

ALPHA BANK ROMANIA S.A.

**Annual Report
2001**



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The President's Letter

Dear Shareholders, Clients and Staff

If year 2000 could be characterised as the year of strategic decisions, such as the change of the Bank's name and focusing on retail development, year 2001 would be best depicted as the year of implementation of major projects.

The development projects included the acquisition of a new computer system and communication network, that has given us virtually unlimited growth capabilities, and recruiting further key staff necessary for business development. In accordance with our plans, we have relocated successfully our headquarters to a multistore glass building in Calea Dorobantilor, allowing all services and companies of the Group to reap the benefits of different experiences and synergies. The coherence and the strength of the Group's presence in Romania have therefore increased. The policies of retail business development were implemented by opening new branches and launching new products. In year 2001 we pioneered the Housing Loans to Romania, taking a leading position on this market and launched the first credit cards. These initiatives, together with a successful campaign have given us wide name recognition, with the

Alpha Bank blue sign being well known for excellent banking services in Romania.

This image will put more responsibility upon us, in pursuing our development policy.

New branches opened and new products released have to be of the highest quality and serviced by well trained staff. Hence, new investments will be called for, including a new Treasury system and another one for Internet Banking, that will put a temporary strain on our profit.

Overall, the year 2001 saw the largest business development of the Alpha Bank in Romania. Assets grew by 55% from \$191 Mio to \$297 Mio. Loans and advances increased 51% from \$130 Mio to \$197 Mio. Deposits had a slow growth of 18% from \$110 Mio to \$130 Mio, but the mix has been improved through the replacement of large deposits with small ones. In terms of net profit measured by IAS 21 as in previous years, Alpha Bank Romania achieved the largest growth ever since its establishment in 1994 with a \$10 Mio in net profit, compared to the \$7.6 Mio of year 2000. As of this year, we have adopted IAS 29, which is appropriate for hyperinflation countries.

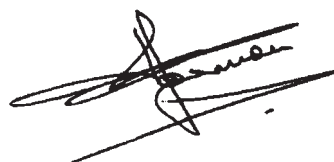
Under this standard profits appeared to be smaller, but if one compares the net asset value of the Bank, as published last year and this year, he may see an increase in equity by \$10 Mio.

All these would have not been possible if it hadn't been for the Directors and the personnel of the Bank and their good work in corporate and retail affairs. I would take this opportunity to thank all my colleagues on the Board and all our people in Alpha Bank Romania for their achievements.

There is naturally the contribution of our clients. During 2001 we increased our client portfolio especially by proving our intentions in helping business develop and make more profits. In addition to our growing Romanian clientele, we have been the prime choice for Greek and certain foreign investors coming to Romania. My thanks go to our clients who realised the potential we have had in growing together by doing better businesses in Romania.

My thanks and appreciation are extended also to our shareholders. Alpha Bank Group, European Bank for Reconstruction and Development and Banca Monte dei Paschi di Siena make up an enviable parentage. Given the support of our Group in Greece, Alpha Bank Romania has practically unlimited capabilities in helping its clients develop their business. We have also signed an agreement with the EBRD for a EUR 10 Mio loan to support Romanian Small and Medium-Size Enterprises. Banca Monte dei Paschi di Siena has increased its commitment with additional lines and secondment of staff.

It is on these realistic assessments that we build our plans for the next years in order to become one of the top banks in the country. It is a demanding endeavour but we are prepared to face the challenge.



Eleftherios Ioannou
President & CEO



Report of the Board of Directors for 2001

This report has been prepared on the basis of the financial statements prepared in accordance with International Accounting Standards ("IAS"), using the Romanian Leu ("ROL")/USD devaluation rate ("exchange rate index"), as stated by IAS 21 "Effects of Changes in Foreign Exchange Rates", rather than on the basis of a general price index.

Given the weight of assets and liabilities in currencies other than ROL as at 31st of December 2001, the Bank's management considers that the Bank's financial statements prepared in accordance with IAS 21 give a true and fair view of the results and financial position of the Bank. For this reason as well as for ensuring continuity and comparability to the previous year, the figures analysed are based on the IAS 21 financial statements.

The financial statements prepared in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies" are presented for approval so as to be submitted to the National Bank of Romania ("NBR") and to be published into the Annual Report of the Bank.

The main adjustments performed on the RAS financial statements for presentation in accordance with IAS 21 are as follows:

- The fixed assets (gross value) have been restated in ROL based on the book entry in USD at the date of their acquisition and depreciation. Depreciation expenses for 2001 have been recalculated at the fixed assets acquisition value in USD;
 - The Income Statement has been adjusted by taking into consideration the USD value at end of the month when payment / collection took place;
 - The calculation and presentation in the Balance Sheet ("Deferred tax") as well as in the Income Statement ("Taxes") of the tax on the remaining value of the fixed assets;
 - The above mentioned influences are recorded in the Balance Sheet in "Retained earnings" while in the Income Statement are reflected in "Inflation/translation adjustment" and "Deferred tax".
-
- The share capital is presented in ROL at the exchange rate as of 31st of December 2001;

Review of Bank's Results in 2001

During 2001, the economic conditions in Romania changed, recording a positive growth with Gross Domestic Product (GDP) increasing to 5.3% relative to an increase of 1.6 % in the previous year.

The banking environment was not so favourable, marked mainly by the following:

- A high inflation rate of 30.3% p.a. (40.70% p.a. in 2000);
- A depreciation of the local currency of 21.87% p.a. (42.20% p.a. in 2000);
- A high minimum reserve base (20% for deposits in foreign currency and 30% for deposits in ROL during the first half of the year, followed by a decrease of the rate to 27% p.a. for the period July-September and to 25% for October-December) remunerated with low interest rates (between 19% and 25% p.a. for the reserve in ROL and between 1% and 3.10% p.a. for reserve in USD);
- Volatile legal framework;
- High level of taxation and high degree of volatility of tax regulations.

Nonetheless, as indicated by both statutory and IAS financial statements, Alpha Bank Romania has succeeded to report positive results.

A review of the figures compared to those of 2000 and the projected figures for 2001 is shown herein below.



BALANCE SHEET - IAS Financial Statements

all amounts in USD '000'

Year ended 31 December

	2001	2000	
	Achieved	Achieved	%
0	1	2	1/2
ASSETS			
Cash and cash equivalent	3,191	2,169	147.12%
Balance with Central Bank	54,720	34,735	157.54%
Treasury bills	3,920	3,446	113.76%
Due from other banks	23,561	9,921	237.49%
Loans and advances to customers, net	197,536	130,086	151.85%
Accrued interest and other assets, net	2,965	1,856	159.75%
Investments in associates	1,633	1,290	126.59%
Property and equipment	10,090	8,083	124.83%
Total assets	297,616	191,586	155.34%
LIABILITIES AND FUNDS EMPLOYED			
Due to other banks	121,742	40,995	296.97%
Due to customers	130,042	110,345	117.85%
Other borrowed funds	-	151	
Other liabilities	1,467	5,705	25.71%
Deferred tax liabilities	984	1,011	97.33%
Total liabilities	254,235	158,207	160.70%
Share capital	22,996	20,745	110.85%
Share premium	4	2,255	0.18%
Retained earnings	20,381	10,379	196.37%
Shareholders' equity	43,381	33,379	129.96%
Total liabilities & funds employed	297,616	191,586	155.34%
Off balance sheet items			
Letters of guarantee issued	20,644	24,613	83.87%
Letters of credit issued	2,957	5,832	50.70%
Commitment to extend credit	52,870	42,618	124.06%
Total off balance sheet items	76,471	73,063	104.66%

INCOME STATEMENT- IAS Financial Statements

all amounts in USD '000'

Year ended 31 December

	2001		2000
	Achieved		Achieved
	0	1	2
			%
			1/2
Interest and discount income	26,815	21,390	125.36%
Interest expense	(11,086)	(8,352)	132.73%
Net interest income	15,729	13,038	120.64%
Fee and commission income, net	4,851	4,018	120.73%
Foreign exchange gains, net	6,972	8,278	84.22%
Total income	27,552	25,334	108.76%
Operating expenses	(11,554)	(10,311)	112.06%
Profit before taxation and provision	15,998	15,023	106.49%
Losses on loans and advances	(732)	894	(81.88%)
Income taxes	28	(1,833)	(1.53%)
Translation adjustment	(5,292)	(6,479)	81.68%
Profit for the period	10,002	7,605	131.52%

Compared to year 2000, the Bank recorded increases over 55% in total assets and 6.5% in profit before tax and provision expenses. At the same time, retained earnings increased by 96.37%.

The loan portfolio expanded by more than 53%, while the volume of funds from clients increased with only 18%.

The difference of funds is represented by a substantial increase (about 3 times) of the deposits from other banks, and especially from Alpha Bank Athens.

The achieved figures both in accordance with RAS and IAS presented in the Balance Sheet and in the Income Statement have exceeded or are close to the projected amounts.



Assets and Liabilities Management

The structure of deposits and lending facilities granted, per units, in ROL and foreign currency, as of 31st of December 2001 and their weight is as follows:

All figures in Mio

	Deposits					Lending facilities					
	in ROL	%	In other currency USD equiv.	%	Total in ROL equiv.	in ROL	%	In other currency USD equiv.	%	Total in ROL equiv.	no. of cust*).
TOTAL 2001	903,314	21.98	101.46	78.02	4,108,931	105,788	1.69	195.16	98.31	6,272,477	524
TOTAL 2000 (restated)	785,075	22.62	85.52	77.38	3,487,323	652,431	15.82	109.90	84.18	4,125,048	410

*). The term "customer" should be understood as one sole debtor or one group of companies

As shown in the data presented above, the bank's exposure relative to lending facilities granted in ROL is 1.69% and 98.31% to facilities granted in foreign currencies, while the structure of the deposits from customers is 21.98% in ROL and 78.02% in foreign currencies.

The justification regarding the weight of facilities granted in foreign currency (consistent with previous years) is mainly the following: i) customers' sensitivity to high interest rates for facilities denominated in ROL; ii) current customer portfolio, and iii) the structure of Alpha Bank Romania financing sources.

The following are to be observed:

- the surplus of resources in ROL is used for financing investments as well as for paying other expenses in ROL;
- compared to 2000, the ratio of deposits to loans decreased meaning that the volume of credits increased faster than the volume of deposits;
- the structure of deposits from customers improved during 2001 meaning that the term deposits with maturity longer than 1 month increased following the introduction of the certificate of deposits.

Shareholders' Equity

Based on the share capital increase and on the retained earnings during 2001, the shareholders' equity as at the year-end, determined in accordance with RAS, reached ROL 999.3 billion versus ROL 739.6 billion at

the end of 2000. Thus, the maximum limit of the exposure per one customer or group of customers increased from USD 5.7 million to USD 6.3 million.

At the year-end 2001, the ownership structure of the Bank was as follows:

<i>Shareholder</i>	<i>Number of Shares</i>	<i>%</i>	<i>Amount in ROL million</i>
<i>Alpha Romanian Holdings Company A.E.</i>	1,540,000	73.33	532,817
<i>Alpha Bank A.E.</i>	220,000	10.48	76,148
<i>Alpha Finance A.E.</i>	16,000	0.76	5,522
<i>Alpha Brokerage A.E.</i>	20,000	0.95	6,903
Alpha Group	1,796,000	85.52	621,390
European Bank for Reconstruction and Development	200,000	9.52	69,173
Banca Monte dei Paschi di Siena	100,000	4.76	34,586
Other minor shareholders	4,000	0.20	1,453
TOTAL	2,100,000	100.00	726,602

Bank's Exposure

The Bank's exposure as at 31st of December 2001 compared to 31st of December 2000 as shown in the IAS Balance Sheet is as follows:

	2001		2000	
	<i>USD '000"</i>	<i>Weight in total assets</i>	<i>USD '000"</i>	<i>Weight in total assets</i>
ON balance sheet				
Loans and advances to customers (net value)	197,536	66.37%	130,086	67.90%
Placements with banks (Central Bank included)	78,281	26.30%	44,654	23.31%
Securities for dealing purposes and treasury bills	3,920	1.32%	3,446	1.80%
Non earning interest assets	17,879	6.01%	13,398	6.99%
TOTAL	297,616	100%	191,586	100%
OFF balance sheet				
L/G, L/C issued and Undrawn facilities	76,471	-	73,063	-



The Bank's exposure structure did not change substantially during 2001, meaning that the weight of the placements in total assets remained almost unchanged. On the basis of the risk management regulations issued by NBR during 2001, Alpha Bank Romania could safely keep a high volume of lending facilities (66.37% of total assets) on the strength of a stand by credit facility from Alpha Bank Athens, which in early January 2002 was completed with another facility issued by Banca Monte dei Paschi di Siena.

- All **lending facilities** (loans, advances, Letter of Guarantees and Letter of Credits issued) granted to non-banking clients are secured by guarantees such as cash collateral, bank guarantees, mortgages, pledges etc. As at 31st of December 2001, the accepted value of collateral was of USD 502.89 million, while total commitments amounted to USD 274.01 million.

The structure of collateral was as follows:

21.4%	cash collateral and Letters of Guarantee
30.1%	mortgages
23.7%	pledges
24.8%	others (parent guarantee, assignment of claims etc.)

The breakdown of the lending activity by economic sectors, as of 31st of December 2001 is as follows:

Trade	30.12%
Light industry	17.86%
Telecommunications	17.39%
Services (tourism, financial services)	11.57%
Constructions	8.01%
Heavy industry	7.04%
Chemical and petrochemical	3.08%
Others (agriculture, transport, wood etc.)	4.21%
TOTAL	100.00%

The above table shows a balanced diversification of the lending activity.

- **Monitoring the non-performing** loans was one of the important objectives of the Bank, whose constant efforts are:
 - to increase the quality of the loan portfolio;
 - to promptly recover the amounts borrowed and the related accrued interest.

Due to the high quality of the loan portfolio at the end of 2001 according with RAS, Alpha Bank Romania recorded past due loans of only ROL 2.6 billion, while the expenses with specific provisions were of ROL 3.8 billion. The balance of the off balance sheet non-performing loans was USD 2.9 million, representing 1.27% of total loans.

Bank's Exposure (continued)

- **Placements with banks** include:

	<i>USD million</i>		
	<i>in ROL</i>	<i>in foreign currency</i>	<i>Total</i>
Reserve with Central Bank	5.69	33.97	39.66
Deposits with Central Bank	15.06	–	15.06
Due from other banks	12.42	11.14	23.56
out of which:			
- domestic banks	12.42	1.14	13.56
- foreign banks	–	10.00	10.00
TOTAL	33.17	45.11	78.28

Deposits with National Bank of Romania did not exceed a maturity of 38 days.

Deposits with other banks with operations in Romania as well as foreign banks did not exceed a maturity greater than one month.

- **Securities and treasury bills** recorded a slight increase during 2001 from USD 3.4 million at the beginning of the year to USD 3.9 million at the end of the year. The Bank did not face any problem in collecting, at maturity, the commercial papers issued by BANCOREX, which were taken over by the Romanian Commercial Bank, or issued by the Ministry of Finance.
- As in the past, the **non-earning interest assets** had a small weight in total assets (less than 7%).

Customer Portfolio

The growth in the number of Bank's customers during 1998-2001 is given below:

	<i>Year ended 31 December</i>					
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>Out of which</i>	
			<i>Total</i>	<i>Total</i>	<i>Individuals</i>	<i>Legal entities</i>
TOTAL	17,750	18,866	17,640	21,836	15,295	6,541

In 2001, the Bank's management continued to closely monitor the dormant accounts and to close the accounts with small balances or no activity.



Strengthening of the Bank's Position

During 2001, Alpha Bank Romania continued its policy to expand the network of its correspondent banks so that, by the year-end, the number of correspondent banks reached 157. Alpha Bank Romania is in process of finalising the necessary documentation for the establishment of the correspondent bank relationships with other 24 banks. Alpha Bank Romania exchanged SWIFT keys with 47 banks.

Please see below a list of key correspondent banks:

Alpha Bank A.E., Athens, Greece	Commerzbank, Frankfurt, Germany
Alpha Bank S.A., London, Great Britain	Den Danske Bank, Copenhagen, Denmark
Alpha Bank Ltd., Nicosia, Cyprus	Banca Nazionale del Lavoro, Rome, Italy
Banca Monte dei Paschi di Siena, Siena, Italy	BNP-Paribas SA, Paris, France
J.P. Morgan Chase Bank, New York, USA	ABN AMRO Bank NV, Amsterdam, The Netherlands
Deutsche Bank AG, Frankfurt, Germany	

Because of the Bank's strong position, most of the banks operating in Romania (foreign and Romanian) are placing with Alpha Bank Romania, large deposits both in foreign

currency and ROL, on a regular basis. Some of these banks have granted confirmation lines to Alpha Bank Romania, which were officially communicated.

Market Share

The market share of Alpha Bank Romania increased in 2001 as follows:

	<i>Year ended 31 December</i>		
	<i>2001</i>	<i>2000</i>	<i>1999</i>
Total assets	2.64%	2.08%	1.67%
Loans and advances to customers	5.3%	4.58%	2.83%
out of which:			
- in ROL	0.22%	1.76%	0.36%
- in foreign currency	8.72%	6.55%	4.64%
Due to customers	1.75%	1.79%	1.79%
Shareholders' equity	2.87%	3.27%	2.61%

Even though the bank has only 2.6% market share in total assets, the market share related to the lending activity, and especially lending in foreign currency is high (8.72%).

Investments and Branch Network

During 2001, the Bank operated through its Bucharest head office and 9 branches countrywide (2 branches in Bucharest and 7 countrywide).

The 10th branch was opened during the last days of December 2001.

During 2001, the investments at branches Marriott and Dorobanti in Bucharest were finalised, while investments in Constanta and Ploiesti were partially completed.

The Bank moved its headquarters in 237B, Calea Dorobantilor, premises rented by the Bank together with its affiliated companies.

The Bank acquired the premises of Baia-Mare Branch.

New Products

During 2001, Alpha Bank Romania has continued to introduce new products targeting the retail customers, such as cards, certificates of deposits and mortgage loans.

Year 2001 meant an important progress towards the acquisition of an efficient Information Technology and Communication system. The Bank replaced the two AS400 mainframe computers with other computers with superior performance and began to replace the LAN and WAN networks to employ the cutting edge technologies required.

All Bank's fixed assets are insured and all buildings where the Bank is operating have proper security systems. The Bank concluded insurance policies covering the risks arising from the activities of issuing cards, transport of values and employees' accidents.

Alpha Bank has also completed the necessary documentation for launching new products targeting the corporate customers.

Companies within the Group

Alpha Finance Romania (AFR)

Is one of the leading Romanian investment banks offering a wide range of brokerage and corporate finance services to portfolio and strategic investors that are active in the Romanian market. AFR has built a strong reputation on the basis of the high quality of services provided coupled with the integrity and the professionalism of its personnel. From 1994 and up to 2000, the company has operated under the name of Bucharest Investment Group - Brokerage SA (BIG)

AFR, as one of the best-capitalised brokerage houses, trades for its clients on the Romanian secondary markets, namely the Bucharest Stock Exchange (BSE) and the Romanian OTC market (RASDAQ) and ranks consistently among the top-five brokerage houses in terms of market share and total traded volume (ranking fifth on both markets cumulated in 2001, with a total market share of 6.4%).

AFR has built a reputation of a high quality research house, by systematically producing market and equity research, covering all the



important sectors of the Romanian economy and the "blue-chips" shares of the Romanian market. As a result of its dominant position and its active contribution to the development of the Romanian capital markets, AFR acts since 1997 as the official correspondent of Standard & Poor's (IFC until January 2000) for the Emerging Markets Data Base.

AFR has also developed a significant corporate finance activity being a leading advisor in visible capital market transactions. AFR has advised its clients on raising capital through the Romanian Stock Exchange and Rasdaq by structuring and managing Primary, Secondary Public Offerings and private placements. The most important projects completed in 2001 are the successful primary offering of MJ Maillis Romania (USD 1.46 million), the first fully foreign-owned company to be listed on the Bucharest Stock Exchange, as well as the EUR 7.5 million tender offer for Comceh shares launched by Faper Mill, which was the largest public offering undertaken on the Rasdaq market in the year 2001. In 2000, AFR

successfully completed the secondary public offering of the Romanian Bank for Development - Groupe Société Générale (BRD), the second largest domestic bank in terms of total asset, deposits and loans. The transaction was the largest ever retail public offer (total size of USD 10.5 million) with the participation of more than 12,000 investors. In January 2001, AFR listed BRD on the Bucharest Stock Exchange, leading to a two-fold increase in the total market capitalization.

AFR has been a key player in the planning and implementation of the privatisation process in Romania. It has advised state-owned organisations on their valuation and restructuring processes and has also advised APAPS (formerly State Ownership Fund) on privatising companies by the sale of stakes to strategic or portfolio investors. During the year 2000, AFR continued to assist APAPS on the preparation of the privatisation process for the Pool 2 companies within the Private Sector Adjustment Program (PSAL 1).

Alpha Advisory SRL (AAR)

Is the fully-owned advisory arm of AFR. Established in 1998, AAR provides advisory services, which encompass a broad area of financial advice and strategic assistance, including:

- Company valuations
- Market analysis
- Advice on entering the market (start-up vs. strategic alliances)
- Strategic planning
- Fund raising

Year ended 31 December

<i>Amounts in USD (in IAS)</i>	Consolidated Financial Statements of AFR and AAR
	<i>2001</i>
Total assets	1,292,151
Share capital	1,176,470
Equity capital	1,073,708
Profit (before tax)	(57,410)

Alpha Leasing Romania

During 2001, Alpha Leasing Romania continued its healthy, profitable and rapid growth maintaining a leading position in the local leasing market, despite the increased domestic and foreign competition, currently expressed through more than thirty significant leasing companies.

At the end of the 3rd quarter, the share capital increased by USD 0.6 million, thus reaching a total of USD 1.7 million, while by year end the company, that currently employs 23 persons, moved to its new premises, at Alpha Bank Group headquarters.

Following the market trends, as well as the internal policies on credit risk and healthiness of equipment portfolio, vehicles still represent the major part of the company's business. In this respect, as of new assets booked during 2001, around 74% were vehicles, 21% industrial equipment, and 5% office, electronic and other type of equipment.

By the end of the year, the company had booked new leased assets of USD 20 million, i.e. 77% increase over 2000, after processing more than 1000 requests, amounting more than

USD 45 million. Moreover, a significant number of new clients were added in the company's portfolio, thus giving an active customer basis of around 500, by the end of 2001.

According to IAS, by the end of December, the company's Balance Sheet Total Assets reached USD 19.2 million, i.e. 76% increase over 2000, the revenues slightly exceeded the level of USD 3 million (2000: USD 1.8 million) and the PBT reached USD 1.1 million, compared to 0.5 million by the end of 2000.

The company's competitive advantage is based on the growing, useful experience of the Romanian environment, the in-house know-how and expertise on leasing operations, the establishment of a countrywide network of leasing operations through Alpha Bank Romania, the introduction of leasing services to the whole market, the financial support of Alpha Bank Group, the commitment of the shareholders and the successful past performance characterized by its flexible and rigid credit risk evaluation procedures and the healthiness of its portfolio.

*All amounts in '000' USD
Prepared according to IAS*

Year ended 31 December

	<i>2001</i>	<i>2000</i>
Total Assets	19,192	10,939
Share Capital	1,700	1,100
Equity Capital	2,834	1,828
Turnover	3,019	1,744
Profit (before tax)	1,136	445

Danube Fund

An International, multi-share investment fund, investing usually in association with Greek businessmen in the equity capital of firms that are mainly active in the countries of Southeastern Europe.

In 2001 it made several follow-up investments exceeding USD 1 million. It has invested USD 13 million in ten investments in Romania, Moldavia and FYROM.



Elaboration of the Bank's Manuals and Procedures

By the end of 2001, the Bank had 211 internal rules (versus 152 last year) and 7 manuals regulating the Bank's operation. In order to comply with the legislation in force and/or for improving the existing procedures, new editions to the existing internal regulations were issued.

The simplification of procedures and bureaucracy eradication were among of the Bank's main objectives. The proposals suggested by the Bank's units during the seminar organised in Predeal have been useful to aim towards this goal.

Human Resources

At 31st of December 2001, the Bank's personnel was structured as follows:

	<i>No. of Employees</i>			
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>
Total	295	319	341	432

Attempting to increase the personnel's qualifications, the Bank continued its training schedule for its employees at the Romanian

Banking Institute and other specialised seminars and short-term courses, as follows:

Marketing and Management	7
Fundamentals of the Banking Profession	1
Lending to Legal Entities	1
Financial Analysis and Risk in the Lending Activity	5
Accounting and Tax	6
International Financial Systems	8
Cards	2
Human Resource Management	1
Internal Audit and Internal Control	1
Factoring, Forfeiting, Leasing	1
Financial Methods for Company Valuation	1
Identification and Evaluation of the Banking Risk	1
Ratios of the Banking Activity	1
Legal Framework of the of the Banking Activity	1
Credit Facilities Management	1
Project Management	1
English Language	1
Greek Language	47
Conferences and Seminars	96

Summary to the Statutory Auditors Report

"... in accordance with the provisions of art.111, paragraph 2 (b) of Law no. 31/1990, republished, we propose approval of the Balance Sheet, of Profit & Loss Account, of the patrimony status as well as the annexes drafted for year 2001."

Signed

STATUTORY AUDITORS

The full report of the Statutory Auditors contains no negative comments and is available to the shareholders at the Bank's Head Office.



Financial Statements For The Year Ended 31 December 2001

Prepared in Accordance with International Accounting Standards

General Information

Nature of the Enterprise

Alpha Bank Romania SA (the "Bank") has been incorporated in Romania in 1994 and is licensed by the Central Bank of Romania to conduct banking activities. The Bank is principally engaged in wholesale and retail banking operations in Romania. The Bank operates through its head office located in Bucharest and 11 branches located in Bucharest (3) and other cities in Romania (8).

The registered office of the Bank is:

Alpha Bank Romania SA
237B, Calea Dorobantilor, sector 1
Bucharest
Romania

The Bank serves a broad client base that includes corporations and individuals and offers banking services to local and international firms which include but are not limited to wholesale and retail banking operation, issuing of cards under the VISA network, mortgage loans, certificate of deposits.

In November 2001, the Bank concluded an agreement with EBRD amounting to EUR 10 millions aiming at financing small and medium enterprises.

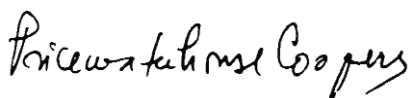
The number of employees is of 432
(2000: 341).

Independent Auditors' Report to the Shareholders of Alpha Bank Romania SA

We have audited the accompanying balance sheet of Alpha Bank Romania SA (the "Bank") as at 31st of December 2001 and the related statements of income, cash flows and changes in shareholders' equity for the year then ended expressed in the current purchasing power of the Romanian Lei ("ROL") as at 31st of December 2001. These financial statements are the responsibility of the Bank's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alpha Bank Romania SA as at 31st of December 2001 and the results of its operations, its cash flows and changes in shareholders' equity for the year then ended in accordance with International Accounting Standards.



Pricewaterhouse Coopers Audit S.R.L.

Bucharest, Romania

28 March 2002



Statement of Income for the Year Ended 31 December 2001

	Notes	Year ended 31 December			
		2001	2000	2001	2000
				USD '000	USD '000
				Proforma	Proforma
<i>(ROL million*)</i>					
Interest and discount income	3	881,314	709,320	27,892	22,449
Interest expense	4	(364,144)	(276,737)	(11,525)	(8,758)
Net interest income		517,170	432,583	16,367	13,691
Fee and commission income, net	5	144,586	133,262	4,576	4,218
Foreign exchange gains, net	6	224,740	278,238	7,113	8,806
Other operating income		13,371	13,321	423	422
Total income		899,867	857,404	28,479	27,137
Other operating expenses	8	(383,231)	(362,889)	(12,129)	(11,485)
Total operating profit		516,636	494,515	16,350	15,652
Profit/(loss) on loans and advances	7	(23,132)	30,181	(732)	955
Statutory taxation		-	(64,637)	-	(2,046)
Taxation (charge)/release		(550)	6,639	(17)	210
Profit before loss on net monetary position		492,954	466,698	15,601	14,771
Loss on net monetary position		(238,964)	(207,490)	(7,563)	(6,567)
Profit before appropriation		253,990	259,208	8,038	8,204

The financial statements on pages 21 to 25 and accompanying notes on pages 26 to 51 based on the statutory accounts restated in accordance with International Accounting Standards, were approved by the Board of Directors on 28th of March 2002 and signed on its behalf by:

Eleftherios P. Ioannou
President & CEO

Radu Grațian Ghețea
First Vice President

**(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)*

The accompanying notes on pages 26 to 51 form an integral part of these financial statements.

Balance Sheet as at 31 December 2001


(ROL million*)

Year ended 31 December

	Notes	2001	2000	2001	2000
				USD '000	USD '000
				Proforma	Proforma
Assets					
Cash and short term funds	9	100,829	73,264	3,191	2,319
Due from the National Bank of Romania	10	1,728,991	1,173,394	54,720	37,136
Treasury bills	11	123,849	116,427	3,920	3,685
Due from other banks	12	744,469	335,162	23,561	10,607
Loans and advances to customers, net	13	6,241,549	4,394,521	197,536	139,080
Accrued interest and other assets, net	14	93,628	62,705	2,963	1,985
Investments in associates	15	52,936	43,254	1,675	1,369
Premises and equipment	16	347,608	288,976	11,001	9,146
Total assets		9,433,859	6,487,703	298,568	205,327
Liabilities and funds employed					
Due to other banks	17	3,846,668	1,384,887	121,742	43,830
Due to customers	18	4,108,931	3,727,630	130,042	117,974
Other borrowed funds		-	5,103	-	162
Other liabilities	19	46,358	192,721	1,467	6,099
Deferred tax liability	20	38,616	38,066	1,222	1,205
Total liabilities		8,040,573	5,348,407	254,473	169,270
Statutory share capital	21	615,462	525,909	19,478	17,432
Restatement of share capital		136,543	151,038	4,322	3,992
Total share capital		752,005	676,947	23,800	21,424
Share premium		133	75,191	4	2,380
Reserves		641,148	387,158	20,291	12,253
Shareholders' equity		1,393,286	1,139,296	44,095	36,057
Total liabilities and funds employed		9,433,859	6,487,703	298,568	205,327
Off balance sheet items					
Letters of guarantee issued	23	652,288	682,101	20,644	26,309
Letters of credit issued	23	93,431	161,633	2,957	6,234
Commitments to extend/credit	23	1,577,102	1,181,063	49,913	45,555
Total off balance sheet items		2,322,821	2,024,797	73,514	78,098

The financial statements on pages 21 to 25 and accompanying notes on pages 26 to 51 based on the statutory accounts restated in accordance with International Accounting Standards, were approved by the Board of Directors on 28th of March 2002 and signed on its behalf by:

Eleftherios P. Ioannou
President & CEO



Radu Grațian Ghețea
First Vice President



*(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)

The accompanying notes on pages 26 to 51 form an integral part of these financial statements.



Cash Flow Statement for the Year Ended 31 December 2001

(ROL million*)	Year ended 31 December	
	2001	2000
Cash flow from operating activities		
Profit before translation adjustments and taxation	493,505	524,695
Provisions		
- loans	22,961	(31,671)
- overdue interest	171	1,491
Dividends received	(4,215)	(2,577)
Depreciation	39,255	54,339
Net cash flow from operating activities	561,677	546,277
Change in operating assets		
Decrease in amounts due from Central Bank	-	204,003
Decrease/(increase) in treasury bills	(26,976)	16,565
Decrease/(increase) in placements with other banks	(1,651)	982,712
Decrease/(increase) in loans and advances to customers	(1,869,989)	(1,369,132)
Decrease/(increase) in accrued income and other assets	(31,093)	(4,183)
Total change in operating assets	(1,929,709)	(170,035)
Change in operating liabilities		
(Decrease)/increase in loans and deposits from banks	2,461,780	631,789
Increase/(decrease) in amounts due to customers	381,301	(121,991)
Decrease in borrowed funds	(5,103)	(6,646)
(Decrease)/increase in accruals and other liabilities	49,252	5,511
Total change in operating liabilities	2,887,230	508,663
Net cash from/(used in) operating activities	1,509,198	884,905
Cash flow from investing activities		
Net purchase of investments	(9,682)	(31,957)
Net purchase of fixed assets	(93,215)	(40,209)
Dividends received	4,215	2,577
Net cash used in investing activities	(98,682)	(69,589)

*(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)

The accompanying notes on pages 26 to 51 form an integral part of these financial statements.

Cash Flow Statement for the Year Ended 31 December 2001 (continued)

<i>(ROL million*)</i>	<i>Year ended 31 December</i>	
	<i>2001</i>	<i>2000</i>
Cash flow from financing activities		
Issue of share capital and share premium	-	100,072
Finance lease	(1,160)	-
Taxation paid	(58,405)	(91,662)
Dividends and advances paid	(140,722)	(9,515)
Net cash from/(used in) financing activities	(200,287)	(1,105)
Effects of inflation and exchange rate	(238,964)	(207,490)
Increase/(decrease) in cash and cash equivalents	971,264	606,721
Balance as at 1 January	1,615,598	1,008,877
Balance as at 31 December	2,586,862	1,615,598
Cash	73,264	64,681
Current account and short term deposits		
with National Bank of Romania	1,173,394	830,861
Treasury bills under 90 days	33,778	94,711
NOSTRO account and short term		
deposits to banks	335,162	17,505
Discounted instruments	-	1,119
Cash and cash equivalents		
1 January (see Note 9)	1,615,598	1,008,877
Cash	100,829	73,264
Current account and short term deposits		
with National Bank of Romania	1,728,991	1,173,394
Treasury bills under 90 days	14,224	33,778
NOSTRO account and short term deposits to banks	742,818	335,162
Cash and cash equivalents 31 December	2,586,862	1,615,598

**(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)*

The accompanying notes on pages 26 to 51 form an integral part of these financial statements.



Statement of Changes in Shareholders' Equity for the Year Ended 31 December 2001

(ROL million*)

	Share capital	Share premium	Retained earnings	Shareholders equity
1 January 2000	652,067	-	268,672	920,739
Profit for the year	-	-	259,206	259,206
Dividend to shareholders	-	-	(140,720)	(140,720)
Increase of share capital	24,880	-	-	24,880
Issuance of share premium	-	75,191	-	75,191
31 December 2000	676,947	75,191	387,158	1,139,296
1 January 2001	676,947	75,191	387,158	1,139,296
Transfer share premium/ share capital	75,058	(75,058)	-	-
Profit for the year	-	-	253,990	253,990
Dividend to shareholders	-	-	-	-
31 December 2001	752,005	133	641,148	1,393,286

Retained earnings are allocated to specific purpose funds and are therefore non-distributable.

*(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)

The accompanying notes on pages 26 to 51 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2001

1. Basis of Presentation

Currency of presentation

The accompanying financial statements have been restated in terms of the purchasing power of the Romanian Lei (ROL) at 31st of December 2001.

The proforma US Dollar ("USD") figures shown in the accompanying financial statements have been included solely to facilitate the understanding of these financial statements

by an international reader, and are derived from ROL as a matter of arithmetic computation only, by converting the ROL figures into USD at the year end official rate of ROL 31,597 per USD. Such computations should not be contracted as a representation that the ROL amounts have been or could be converted into US Dollars at this rate or any other rate.

Basis of accounting

The underlying accounting records maintained in conformity with Romanian Accounting Law and National Bank of Romania banking regulations ("statutory accounts") have been restated to reflect the differences between the statutory accounts and the International Accounting Standards ("IAS") issued by the International Accounting Standards Committee. Accordingly, such adjustments have been made to the statutory accounts as have been considered necessary to bring the financial statements into line, in all material respects, with IAS.

The principal differences between the statutory accounts and the IAS financial statements

relate to income tax, methodologies for determining the specific provision for estimated loan losses and overdue interest and the hyperinflation accounting.

In 2001 the Bank adopted IAS 39 "Financial Instruments: Recognition and Measurement". The effect of adopting this standard is summarised in the statement of changes in shareholders' equity and further information is disclosed in accounting policies. Information regarding the effects of adopting IAS 39 is disclosed in accounting policies for other equity investments, loans and provisions for bad and doubtful debts, fair value of financial instruments and in related notes.

Reclassification of comparative amounts

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

IAS 39 has been applied prospectively in accordance with the requirements of this Standard and therefore comparative financial information has not been restated.



Use of estimates

The preparation of the financial statements in accordance with IAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and

liabilities at the date of the financial statements and reported expenses during the reported period. Actual results could differ from these estimates.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set

off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Going concern

The nature of the Bank's business and the uncertainty in Romania regarding the outcome of the current economic policies on operating conditions is such that there can be considerable unpredictable variation in the

timing of future cash inflows. Management has addressed the issue of the appropriateness of the preparation of the financial statements under the going concern basis.

2. Summary of Significant Accounting Policies

These restated IAS financial statements are prepared on an accrual basis of accounting. In this context, income and expenses are recognised when they occur and they are recorded in the reporting period to which they relate. The IAS financial statements have also been prepared under the exercise of prudence to the extent that losses are recognised as soon as they are foreseeable.

Set out below are the principal accounting policies adopted by the Bank in the preparation of the IAS financial statements prior to the inflation adjustments. This financial information is then adjusted for the effects of inflation in accordance with the procedures described in Note 1, in order to prepare IAS financial statements.

2. Summary of Significant Accounting Policies (continued)

Accounting for hyperinflation

IAS require that financial statements prepared on a historical cost basis should be adjusted to take account of the effects of inflation, if this has been significant. IAS 29 provides guidance on how financial information should be prepared in such circumstances. In summary it requires that financial statements should be restated in terms of measuring unit current at the balance sheet date and that any gain or loss on the net monetary position should be included in the income statement and disclosed separately. The restatement of

financial statements in accordance with IAS 29 requires the use of a general price index that reflects changes in general purchasing power.

IAS 29 suggests that economies should be regarded as hyperinflationary if, among other factors, the cumulative inflation rate over a period of three years exceeds 100%. The annual increase in the general price index as issued by the "Comisia Nationala de Statistica" (National Statistical Bureau) over the years 1999, 2000 and 2001 was:

	<i>Year ended 31 December</i>	
	<i>Movement in consumer price index</i>	<i>Movement in exchange rate of the US Dollar</i>
1999	54.8%	(66.7%)
2000	40.7%	(42.0%)
2001	30.3%	(21.9%)

The cumulative rate of inflation was 183.80 % over years 1999, 2000 and 2001 on the basis of the information published by the National Statistical Bureau. Therefore the provisions of IAS 29 have been adopted in preparing these financial statements.

The application of IAS 29 to specific categories of transactions and balances within the financial statements is set out as follows:

(a) Monetary assets and liabilities

Cash, amounts due from banks, treasury bills and trading securities, loans, accruals, receivables, payables (including taxes), borrowed funds, both long and short term,

have not been restated as they are considered monetary assets and liabilities and therefore stated in ROL current at the balance sheet date.

(b) Non monetary assets and liabilities

Non monetary assets and liabilities (i.e. those balance sheet items that are not already expressed in terms of ROL current at the balance sheet date such as property and

equipment) are restated from their historical cost by applying the general price index from either the date of acquisition, valuation or contribution to the balance sheet date.



(c) Gains and losses on net monetary position

In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities in an inflationary currency loses purchasing power, while an entity holding an excess of monetary liabilities over monetary assets gains purchasing power. The net gain or loss on the net monetary position comprises the effects of changes in the general price

indices on the net monetary asset/liability position. The net gain or loss is derived after having restated the balance sheet and the income statement in accordance with the procedures described above. Gains or losses on net monetary position are included in the income statement.

(d) Property and equipment

IAS 29 states that all tangible fixed assets should be restated from the date of their purchase using a general price index except

during the first period of application of the standard when a professional valuation of fixed assets is permissible.

(e) Shareholders' equity

All components of shareholders' equity are restated by applying a general price index from

the date of contribution or recording in the accounting records.

(f) Income statement

IAS 29 requires all items in the income statement to be expressed in terms of the measuring unit current at the balance sheet date. Therefore, all income statement items, except for depreciation and provision, are restated by applying the change in the general

price index from the dates when the items of income and expenses were initially recorded in the accounting records to the balance sheet date. In practice this restatement has been calculated by using the monthly inflation indices.

(g) Comparative figures

Comparative figures for the previous reporting period are restated by applying the change in the general price index so that the comparative financial statements are presented in terms of ROL current at the end of the reporting period.

Information that is disclosed in respect of earlier periods is also expressed in terms of the measuring unit current at the balance sheet date.

2. Summary of Significant Accounting Policies (continued)

Foreign currency translation

Transactions denominated in foreign currency are recorded at the exchange rate ruling at the transaction date. Exchange differences resulting from the settlement of transactions denominated in foreign currency are included in income at the time of settlement using the exchange rate ruling on that date.

Monetary assets and liabilities denominated in foreign currency are expressed in ROL as at the balance sheet date. At 31st of December 2001 the principal rate of exchange used for translating foreign currency balances was USD 1= 31,597 (31st of December 2000: USD 1=ROL 25,926). Foreign currency gains and losses arising from the translation of monetary assets and liabilities are reflected in the income statement for the year.

Interest income and expense

Interest income and expense are recognised in the statement of income on an accrual basis. Interest income deemed as non-collectible is provided for in full. Interest income includes

coupons earned on fixed income investment securities and accrued discount on treasury bills.

Fee and commission income

Fees and commission income consist mainly of fees received for foreign currency transactions and loans. Fees arising from guarantees given, opening letters of credit and commissions from managed funds on behalf of legal entities and citizens are also included under fee and commission income.

Loan fees are credited to income upon granting of the applicable loan. Commissions on foreign currency transactions are credited to income on receipt.

Foreign exchange gains

Foreign exchange gains include dealing profits and exchange differences from the revaluation

of the hard currencies positions.

Treasury bills

Treasury bills are purchased directly from the issuers on primary market, are classified as held-to-maturity securities and are carried at

amortised cost. All interest income and any gains/losses realised from trading in treasury bills are included in the statement of income.



Sale and repurchase agreements and lending of treasury bills

Securities sold subject to a linked repurchase agreements ("repos") are retained in the financial statements as held-to-maturity securities including treasury bills and the counter party liability is included in amounts due to customers.

Securities purchased under agreements to resell ("reverse repos") are recorded as loans

and advances to other banks or customers as appropriate.

The difference between sale and repurchase price is treated as interest and accrued over the life of repo agreements using the effective yield method.

Originated loans and provisions for loan impairment

Loans originated by the Bank by providing money directly to the borrower are categorised as loans originated by the Bank and are carried at amortised cost. All loans and advances are recognised when cash is advanced to borrowers.

A credit risk provision for loan impairment is established if there is objective evidence that the Bank will not be able to collect all amounts due.

The amount of provision is the difference between the carrying amount and the recoverable amount, being based on management's assessment of historical pattern of credit losses, credit ratings allocated to the borrowers when available, business and economic current climate in which borrowers operate, quality and financial performance of borrowers, debt servicing history and other pertinent indicators which include the present value of future cash flows including amounts recoverable from guarantees and collateral.

The Bank has ascribed values to collateral which management considers to approximate fair values. However, the market in Romania for many of the types of collateral accepted by the Bank is in the early stages of development. As a result, the fair value of collateral on foreclosure may differ from the value ascribed in estimating provisions. Where appropriate, provisions also take into account current economic conditions. Changes in conditions can affect these estimates.

During its ordinary course of business the Bank makes commitments and guarantees that give rise to off-balance sheet credit risks.

A provision is established to provide for management's estimate of the credit losses inherent in off-balance sheet credit risks using the same methodology as applied for loans.

When a loan is uncollectable, it is written off against the related provision for impairments; subsequent recoveries are credited to the bad and doubtful debt expense in the income statement.

2. Summary of Significant Accounting Policies (continued)

Investments in non-consolidated subsidiaries, associates and other equity investments

At 1st of January 2001 the Bank adopted IAS 39 and classified its equity investments as available-for-sale assets.

Investments intended to be held for an indefinite, period of time which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available-for sale.

A market does not presently exist for these investments which would facilitate obtaining prices for comparative instruments. These financial investments generally represent equity

in companies for which there is no reliable comparative information for estimating market value. Investments are initially recognised at cost and subsequently re-measured at restated cost less an estimate for impairment.

In 2000, prior to adoption of IAS 39, all investments were carried at amortised cost less any provision for impairment.

All regular way purchases and sales of equity investments are recognised at trade date, which is the date on which the Bank commits to purchase or sell the asset.

Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation. Cost has been obtained by uplifting the ROL historical costs by the general price between the month of acquisition and the year-end.

Depreciation of the restated cost is applied on a straight-line method using the rates specified for each depreciable asset by the Ministry of Finance to write off the cost of each asset to their residual values over their estimated useful life.

The depreciation rates and the lives applied are as follows:

<i>Category</i>	<i>%</i>	<i>Useful lives</i>
Buildings	2	50
Buildings improvements	10 - 33.3	3 - 10
Office equipment	10 - 33.3	3 - 10
Furniture and fixtures	6.7 - 10	10 - 15
Motor vehicles	20	5
Intangible assets	20	5

Building improvements represent refurbishment works carried out at branches and are depreciated over the duration of the lease contract.

Gains and losses on disposal of premises and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and



renewals are charged to the income statement when the expenditure is incurred.

Expenses for repairs and maintenance are charged to operating expenses as incurred.

Pension obligations and other post retirement benefits

The Bank, in the normal course of business makes payments to the Romanian State funds on behalf of its employees for pension, health care and unemployment benefit. All employees of the Bank are members of the state pension plan. The Bank does not operate any other pension scheme and, consequently,

has no obligation in respect of pensions.

The Bank does not operate any other defined benefit plan or post retirement benefit plan.

The Bank has no obligation to provide further services to current or former employees.

Fair value of financial instruments

Fair value is the amount for which an instrument could be exchanged between knowledgeable and willing parties in an arms length transaction. It represents a general approximation of possible value and may never be effectively realised.

The Bank is subject to fluctuations of many economic variables including:

- (a) exchange rate of foreign currency against the Romanian Lei or other foreign currency;
- (b) market price of similar products;
- (c) interest rates;
- (d) devaluation of the purchasing power of the Romanian Lei.

The Bank's financial instruments, as defined in accordance with applicable requirements, include financial assets and liabilities recorded in the balance sheet as well as off-balance sheet instruments such as guarantees and letters of credit.

The Bank's short term funds, treasury bills and customer settlement accounts are carried in the financial statements at cost, because these

instruments have short maturity terms and are convertible into cash or are settled without significant transaction costs. The loans and advances, bills of exchange, guarantees, letters of credit and term deposits are reported at cost less an estimate for impairment. These items have predominantly short re-pricing terms and carry interest rates which reflect current market conditions.

A market does not presently exist for most of these financial instruments which would facilitate obtaining prices for comparative instruments and if sold or settled prior to their stated maturity dates, these instruments would bear transaction costs in the form of fees or discounts. Because of the short-term maturity of these financial instruments, the Bank's management estimates fair value based on their nominal or face value. The Bank's investments in companies which have no quoted market price are carried at restated cost less an estimate for impairment. These financial investments generally represent equity in companies for which there is no reliable comparative information for estimating market value.

2. Summary of Significant Accounting Policies (continued)

Cash and short term funds

For the purposes of the cash flow statement, cash and short term funds comprise balances with less than 90 days maturity including: cash,

treasury bills and other eligible bills, current accounts with banks, short term placement with and from banks and dealing securities.

Deferred income taxes

A provision is made for all foreseeable taxation liabilities. Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from the depreciation of premises and equipment.

Dividends

Dividends proposed or declared after the balance sheet date are not recognised as a

liability at the balance sheet date.

3. Interest and Discount Income

<i>(ROL million*)</i>	<i>Year ended 31 December</i>	
	<i>2001</i>	<i>2000</i>
Loans to and placements with banks	190,081	182,067
Loans and advances to customers	589,088	413,311
Securities	102,145	113,942
Total	881,314	709,320

4. Interest Expense

<i>(ROL million*)</i>	<i>Year ended 31 December</i>	
	<i>2001</i>	<i>2000</i>
Loans and deposits from banks	163,579	70,420
Current and deposit accounts from customers	200,082	206,243
Securities	483	74
Total	364,144	276,737

The main source of income for the Bank is represented by loans to customers. The interest rates charged for the year ended 31 December 2001 for loans and advances

to customers ranged from 40.66% to 51.96% for ROL (2000: 45% to 62%) and from 5.95% to 10.33% for USD (2000: 9.5% to 10.9 %).

**(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)*



5. Fee and Commission Income, Net

(ROL million*)	Year ended 31 December	
	2001	2000
Fee and commission income	186,464	163,918
Fee and commission expense	(41,878)	(30,656)
Total	144,586	133,262

6. Foreign Exchange Gains, Net

(ROL million*)	Year ended 31 December	
	2001	2000
Foreign exchange gains, net	121,423	199,451
Dealing profits, net	103,317	78,787
Total	224,740	278,238

7. Profit / (Losses) on Loans and Advances

(ROL million*)	Year ended 31 December	
	2001	2000
Loans and advances to customers (Note 13(c))	(22,961)	31,671
Interest receivable (Note 14)	(171)	(1,490)
Total	(23,132)	30,181

8. Operating Expenses

(ROL million*)	Year ended 31 December	
	2001	2000
Wages and salaries	158,285	154,950
Depreciation	39,255	54,339
Rent	29,362	19,018
Administrative and other expenses	156,329	134,582
Total	383,231	362,889

Wages and salaries in 2000 included bonuses paid to employees at the year-end amounting to ROL 19,059 million, which are considered under Romanian accounting rules as

appropriations out of the net profit. In 2001, no bonuses were granted to employees out of the net profit for 2001.

**(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)*

9. Cash and Cash Equivalents

For the purpose of cash flow statement, cash and cash equivalent comprise:

<i>(ROL million*)</i>	<i>Year ended 31 December</i>	
	<i>2001</i>	<i>2000</i>
Cash in hand	100,829	73,264
Current account and short term placements with National Bank of Romania	1,728,991	1,173,394
Treasury bills under 90 days	14,224	33,778
NOSTRO and short term placements with banks	742,818	335,162
Total	2,586,862	1,615,598

10. Due from the National Bank of Romania

<i>(ROL million*)</i>	<i>Year ended 31 December</i>	
	<i>2001</i>	<i>2000</i>
Mandatory reserve	1,252,991	1,009,216
Deposits with National Bank of Romania	476,000	164,178
Total	1,728,991	1,173,394

It is the policy of the National Bank of Romania that mandatory reserves calculated according to a prescribed formula are held with the National Bank of Romania. The formula is based upon a set percentage of each type of deposit taken by the Bank. The mandatory reserve is denominated in USD for the foreign

currency deposits and in ROL for domestic currency deposits. The interest rate paid by National Bank of Romania during 2001 ranged from 19% to 25.5% for reserves held in ROL and from 1% to 3.10% for reserves held in USD (2000: 3.10% to 3.40% for USD and 25% to 31% for ROL).

11. Treasury Bills

<i>(ROL million*)</i>	<i>Year ended 31 December</i>	
	<i>2001</i>	<i>2000</i>
In local currency	82,773	44,303
In foreign currency	41,076	72,124
Total	123,849	116,427

Treasury bills both in local and foreign currency are issued at nominal value by the Romanian Ministry of Finance with interest rates ranging for ROL from 33.67% to 49.86% during 2001 (2000: 39% to 82%), the weighted average rate being 40.94% (2000:50.71%) with maturity between March 2002 and December 2002.

Treasury bills in foreign currency held in balance as at 31st of December 2001 and denominated in USD carry an interest of 5.5% (2000: 8.5% to 10%) and mature in April 2003.

Treasury bills amounting to ROL 59,900 million are pledged with the National Bank of Romania for settlement purposes.

**(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)*



12. Due from other Banks

<i>(ROL million*)</i>	<i>Year ended 31 December</i>	
	<i>2001</i>	<i>2000</i>
Current accounts with other banks	30,588	62,034
Placements with other banks	712,230	273,128
Collateral deposits	1,651	-
Total	744,469	335,162
Domestic banks	428,460	101,784
Foreign banks	316,009	233,378
Total	744,469	335,162

During 2001 interest on placements with banks ranged from 0.5% to 7.2% (2000: 5.45% to 12%) for USD and from 5% to 75% for ROL (2000: 10% to 125%) and 2.80% to 6.30% for EUR.

13. Loans and Advances to Customers

(a) Analysis by type of customer

<i>(ROL million*)</i>	<i>Year ended 31 December</i>	
	<i>2001</i>	<i>2000</i>
Individuals		
in ROL	11,386	11,956
in foreign currencies	91,074	28,087
Enterprises		
in ROL	85,012	677,478
in foreign currencies	5,671,475	3,276,573
Other		
in ROL	9,391	7,958
in foreign currencies	404,139	407,250
	6,272,477	4,409,302
Provision	(30,928)	(14,781)
Total	6,241,549	4,394,521

**(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)*

13. Loans and Advances to Customers (continued)

(b) Analysis by sector industry

(ROL million*)	Year ended 31 December	
	2001	2000
Agriculture	43,133	16,175
Chemical and petrochemical	239,064	116,457
Constructions	502,606	271,836
Light industry	1,120,324	1,075,843
Trade	1,889,566	1,366,263
Transport	14,866	23,537
Services (tourism, financial services)	1,816,224	497,175
Heavy industry	441,873	252,340
Wood industry	30,111	87,371
Others	174,710	702,305
Total	6,272,477	4,409,302

(c) Provision for losses

(ROL million*)	Year ended 31 December	
	2001	2000
As at 1 January	14,781	69,932
Effect of inflation	(3,437)	(20,229)
Provision/(release) of provision (see Note 7)	22,962	(31,671)
Written-offs	(3,377)	(3,251)
As at 31 December	30,928	14,781

(d) Effective interest rates

The weighted average rate on interest on performing loans was 7.83% for USD, 47.13%

for ROL and 8.14% for EUR (2000: 10.30% for USD, 50.72% for ROL and 8.79% for EUR).

(e) Maturity analysis (Note 29).

**(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)*



14. Accrued Interest and Other Assets

(ROL million*)	Year ended 31 December	
	2001	2000
Accrued interest	18,663	17,420
Sundry debtors	3,178	1,418
Prepayments	3,575	8,785
Tax on profit paid in advance	61,611	34,067
Other assets	6,601	1,015
Total	93,628	62,705
Provision for overdue interest		
As at 1 January	-	407
Effect of inflation	-	(117)
Provision/(release) of provision (see Note 7)	171	1,490
Written-offs	(171)	(1,780)
As at 31 December	-	-

15. Investments

(ROL million*)	Year ended 31 December	
	2001	2000
As at 1 January	43,254	11,616
Additions	9,682	31,638
As at 31 December	52,936	43,254

Investment	Percentage interest	
	2001	2000
Victoria Bank Chisinau	12.5%	12.5%
Alpha Advisory SRL	20.00%	20.00%
Alpha Finance Romania	24.73%	19.73%
Alpha Leasing Romania	17.76%	9.09%
SNCDD	1.67%	1.67%
TransFond	2.38%	2.38%
SWIFT	under 1%	under 1%
Bursa Romana de Marfuri	under 1%	under 1%
Bucharest Corporate Center	under 1%	under 1%

In the opinion of the management, the effect of consolidating Alpha Advisory SRL and Alpha Finance Romania is not material to these financial statements and there has been no diminution in the value of these investments which is material to the financial statements.

For all investments (except for Victoria Bank Chisinau, for which the area of operation is the Republic of Moldova), the major area of operation is Romania.

**(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)*

16. Premises and Equipment

(ROL million*)

	Buildings	Office equipment	Others	Fixed assets in progress	Intangible fixed assets	Total
Cost						
1 January 2001	220,256	138,044	105,137	43,751	70,560	577,748
Additions	40,172	34,499	41,162	20,478	7,263	143,574
Disposals	-	-	(1,329)	(43,751)	(2,108)	(47,188)
31 December 2001	260,428	172,543	144,970	20,478	75,715	674,134
Depreciation						
1 January 2001	57,729	121,476	49,545	-	60,022	288,772
Depreciation charge	9,477	12,232	12,315	-	5,231	39,255
Disposals	-	-	(1,251)	-	(250)	(1,501)
31 December 2001	67,206	133,708	60,609	-	65,003	326,526
Net book value						
31 December 2000	162,527	16,568	55,592	43,751	10,538	288,976
Net book value						
31 December 2001	193,222	38,835	84,361	20,478	10,712	347,608

Office equipment consists mainly of computer equipment. Intangible assets consist mainly of packaged software. Included within other assets are motor vehicles, furniture and fittings, household equipment, air conditioning equipment etc.

An amount of ROL 16,448 million represents fixed assets purchased under financial lease agreements.

17. Due to other Banks

(ROL million*)

	Year ended 31 December	
	2001	2000
Demand deposits	15,512	113,696
Time deposits	2,644,092	1,271,191
Collateral deposits	1,187,064	-
Total	3,846,668	1,384,887

The interest rate during 2001 for time deposits ranged from 1.60% to 7.40% for USD (2000: 5.35% to 7.375%), from 5% to 70% for ROL

(2000: 10% to 115%) and from 2.85% to 5.80% for EUR (2000: 2.90% to 5.30%).

*(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)



18. Due to Customers

(ROL million*)	Year ended 31 December	
	2001	2000
Individuals		
in ROL	116,840	73,163
in foreign currencies	1,576,763	844,865
Enterprises		
in ROL	721,543	705,848
in foreign currencies	1,368,168	1,809,037
Other		
in ROL	64,932	60,163
in foreign currencies	260,685	234,554
Total	4,108,931	3,727,630

(ROL million*)	Year ended 31 December	
	2001	2000
Demand deposits	1,514,320	1,848,329
Term deposits	1,867,166	1,592,101
Collateral deposits	530,862	287,200
Certificates of deposit	196,583	-
Total	4,108,931	3,727,630

The weighted average interest for USD deposits for 2001 was 4.41%, 17.26% for ROL and 4.05% for EUR (2000: 4.71% for USD,

18.01% for ROL and 2.23% for EUR). ROL deposits also include sight deposits that carry interest rate ranging from 0% to 10%.

19. Other Liabilities

(ROL million*)	Year ended 31 December	
	2001	2000
Accrued interest	20,257	10,900
Other liabilities	1,690	2,027
Bonuses due	-	24,833
Deferred income	8,297	7,197
Current tax due	-	7,042
Dividends due	-	140,722
Lease payables	16,114	-
Total	46,358	192,721

*(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)

20. Deferred Tax Liability

The movements in net tax charge for the period were as follows:

<i>(ROL million*)</i>	<i>Year ended 31 December</i>	
	<i>2001</i>	<i>2000</i>
Current tax charge	-	64,637
Deferred tax (release)/charge for the year	550	(6,639)
Total tax charge for the period	550	57,998
Deferred tax liability		
1 January	38,066	44,705
Charge/(release) for the year	550	(6,639)
31 December	38,616	38,066

21. Share Capital

<i>(ROL million*)</i>	<i>Year ended 31 December</i>	
	<i>2001</i>	<i>2000</i>
Statutory value (not restated)	615,462	525,909
Restatement of share capital	136,543	151,038
Total	752,005	676,947

The share capital was made up as at 31st of December 2001 of 2,100,000 shares with a nominal value of USD 10.95 each, the equivalent of ROL 293,077 at the historical

exchange rate prevailing at the date of the last share capital increase. All issued shares are fully paid in US Dollars and carry one vote.

The capital structure as at 31st of December 2001 is as follows:

<i>(ROL million*)</i>	<i>Number of</i>	<i>%</i>	<i>Amount</i>
<i>Shareholder</i>	<i>shares</i>		
<i>Alpha Romanian Holdings Company A.E.</i>	1,540,000	73.33%	551,470
<i>Alpha Bank A.E.</i>	220,000	10.48%	78,781
<i>Alpha Finance A.E.</i>	16,000	0.76%	5,731
<i>Alpha Brokerage A.E.</i>	20,000	0.95%	7,162
Alpha Bank - group of companies	1,796,000	85.52%	643,143
European Bank for Reconstruction and Development	200,000	9.52%	71,621
Banca Monte dei Paschi di Siena	100,000	4.76%	35,810
Other minority shareholders	4,000	0.20%	1,432
Total	2,100,000	100.0%	752,005

**(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)*



22. Reserves

In accordance with the Romanian law on banks and banking activities, the Bank must distribute the profit as dividends or effect a transfer to retained earnings (reserves) on the basis of the financial statements prepared under Romanian Accounting Regulations ("RAR").

Amounts transferred to reserves must be used

for the purposes designated when the transfer is made.

Under Romanian banking legislation the Bank is required to create the following reserves from appropriation of profit:

- (a) legal reserve, appropriated at the rate of 20% of the gross profit, until the total reserve is equal to the issued and fully paid up share capital, 10% until the total reserve is equal to twice the share capital issued and fully paid up and thereafter from the net profit without limit;
- (b) reserve for possible credit losses, appropriated from the profit before tax at the rate of 2% of the loan risk portfolio.

After reducing taxes and setting aside the legal reserves as discussed above remaining balance of net profit may be distributed to

shareholders. Dividends may only be declared from current profit.

	<i>(ROL million*)</i>			
	<i>Year ended 31 December</i>		<i>Year ended 31 December</i>	
	<i>Reserves</i>	<i>Profit</i>	<i>Reserves</i>	<i>Profit</i>
Statutory	262,415	410,916	418,943	280,416
Loss on net monetary position	-	(238,964)	-	(207,490)
Other adjustments	378,733	82,038	(31,785)	186,282
Total	641,148	253,990	387,158	259,208

23. Commitments and Contingencies

The Bank issues guarantees and letters of credit on behalf of its customers. The market and credit risk on these financial instruments, as well as the operating risk is similar to that arising from granting of loans. In the event of a claim on the Bank as a result of a customer's default on a guarantee these instruments also present a degree of liquidity risk to the Bank.

All letters of credit and guarantees issued by the Bank are backed up by collateral guarantees as cash collateral and letters of guarantee from Alpha Bank and other parties. At 31st of December 2001 the probability of material losses arising in connection with letters of credit is considered to be remote and accordingly no provision has been established.

**(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)*

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit are collateralised and therefore have significantly less risk. Cash requirements under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under the agreement.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the

likely amount of loss, though not easy to quantify, is considerably less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. While there is some credit risk associated with the remainder of commitments, the risk is viewed as modest, since it results from the possibility of unused portions of loan authorisations being drawn by the customer and, second, from these drawings subsequently not being repaid as due.

The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

The aggregate amount of outstanding guarantees at the end of the year were:

<i>(ROL million*)</i>	<i>Year ended 31 December</i>	
	<i>2001</i>	<i>2000</i>
Letters of guarantee issued in ROL:	183,465	149,840
out of which: - on cash collateral	62,718	10,340
- on other collateral	120,747	139,500
Letters of guarantee issued in foreign currency:	468,823	532,261
out of which: - on cash collateral	47,726	96,372
- on other collateral	421,097	435,889
Letters of credit issued	93,431	161,633
Commitments to extend credit	1,577,102	1,181,063

Most of non-cash collateral are secured with letters of guarantee issued by other banks.

**(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)*



24. Risk Management

Interest rate risk

The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Bank takes an exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash

flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The management sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily.

Market risk

Romanian economy is at early stage of development and there is a considerable degree of uncertainty surrounding the likely future direction of domestic economic policy and political development. Management are unable to predict what changes in condition will

take place in Romania and what effect these might have on the financial position and the results of operations and cash flows of the Bank. The Bank has established limits on trading.

Liquidity risk

The Bank's policy on liquidity is to maintain sufficient liquid reserves to meet its obligations as they fall due. The amount of total assets and liabilities as at 31st of December 2001 and

31st of December 2000 analysed over the remaining period to the contractual maturity date is included in Note 26.

Currency risk

The Bank operates in a developing economy. Romania experiences high rates of inflation and significant currency devaluation. There is a consequent risk of loss in value in respect of net monetary assets held in Romanian Lei.

The Bank manages its exposure to movements in exchange rates by modifying its assets and liabilities mix. An analysis of assets and liabilities denominated in ROL and other currencies are included in Note 25.

Concentration of credit risk

In granting facilities and loans, the Bank incurs a credit risk, i.e. the risk that the receivable will not be paid. This is related to the balance sheet items i.e. banks, loans and interest-earnings securities, and to off-balance sheet items. Concentration of credit risk could result in a material loss for the Bank if a change in economic circumstances were to affect a whole

industry or the country of Romania. The relevant analyses are included in the appropriate notes. The Bank minimises its credit risk by careful assessment of borrowers, establishment of exposure limits and application of a prudent provisioning policy when the risk of loss to the Bank is possible.

24. Risk Management (continued)

Taxation risk

The taxation system in Romania is subject to varying interpretations and to constant changes, which may be retroactive. In certain circumstances the tax authorities can be aggressive and arbitrary in assessing tax penalties and interest. Although the actual tax

due on a transaction may be minimal, penalties can be significant as they may be calculated based on the value of the transaction and can be as high as 0.15% per day. In Romania, tax periods remain open to tax audits for a period of 5 years from the end of the period.

25. Currency Risk

Concentration of assets and liabilities:

(ROL million*)

As at 31 st of December 2001	Local currency	USD	EUR	Other currencies	Total
Assets					
Cash and cash equivalents	38,065	31,726	75	30,963	100,829
Loans and advances to					
National Bank of Romania	655,736	1,073,255	-	-	1,728,991
Treasury bills	82,773	41,076	-	-	123,849
Due from other banks	392,571	257,333	80,943	13,622	744,469
Loans and advances to customers, net	105,789	4,082,744	2,027,546	25,470	6,241,549
Interest receivable and other assets, net	83,658	7,373	2,577	20	93,628
Investment in associates	23,285	29,257	394	-	52,936
Property and equipment	347,608	-	-	-	347,608
Total assets	1,729,485	5,522,764	2,111,535	70,075	9,433,859
Liabilities					
Due to other banks	112,928	2,505,083	1,209,672	18,985	3,846,668
Due to customers	903,314	2,219,362	940,364	45,891	4,108,931
Other borrowed funds	-	-	-	-	-
Other liabilities	12,429	19,158	14,706	65	46,358
Deferred tax liabilities	38,616	-	-	-	38,616
Total liabilities	1,067,287	4,743,603	2,164,742	64,941	8,040,573
Net balance sheet position	662,198	779,161	(53,207)	5,134	1,393,286

*(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)



Concentration of assets and liabilities:

(ROL million*)

As at 31 st of December 2000	Foreign currencies equivalent	ROL	Total
Assets			
Cash and cash equivalents	58,419	14,845	73,264
Loans and advances to Central Bank	715,118	458,276	1,173,394
Treasury bills	72,124	44,303	116,427
Due from other banks	274,703	60,459	335,162
Loans and advances to customers, net	3,711,912	682,609	4,394,521
Interest receivable and other assets, net	9,816	52,889	62,705
Investment in associates	31,200	12,054	43,254
Property and equipment	-	288,976	288,976
Total assets	4,873,292	1,614,411	6,487,703
Liabilities			
Due to other banks	1,126,847	258,040	1,384,887
Due to customers	2,888,378	839,252	3,727,630
Other borrowed funds	5,103	-	5,103
Other liabilities	15,254	177,467	192,721
Deferred tax liabilities	-	38,066	38,066
Total liabilities	4,035,582	1,312,825	5,348,407
Net balance sheet position	837,710	301,586	1,139,296

*(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)

26. Liquidity Risk

The tables below analyse assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at balance

sheet date to the contractual maturity as at 31st of December 2001:

(ROL million*)

As at 31 st of December 2001	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Assets						
Cash and cash equivalents	100,829	-	-	-	-	100,829
Balances with Central Bank	1,718,991	10,000	-	-	-	1,728,991
Treasury bills	-	14,224	68,549	41,076	-	123,849
Due from other banks	744,469	-	-	-	-	744,469
Loans and advances to customers, net	1,227,540	767,300	2,769,032	1,313,121	174,556	6,241,549
Interest receivable and other assets, net	14,288	1,729	11,739	64,000	1,872	93,628
Investment in associates	-	-	-	-	52,936	52,936
Property and equipment	-	-	-	-	347,608	347,608
Total assets	3,806,117	793,253	2,839,320	1,418,197	576,972	9,433,859
Liabilities						
Due to other banks	2,020,399	639,205	1,187,064	-	-	3,846,668
Due to customers	3,270,514	344,932	396,980	96,505	-	4,108,931
Other borrowed funds	-	-	-	-	-	-
Other liabilities	16,133	11,307	4,996	13,922	-	46,358
Deferred tax liabilities	-	-	-	-	38,616	38,616
Total liabilities	5,307,046	995,444	1,589,040	110,427	38,616	8,040,573
Net liquidity gap	(1,500,929)	(202,191)	1,250,280	1,307,770	538,356	1,393,286

Management believes that in spite of a substantial portion of deposits having contractual maturity dates within three months, diversification of these deposits by number and

type of deposits, and the past experience of the Bank would indicate that these deposits provide a long - term and stable source of funding for the Bank.

*(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)



The tables below analyse assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at balance

sheet date to the contractual maturity as at 31st of December 2000:

(ROL million*)

As at 31 st of December 2000	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Assets						
Cash and cash equivalents	73,264	-	-	-	-	73,264
Balances with Central Bank	1,173,394	-	-	-	-	1,173,394
Treasury bills	32,956	-	72,124	11,347	-	116,427
Due from other banks	335,162	-	-	-	-	335,162
Loans and advances to customers, net	2,503,714	200,334	782,652	826,520	81,301	4,394,521
Interest receivable and other assets, net	16,574	2,364	7,057	36,343	367	62,705
Investment in associates	-	-	-	-	43,254	43,254
Property and equipment	-	-	-	-	288,976	288,976
Total assets	4,135,064	202,698	861,833	874,210	413,898	6,487,703
Liabilities						
Due to other banks	1,384,887	-	-	-	-	1,384,887
Due to customers	3,615,240	84,315	27,949	126	-	3,727,630
Other borrowed funds	-	-	-	5,103	-	5,103
Other liabilities	23,051	23,892	145,778	-	-	192,721
Deferred tax liabilities	-	-	-	-	38,066	38,066
Total liabilities	5,023,178	108,207	173,727	5,229	38,066	5,348,407
Net liquidity gap	(888,114)	94,491	688,106	868,981	375,832	1,139,296

*(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)

27. Interest Rate Risk

The tables below summarise the average interest rate by major currencies for interest bearing financial instruments.

<i>As at 31st of December 2001</i>	<i>ROL</i>	<i>EUR</i>	<i>USD</i>
Assets			
Balances with National Bank of Romania	22.46%	-	3.17%
Treasury bills	40.94%	-	8.92%
Due from other banks	40.37%	3.31%	3.80%
Loans and advances to customers	47.13%	8.14%	7.83%
Liabilities			
Due to other banks	38.26%	4.46%	5.70%
Due to customers	17.26%	4.05%	4.41%

<i>As at 31st of December 2000</i>	<i>ROL</i>	<i>EUR</i>	<i>USD</i>
Assets			
Balances with National Bank of Romania	26.56%	-	3.19%
Treasury bills	50.71%	-	8.82%
Due from other banks	42.11%	4.56%	6.91%
Loans and advances to customers	50.72%	8.79%	10.30%
Liabilities			
Due to other banks	34.51%	4.23%	5.57%
Due to customers	18.01%	2.23%	4.71%

28. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Bank is controlled by Alpha Romanian Holding (incorporated in Greece) that owns 73% of the Bank's ordinary shares. The ultimate parent of the Bank is Alpha Bank (incorporated in Greece).

A number of banking transactions is entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. These transactions were carried out both on preferential and commercial terms and conditions and at market rates. The volumes of related party transactions, outstanding balances at the year-end, and relating expense and income for the year are as follows:



(ROL million*)	Year ended 31 December			
	Employees and Directors		Associated companies	
	2001	2000	2001	2000
Loans outstanding as at end of year	12,818	11,455	264,191	93,355
Interest income earned	1,439	1,560	17,414	11,645

No provisions have been recognised in respect of loans given to related parties (2000: nil).

Deposits at end of year	44,564	39,695	1,902,607	371,939
Interest expense on deposits	2,176	2,102	84,859	7,436

Foreign exchange trading

Aggregated gain/(loss)	158	220	3,950	1,995
Net commission (expense)/income	18		(14,338)	

29. Operating Environment of the Bank

The economy of Romania continues to display characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is not freely convertible outside of the country; a low level of liquidity in the public and private debt and equity markets and high inflation.

Additionally, the banking sector in Romania is particularly impacted by adverse currency fluctuations and economic conditions. Furthermore, the need for further developments

in the bankruptcy laws, in formalised procedures for the registration and enforcement of collateral and other legal, fiscal impediments contribute to the difficulties experienced by banks currently operating in Romania.

The prospects for future economic stability in Romania are largely dependent upon the effectiveness of economic measures undertaken by the government, together with legal and regulatory developments.

30. Post Balance Sheet Events

On 28 March 2002 the National Bank of Romania's official exchange rate for the USD was USD 1 = ROL 32,910, compared to

USD 1 = ROL 31,597 at 31st of December 2001 (31st of December 2000: USD 1 = ROL 25,926).

**(expressed in terms of the purchasing power of the Romanian Lei (ROL) as at 31st of December 2001, unless otherwise stated)*

Board of Directors on December 31, 2001

President & CEO

Eleftherios IOANNOU

First Vice President

Radu Grațian GHETEA

Vice President

Nikolaos GIANNISSIS

Vice President

Sergiu OPRESCU

Members:

Vasilios KARAINDROS

Manager, International Division
Alpha Bank Greece

Salvatore CANDIDO

Director, Romania
European Bank for Reconstruction and
Development

Mario BAGAGLIA

Senior Vice President
Group Co-ordination and Strategy
Banca Monte dei Paschi di Siena

Jeremy DOWNWARD

Chief Investment Officer
Leventis Family Office

Stratis PAPAEFSTRATIOU

Manager Corporate Affairs
Silver & Baryte Ores Mining Co.

Management Committee

President & CEO

Eleftherios IOANNOU

First Vice President

Radu Grațian GHETEA

Corporate Vice President

Nikolaos GIANNISSIS

Retail Vice President

Sergiu OPRESCU



Management and Structure of ALPHA BANK ROMANIA

Head Office

Address: Bucharest 1,
237B, Calea Dorobantilor
E-mail: bbr@alphabank.ro
Page: www.alphabank.ro

Tel.: (01) 209 2100
Fax: (01) 231 6570
Tlx. 12648 bbrbu r
SWIFT Code: BUCUROBU
REUTERS: BUCB
Dealing Code: BUCB

Central Management and Structure

President & CEO:

Eleftherios IOANNOU
Tel.: (01) 209 2457
Fax: (01) 231 6574

Corporate Vice President:

Nikolaos GIANNISSIS
Tel.: (01) 209 2402
Fax: (01) 231 6572

First Vice President:

Radu Grațian GHETEȚA
Tel.: (01) 209 2347
Fax: (01) 231 6571

Retail Vice President:

Sergiu OPRESCU
Tel.: (01) 209 2424
Fax: (01) 231 6573

Organisation Structure

■ Corporate Unit I

Senior Manager: Ioannis KOUGIONAS
Tel.: (01) 209 2384
Fax: (01) 231 7697

■ Trade Finance Division

Manager: Tudor TASLAOANU
Tel.: (01) 209 2328

■ Structured Finance Division

Tel.: (01) 209 2384

■ Corporate Banking Division

Tel.: (01) 209 2384

■ Corporate Unit II

Senior Manager: Crina COSMA
Tel.: (01) 209 2411
Fax: (01) 231 6897

■ Corporate Banking Division

Deputy Manager: Alessandro LEZZI
Tel.: (01) 209 2413

■ Private Banking Dpt.

Tel.: (01) 209 2412

■ Cash Management Dpt.

Tel.: (01) 209 2416

■ Evaluation Dpt.

Tel.: (01) 209 2418

■ Accountancy Division

Manager: Gabriela TOADER
Tel.: (01) 209 2357
Fax: (01) 231 6760

■ Treasury Division

Manager: Fotis GOUTZIOMITROS
Chief Dealer: Adina GEORGESCU
Tel.: (01) 209 2336
Fax: (01) 232 5743

■ Credit & Risk Division

Head: Cornelia TUDORACHE
Tel.: (01) 209 2386
Fax: (01) 231 7697

As of 15th of June the digit **2** will be added in front of the prefix for each county.

Organisation Structure (continued)

■ Internal Audit Division

Manager: Argyrios ORPHANOS
Tel.: (01) 209 2444
Fax: (01) 231 7098

■ Operations Division

Manager: Gheorghe CARABASAN
Tel.: (01) 209 2151
Fax: (01) 231 5741

■ Back Office Dpt.

Head: Codrina PATRU
Tel.: (01) 209 2329
Fax: (01) 231 6150

■ Correspondent Banking Dpt.

Head: Petrina DAICIULESCU
Tel.: (01) 209 2330
Fax: (01) 231 6150

■ Import-Export Dpt.

Head: Liliana TAT
Tel.: (01) 209 2154
Fax: (01) 231 5741

■ Funds Transfer Dpt.

Head: Aurelia STANESCU
Tel.: (01) 209 2153
Fax: (01) 231 5556

■ Central Vault Dpt.

Head: Laurentiu BUNGETEANU
Tel.: (01) 209 2155
Fax: (01) 231 5556

■ NOSTRO, Clearing, CIP Dpt.

Head: Silvia SCARLATESCU
Tel.: (01) 209 2360
Fax: (01) 231 6849

■ Finance Division

Chief Financial Officer: Gabriel MATEESCU
Tel.: (01) 209 2356
Fax: (01) 231 7198

■ Branch Network Division

Manager: Radu VASILESCU
Tel.: (01) 209 2436
Fax: (01) 231 6924

■ Financial Products & Sales Dpt.

Tel.: (01) 209 2439

■ Premises & Maintenance Dpt.

Head: Andrei SEBE
Tel.: (01) 209 2166
Fax: (01) 231 6570

■ Organisation & Systems Division

Chief Information Officer: Lucian TEODORESCU
Tel.: (01) 209 2300
Fax: (01) 231 6563

■ EDP Division

Manager: Elena VLAICU
Tel.: (01) 209 2301

■ Network, Communication & Security Dpt.

Head: Daniel RADU
Tel.: (01) 209 2311

■ Application Development Dpt.

Head: Antoaneta NEGRIUC
Tel.: (01) 209 2302

■ Data Processing & Help Desk Dpt.

Head: Monica POPESCU
Tel.: (01) 209 2323

■ Organisation & Methods Dpt.

Tel.: (01) 209 2300

■ New Technology Dpt.

Tel.: (01) 209 2300

■ Legal Services Division

Contact person: Mirela IOVU
Tel.: (01) 209 2462
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■ Human Resources Division

Manager: Anca BADEA
Tel.: (01) 209 2408
Fax: (01) 231 6896

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■ Compliance Dpt.

Deputy Manager: Marilena CHESU

Tel.: (01) 209 2349

Fax: (01) 231 6893

■ New Products Dpt.

Manager: Bogdan MIHAI

Tel.: (01) 209 2442

Fax: (01) 231 6573

■ Cards Dpt.

Head: Ion STAN

Tel.: (01) 209 2428

Fax: (01) 231 6573

■ Alternative Channels Dpt.

Head: Constantin PARVU

Tel.: (01) 231 2437

Fax: (01) 231 6924

■ Marketing & PR Dpt.

Head: Irina OPRESCU

PR Officer: Mihai MATIES

Tel.: (01) 209 2467

Fax: (01) 231 7198

■ Secretariat Dpt.

Contact person: Dragos CONSTANTINESCU

Tel.: (01) 209 2470

Fax: (01) 231 7198

■ Research Dpt.

Contact person: Ella KALAI

Tel.: (01) 209 2377

Fax: (01) 231 7198

Branches & Agencies

BUCHAREST

■ LIBERTATII Branch

Tel.: (01) 335 8186, 336 6033

Fax: (01) 336 7978

Tlx. 10350 bbau r

E-mail: bba@alphabank.ro

Address: Bucharest 5,
20, Libertatii Blvd.

Manager: Mihaela SOCOL

■ UNIRII Branch

Tel.: (01) 320 9628-35

Fax: (01) 320 9627

E-mail: bbb@alphabank.ro

Address: Bucharest 3,
62, Unirii Blvd.

Manager: Cristian HINCU

■ DOROBANTI Branch

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Fax: (01) 231 5317

E-mail: bbd@alphabank.ro

Address: Bucharest 1,
237B, Calea Dorobantilor

Person in charge: Liliana CRISTEA

■ MARRIOTT Branch

Tel.: (01) 411 1869, 411 1903

Fax: (01) 411 2453

E-mail: bbc@alphabank.ro

Address: Bucharest 5,
90, Calea 13 Septembrie

Person in charge: Florina CANDIN

Branches & Agencies (continued)

ARAD county

■ ARAD Branch
Tel.: (057) 252 551, 270 987
Fax: (057) 257 359
Tlx. 76344 bbra r
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2, Horia Str.
Manager: Viorel DAN

ARGES county

■ PITESTI Branch
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Fax: (048) 214 471
E-mail: rga@alphabank.ro
Address: Pitesti,
I.C. Bratianu Blvd, Bl. D1, ground floor
Manager: Vasile MIHAIL

CLUJ county

■ CLUJ Branch
Tel.: (064) 190 803, 190 583
Fax: (064) 190 246
Tlx. 31345 bbrcj r
E-mail: cja@alphabank.ro
Address: Cluj-Napoca,
1, Memorandumului Str.
Manager: Elena ARSENE

CONSTANTA county

■ CONSTANTA Branch
Tel.: (041) 693 330, 693 088
Fax: (041) 693 266
Tlx. 16404 bbrct r
E-mail: cta@alphabank.ro
Address: Constanta,
69, Avram Iancu Str.
Manager: Daniela BUSUIOC

■ CONSTANTA PORT Agency
Tel.: (041) 607 257
Fax: (041) 607 258
E-mail: ctb@alphabank.ro
Address: Constanta,
Constanta Harbour - Navlomar Building
Person in charge: Mihai CAZACINCU

IASI county

■ IASI Branch
Tel.: (032) 212 009, 214 850
Fax: (032) 214 782
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E-mail: isa@alphabank.ro
Address: Iasi,
7, Independentei Str.
Manager: Simona ROMANOSCHI

MARAMURES county

■ BAIA-MARE Branch
Tel.: (062) 223 424, 223 425
Fax: (062) 223 789
Tlx. 33313 bbrbm r
E-mail: mma@alphabank.ro
Address: Baia-Mare,
1, Traian Blvd.
Manager: Melania MURESAN

PRAHOVA county

■ PLOIESTI Branch
Tel.: (044) 197 850 - 51
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Address: Ploiesti,
1, C. Dobrogeanu Gherea Str., Bl. AB
Manager: Florin IONETE

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SIBIU county

■ SIBIU Branch

Tel.: (069) 212 595

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E-mail: sba@alphabank.ro

Address: Sibiu,

1, Aurel Vlaicu Str.

Manager: Adriana PRISLOPEAN

TIMIS county

■ TIMISOARA Branch

Tel.: (056) 221 304 - 06

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Tlx. 71201 bbrtm r

E-mail: tma@alphabank.ro

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1, Popa Sapca Str.

Manager: Zoran HUTANU

Affiliates

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237B, Calea Dorobantilor

Executive President: Dimitris TAMVAKAS

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General Manager: Gerasimos GAZIS

ALPHA ADVISORY ROMANIA

Tel. (01) 209 2233

Fax (01) 231 5332

Address: Bucharest 1,

237B, Calea Dorobantilor

Manager: Marian TESCARU

DANUBE FUND

Tel. (01) 209 2272

Fax (01) 231 5391

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Fund Manager: Damianos DAMIANOS

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Managing Director: Aris GOGOS