.577.400
CC-	72.235.716
C	58.491.594
D0	1.663.874
D1	1.103.443
E	-
With no grade	<u>3.805.758</u>
	<u>1.954.410.510</u>
Total	<u><u>3.762.854.723</u></u>

V. OTHER CLAIMS

	Balances with financial institutions €	Derivatives €	Investments available for sale €	Total €
2009				
AA- to AA+	1.110.886.464	-	15.260.629	1.126.147.093
A- to A+	10.503.487	-	-	10.503.487
Below A-	2.626.347.721	126.893	-	2.626.474.614
With no grade	10.685.462	-	1.801.595	12.487.057
Neither past due nor impaired	3.758.423.134	126.893	17.062.224	3.775.612.251
2008				
AA- to AA+	2.027.675	-	-	2.027.675
A- to A+	1.562.652	-	3.417.203	4.979.855
Below A-	2.236.721.885	1.054.543	-	2.237.776.428
With no grade	30.908.609	-	1.866.319	32.774.928
Neither past due nor impaired	2.271.220.821	1.054.543	5.283.522	2.277.558.886

Market risk

Market risk is the risk of loss of the economic value or of returns that arises from unfavourable developments in the price or volatility that is observed in interest rates, exchange rates, shares, bonds or commodities.

The management policy to be followed for Market risk as well as limits which are set are defined by the Asset and Liability Committee (ALCO), within which the Treasury Division operates. The Asset and Liability Committee acts within the parameters set by the relevant policies of the Group and in particular according to the Manuals of the Policies and Procedures in areas of market risk and the management of assets – liabilities.

Interest rate risk

Interest rate risk arises from the different reprising dates in the interest bearing assets and liabilities of the Company. The Company analyses the interest rate gaps for each time period for each currency (interest rate gap analysis) for all the interest bearing elements and uses this analysis for measuring the effects of a change in interest rates in its revenues. The above analysis enables the Company to measure the effects of an interest rate change to its Economic value, enabling the Company to monitor effectively interest rate risk.

Currency	Case of changes in interest rates (parallel shift in yield curve)	Sensitivity of net interest income (for a period of one year)
		€000
EUR	+50 μ.β.	6.285
	-50 μ.β.	(6.285)
USD	+50 μ.β.	1.110
	-50 μ.β.	(1.110)
CHF	+50 μ.β.	69
	-50 μ.β.	(69)

Exchange rate risk

Exchange rate risk arises from maintaining an open position in one or more foreign currencies. The Company maintains a small position in foreign currencies which in each case is much lower than the approved limits set by the Central Bank and the Assets and Liabilities Committee. Due to this, the result on the income of the Company is not materially affected by foreign currency changes and consequently no sensitivity analysis is required in respect to this issue.

Liquidity risk

Liquidity risk arises from the potential difficulty in finding adequate liquid funds to cover the obligations of the Company; that is the replacement of the existing funds as they come due or withdrawn, or to meet customer needs for further advances.

The Company monitors closely the maturity of the assets and liabilities and in particular those with a short-term duration and it takes the necessary measures for the minimization of liquidity risk while at the same time ensures that the liquidity ratios set by the Central Bank of Cyprus are met.

SENSITIVITY ANALYSIS RELATING TO INTEREST RATE RISK ON 31 DECEMBER 2009

	Total	Up to 7 days	8 to 30 days	1 up to 3 months	4 up to 6 months	7 up to 12 months	1 up to 5 years	Up to 5 years	Non-interest bearing position
CURRENCY – USD (\$)	€000	€000	€000	€000	€000	€000	€000	€000	€000
Cash	423	-	-	-	-	-	-	-	423
Loans and advances to financial institutions	641.335	58.309	267.741	314.591	694	-	-	-	-
Loans and advances to companies	19.258	1.054	12.728	291	1.020	4.165	-	-	-
Loans and advances to individuals	9.054	150	3.365	3.436	1.603	500	-	-	-
Other assets	687	-	-	-	-	-	-	-	687
Derivatives	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	670.757	59.513	283.834	318.318	3.317	4.665	-	-	1.110
Amounts due to banks	51.393	9.718	24.877	16.104	694	-	-	-	-
Customer deposits	631.855	117.636	93.494	117.473	46.414	43.487	213.351	-	-
Other liabilities	1.139	-	-	-	-	-	-	-	1.139
Derivatives	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	684.387	127.354	118.371	133.577	47.108	43.487	213.351	-	1.139
NET POSITION IN USD	(13.630)	(67.841)	165.463	184.741	(43.791)	(38.822)	(213.351)	-	(29)

		Up to 7	8 to 30	1 up to	4 up to	7 up to	1 up to	Up to 5	Non-interest
	Total	days	days	3 months	6 months	12 months	5 years	years	bearing
CURRENCY – EURO (€)	€000	€000	€000	€000	€000	€000	€000	€000	position
									€000
Cash	74.978	52.770	-	-	-	-	-	-	22.208
Loans and advances to financial institutions	3.009.747	480.244	1.383.831	1.126.707	1.445	17.520	-	-	-
Investments available for sale	14.587	-	-	-	-	-	14.587	-	-
Other securities	18.231	-	-	-	-	-	-	-	18.231
Loans and advances to companies	1.641.349	833.961	535.837	217.479	46.195	4.475	3.402	-	-
Loans and advances to individuals	871.726	565.030	225.446	63.235	15.089	2.903	23	-	-
Property, plant and equipment	34.451	-	-	-	-	-	-	-	34.451
Other assets	15.447	-	-	-	-	-	-	-	15.447
Derivatives	127	-	-	-	-	-	-	-	127
TOTAL ASSETS	5.680.643	1.932.005	2.145.114	1.407.421	62.729	24.898	18.012	-	90.464
Amounts due to banks	2.522.608	300.281	568.708	1.627.154	1.445	25.020	-	-	-
Customers deposits	2.491.478	573.220	314.068	491.394	447.889	442.393	222.514	-	-
Bonds	100.000	-	-	100.000	-	-	-	-	-
Other liabilities	93.621	-	-	-	-	-	-	-	93.621
Equity	472.687	-	-	-	-	-	-	-	472.687
Derivatives	1.043	-	-	-	-	-	-	-	1.043
TOTAL LIABILITIES	5.681.437	873.501	882.776	2.218.548	449.334	467.413	222.514	-	567.351
NET POSITION IN EURO	(794)	1.058.504	1.262.338	(811.127)	(386.605)	(442.515)	(204.502)	-	(476.887)

		Up to 7	8 to 30	1 up to	4 up to	7 up to	1 up to	Up to 5	Non-interest
	Total	days	days	3 months	6 months	12 months	5 years	years	bearing
CURRENCY – SWISS FRANCS (CHF)	€000	€000	€000	€000	€000	€000	€000	€000	position
									€000
Cash	44	-	-	-	-	-	-	-	44
Loans and advances to financial institutions	2.963	-	2.963	-	-	-	-	-	-
Loans and advances to companies	582.600	119.009	211.782	177.916	73.719	174	-	-	-
Loans and advances to individuals	1.190.455	141.466	718.473	271.159	53.667	5.287	152	251	-
Other assets	1.181	-	-	-	-	-	-	-	1.181
Derivatives	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	1.777.243	260.475	933.218	449.075	127.386	5.461	152	251	1.225
Amounts due to banks	1.760.583	-	1.164.061	458.345	134.807	3.370	-	-	-
Customers deposits	1.650	-	-	18	-	-	1.632	-	-
Other liabilities	680	-	-	-	-	-	-	-	680
Derivatives	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	1.762.913	-	1.164.061	458.363	134.807	3.370	1.632	-	680
NE POSITION IN SWISS FRANCS	14.330	260.475	(230.843)	(9.288)	(7.421)	2.091	(1.480)	251	545

SENSITIVITY ANALYSIS RELATING TO INTEREST RATE RISK ON 31 DECEMBER 2008

		Up to 7	8 to 30	1 up to	4 up to	7 up to	1 up to	Up to 5	Non-interest
	Total	days	days	3 months	6 months	12 months	5 years	years	bearing
CURRENCY – USD (\$)	€000	€000	€000	€000	€000	€000	€000	€000	position
									€000
Cash	546	-	-	-	-	-	-	-	546
Loans and advances to financial institutions	614.724	178.418	3.661	431.714	931	-	-	-	-
Loans and advances to companies	23.878	981	14.975	398	359	7.165	-	-	-
Loans and advances to individuals	6.845	145	1.935	2.040	2.140	547	38	-	-
Other assets	1.924	-	-	-	-	-	-	-	1.924
Derivatives	74.547	-	74.162	-	278	107	-	-	-
TOTAL ASSETS	722.464	179.544	94.733	434.152	3.708	7.819	38	-	2.470
Amounts due to banks	37.448	20.063	14.662	1.791	932	-	-	-	-
Customer deposits	683.669	210.028	114.153	35.858	56.591	11.264	255.775	-	-
Other liabilities	951	-	-	-	-	-	-	-	951
Derivatives	349	-	242	-	-	-	107	-	-
TOTAL LIABILITIES	722.417	230.091	129.057	37.649	57.523	11.264	255.882	-	951
NET POSITION IN USD	47	(50.547)	(34.324)	396.503	(53.815)	(3.445)	(255.844)	-	1.519

		Up to 7	8 to 30	1 up to	4 up to	7 up to	1 up to	Up to 5	Non-interest
	Total	days	days	3 months	6 months	12 months	5 years	years	bearing
CURRENCY – EURO (€)	€000	€000	€000	€000	€000	€000	€000	€000	position
									€000
Cash	67.876	46.588	-	-	-	-	-	-	21.288
Loans and advances to financial institutions	1.440.743	554.000	479.223	390.000	-	17.520	-	-	-
Investments available for sale	3.417	-	-	3.417	-	-	-	-	-
	18.295	-	-	-	-	-	-	-	18.295
Loans and advances to companies	1.790.348	860.529	613.664	239.727	65.393	4.697	6.338	-	-
Loans and advances to individuals	894.358	569.589	234.966	69.345	16.993	3.370	95	-	-
Property, plant and equipment	34.287	-	-	-	-	-	-	-	34.287
Other assets	27.858	-	-	-	-	-	-	-	27.858
Derivatives	70.740	-	240	-	-	70.500	-	-	-
TOTAL ASSETS	4.347.922	2.030.706	1.328.093	702.489	82.386	96.087	6.433	-	101.728
Amounts due to banks	1.183.714	284.896	344.381	524.917	-	29.520	-	-	-
Customers deposits	2.491.294	755.916	252.512	336.880	442.287	462.657	241.042	-	-
Bonds	100.000	-	-	100.000	-	-	-	-	-
Other liabilities	101.968	-	-	-	-	-	-	-	101.968
Equity	407.906	-	-	-	-	-	-	-	407.906
Derivatives	70.750	-	-	57.000	1.750	-	12.000	-	-
TOTAL LIABILITIES	4.355.632	1.040.812	596.893	1.018.797	444.037	492.177	253.042	-	509.874
NET POSITION IN EURO	(7.710)	989.894	731.200	(316.308)	(361.651)	(396.090)	(246.609)	-	(408.146)

		Up to 7	8 to 30	1 up to	4 up to	7 up to	1 up to	Up to 5	Non-interest
	Total	days	days	3 months	6 months	12 months	5 years	years	bearing
CURRENCY – SWISS FRANCS (CHF)	€000	€000	€000	€000	€000	€000	€000	€000	position
									€000
Cash	46	-	-	-	-	-	-	-	46
Loans and advances to companies	639.383	114.702	236.278	198.314	89.706	383	-	-	-
Loans and advances to individuals	1.120.215	118.723	684.562	256.342	54.479	5.702	141	266	-
Other assets	7.282	-	-	-	-	-	-	-	7.282
Derivatives	370	-	-	-	222	148	-	-	-
TOTAL ASSETS	1.767.296	233.425	920.840	454.656	144.407	6.233	141	266	7.328
Amounts due to banks	1.681.131	-	1.062.789	460.396	144.504	13.442	-	-	-
Customers deposits	1.833	-	13	18	4	424	1.374	-	-
Other liabilities	2.459	-	-	-	-	-	-	-	2.459
Derivatives	81.839	-	81.469	-	-	-	370	-	-
TOTAL LIABILITIES	1.767.262	-	1.144.271	460.414	144.508	13.866	1.744	-	2.459
NET POSITION IN SWISS FRANCS	34	233.425	(223.431)	(5.758)	(101)	(7.633)	(1.603)	266	4.869

LIQUIDITY RISK

	Without expiration	On demand	Within 3 months	Between 3 months and 1 year	More than 1 year	Total
	€	€	€	€	€	€
2009						
Assets						
Cash and balances with the Central Bank of Cyprus	-	75.959.371				75.959.371
Loans and advances to financial institutions	-	28.853.087	2.600.178.492	19.791.555	1.109.600.000	3.758.423.134
Loans and advances to customers	638.809.616	11.821.756	155.264.991	380.892.642	3.330.701.618	4.517.490.623
Provision for impairment of doubtful debts	(156.013.399)	-	-	-	-	(156.013.399)
Investments available for sale	1.801.595	-	673.447	-	14.587.183	17.062.225
Investments in subsidiary companies	16.428.909	-	-	-	-	16.428.909
Property, plant and equipment	34.086.426	-	-	-	-	34.086.426
Intangible assets	364.705	-	-	-	-	364.705
Deferred taxation	700.459	-	-	-	-	700.459
Other assets	3.598.648	-	-	-	-	3.598.648
Total assets	539.776.959	116.634.214	2.756.116.930	400.684.197	4.454.888.801	8.268.101.102
Liabilities						
Bonds	-	-	-	-	100.000.000	100.000.000
Amounts due to banks	-	51.414.557	620.466.467	239.246.560	3.447.808.647	4.358.936.231
Customer deposits	-	820.375.723	1.321.738.239	941.155.420	192.195.226	3.275.464.608
Taxations	927.821	-	-	-	-	927.821
Other liabilities	16.769.612		223.733	-	43.137.003	60.130.348
Total liabilities	17.697.433	871.790.280	1.942.428.439	1.180.401.980	3.783.140.876	7.795.459.008
Net position	522.076.526	(755.156.066)	813.688.491	(779.717.783)	671.747.925	472.642.093

	Without expiration €	On demand €	Within 3 months €	Between 3 months and 1 year €	More than 1 year €	Total €
2008						
Assets						
Cash and balances with the Central Bank of Cyprus	-	68.979.626	-	-	-	68.979.626
Loans and advances to financial institutions	-	40.749.548	2.211.703.984	18.767.289	-	2.271.220.821
Loans and advances to customers	617.756.620	3.010.000	133.428.006	321.507.716	3.582.458.382	4.658.160.724
Provision for impairment of doubtful debts	(140.666.044)	-	-	-	-	(140.666.044)
Investments available for sale	1.866.319	-	-	-	3.417.203	5.283.522
Investments in subsidiary companies	16.428.909	-	-	-	-	16.428.909
Property, plant and equipment	33.968.165	-	-	-	-	33.968.165
Intangible assets	318.980	-	-	-	-	318.980
Other assets	7.662.130	-	-	-	-	7.662.130
Total assets	537.335.079	112.739.174	2.345.131.990	340.275.005	3.585.875.585	6.921.356.833
Liabilities						
Bonds	-	-	-	-	100.000.000	100.000.000
Amounts due to banks	-	44.157.704	513.159.104	35.944.398	2.333.429.440	2.926.690.646
Customer deposits	-	1.006.376.233	768.893.029	722.841.287	922.890.522	3.421.001.071
Taxations	2.885.327	-	-	-	-	2.885.327
Other liabilities	25.181.852	-	-	-	37.673.280	62.855.132
Total liabilities	28.067.179	1.050.533.937	1.282.052.133	758.785.685	3.393.993.242	6.513.432.176
Net position	509.267.900	(937.794.763)	1.063.079.857	(418.510.680)	191.882.343	407.924.657

Operational risk

Operational risk is defined as the risk of direct or indirect losses arising either from internal inadequate procedures and systems, human behaviour, or other external factors, including legal risk.

The Company has implemented the Operational Risk Management Framework as analysed in the Group Policy. The basic pillars of this policy are listed below:

- The organisational structure of managing operational risk
- The collecting and collating of data relating to operational risk events
- The evaluation of the risk and the determination of risk mitigation action

Under the Framework, the Company operates an Operational Risk Management Committee which is overseeing the implementation of the operational risk management policy of the Group and its activities and actions related to the effective management of operational risk.

Within the above framework, a specialised system is being used which is located at the parent company Alpha Bank S.A. It is a system that accepts data on operational risk that will be classified in the relevant banking activity category as well as in the relevant operational risk category outlined in Basel II.

At the same time, the Company in cooperation with the Group, has set-up Key Risk indicators and collects data to this end. These indicators assist in monitoring operational risk.

REGULATORY COMPLIANCE

The Company enacts and implements suitable procedures in order to achieve the timely and continuous compliance with the Regulatory and Supervisory framework that may exist from time to time. The above procedures include a computerized system for the continuous and effective monitoring of customer accounts and transactions for the purpose of preventing money laundering.

The Company takes measures so as to be in compliance with the Regulatory Framework that relates to the prevention of legalizing earnings from money laundering and the fighting of terrorism.

INFORMATION SECURITY

The Company has adopted the Information Security Framework of the Group.

The Information Security Framework refers to the administrative, technical and physical measures which ensure the integrity of data and information systems of the Company.

Specifically, with the above framework the safeguarding of the following attributes that characterise all the kinds of data or information systems is ensured.

- Confidentiality – it ensures that only entitled entities can have access on specific data or information systems.
- Integrity – it protects data and information systems from non authorized or negligent modification.
- Availability – it ensures the availability of data and information systems to authorized entities whenever they need them.

37. FAIR VALUE

Fair value represents the amount at which an asset could be exchanged or a liability settled in an arm's length transaction. The fair value of most of the financial assets and liabilities are similar to the amounts disclosed in the statement of financial position.

The fair value of loans and advances to customers is approximately equal to their book value as disclosed in the statement of financial position, net of the provisions for bad and doubtful accounts.

The investments in subsidiary companies are presented at the acquisition price as modified by periodical reassessments, based on the Company's share of net assets of these companies. This is considered the best practice method for valuation of their fair value.

The Management is of the opinion that the fair value of the assets and liabilities of the Company that are not stated at their calculated fair value, approximates their carrying value.

38. ANALYSIS OF ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

	2009	2008
	€	€
ASSETS		
Euro	5.678.858.761	4.275.601.870
Foreign currencies	<u>2.589.242.340</u>	<u>2.645.754.964</u>
	<u>8.268.101.101</u>	<u>6.921.356.834</u>
LIABILITIES		
Euro	5.689.180.703	4.283.870.533
Foreign currencies	<u>2.578.920.398</u>	<u>2.637.486.301</u>
	<u>8.268.101.101</u>	<u>6.921.356.834</u>

39. CAPITAL ADEQUACY

Capital protects from unpredictable/unexpected losses since the predicted or expected losses are covered by provisions eg. impairment for bad and doubtful debts. In order to cover these unexpected losses, the supervisory authorities require the maintenance of adequate capital by defining what is capital, a minimum capital ratio and how to measure it.

The system "SUNGARD" which is installed at the parent company Alpha Bank S.A., is used to calculate capital under the requirements of Pillar I of Basel II.

In 2008, the Company undertook its first ICAAP and submitted the related report in accordance with the relevant directives of the Central Bank of Cyprus and of Basel II.

During 2009, the Company fully complied with the regulations of the Central Bank of Cyprus which set 8% as the minimum percentage of capital adequacy while maintaining adequate capital in accordance to its nature, scale and complexity of its activities and the related risk undertaken.

40. RELATED PARTY TRANSACTIONS**(i) Transactions with members of the Board of Directors**

Connected persons include spouses, minor children and companies in which the Director holds directly or indirectly, at least 20% of the voting rights in a General Meeting. All transactions with members of the members of the Board of Directors and their connected persons are taking place under normal trading terms. Credit facilities granted to key management are under the same terms as those applicable to the rest of the Company's staff.

Loan balances and other advances to Members of the Board of Directors and connected persons:

	Number of Directors	Total €000
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Less than 1% of the net assets of the Company,
per Director

1	19
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	2009 €	2008 €
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Non-executive Directors

Fees as members of the Board	25.630	34.172
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Executive Directors

Salaries and benefits	1.400.034	1.107.702
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(ii) Transactions with the parent company

During the year, the parent company Alpha Bank S.A. has granted bank guarantees totalling €345.095.736 (2008: €462.952.952) in relation to loans and advances granted to specific clients.

41. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period which affects the position of the Company as at 31 December 2009.

The financial statements were approved and authorised for issue by the Board of Directors of the Company on 24 February 2010.



ALPHA BANK

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