ALPHA BANK ROMANIA S.A.

FINANCIAL STATEMENTS

prepared in accordance with
INTERNATIONAL FINANCIAL REPORTING STANDARDS

for the year ended 31 December 2007

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INDEPENDENT AUDITORS' REPORT

To the shareholders of Alpha Bank (Romania) S.A.

1. We have audited the accompanying financial statements of Alpha Bank (Romania) S.A. ("the Bank"), which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion, the financial statements present fairly, in all material respects, the financial position of Alpha Bank (Romania) S.A. as of 31 December 2007, and of it financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

7. Without qualifying our opinion, we draw attention to the fact that the translation of the balance sheet and income statement expressed in RON to EUR on the basis described in Note 1 to the financial statements are for information purposes only.

Other Matters

8. This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Ernst & Young

Ernst & Young Assurance Services SRL

26 March 2008
Bucharest, Romania

	Note	31 December 2007 RON'000	2006 RON'000	2007 EUR'000 Proforma	2006 EUR'000 Proforma
Interest and similar income	3	585,112	354,189	162,072	104,737
Interest expense and similar charges	4	(368,775)	(177,829)	(102,148)	(52,586)
Net interest income		**216,337**	**176,360**	**59,924**	**52,151**
Dividend income		724	1,399	201	414
Fee and commission income, net	5	62,562	54,767	17,329	16,195
Gain from financial operations, net	6	67,969	36,716	18,827	10,858
Other operating income		1,410	1,584	391	468
Total income		**349,002**	**270,826**	**96,672**	**80,086**
Loss on disposal of equity investments available-for-sale		-	(623)	-	(184)
Credit loss expense	7	(9,416)	306	(2,608)	91
Staff costs	8	(106,864)	(73,679)	(29,601)	(21,788)
Depreciation and amortization expenses	15	(14,658)	(9,830)	(4,060)	(2,907)
Other operating expenses	9	(95,294)	(84,988)	(26,396)	(25,132)
Total expenses		**(226,232)**	**(168,814)**	**(62,665)**	**(49,920)**
Profit before tax		**122,770**	**102,012**	**34,007**	**30,166**
Income tax expense	23	(14,991)	(14,257)	(4,153)	(4,216)
Profit for year		**107,779**	**87,755**	**29,854**	**25,950**

The financial statements on pages 5 to 52 were authorized for issue by the Board of Directors on 26 March 2008 and signed on its behalf by:

Sergiu Oprescu
Executive President

Gabriel Mateescu
Chief Financial Officer

ALPHA BANK ROMANIA SA
Balance Sheet
as at 31 December 2007
(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

		31 December			
	Note	**2007**	**2006**	**2007**	**2006**
		RON'000	**RON'000**	**EUR'000 Proforma**	**EUR '000 Proforma**
ASSETS					
Cash and balances with National Bank of Romania	**10**	4,164,677	2,781,658	1,153,586	822,562
Due from other banks	**11**	289,906	276,345	80,302	81,773
Financial assets available-for-sale	**12**	125,976	254,438	34,894	75,185
Derivative financial assets	**20**	378	-	105	-
Loans and advances to customers, net	**14**	8,076,137	3,717,323	2,237,033	1,099,247
Property and equipment	**15**	156,407	110,760	43,324	32,753
Other assets	**16**	16,232	5,142	4,496	1,521
TOTAL ASSETS		**12,829,713**	**7,145,666**	**3,553,740**	**2,113,041**
LIABILITIES AND EQUITY					
Due to other banks	**17**	7,299,680	3,257,200	2,021,960	963,185
Due to customers	**18**	4,264,333	2,784,644	1,181,190	823,445
Other borrowed funds	**19**	4,996	24,120	1,384	7,133
Derivative liabilities	**20**	6,950	-	1,925	-
Subordinated debt	**21**	337,604	316,093	93,514	93,472
Other liabilities	**22**	56,771	24,267	15,726	7,176
Deferred tax liability	**23**	17,861	3,394	4,947	1,004
Total liabilities		**11,988,195**	**6,409,718**	**3,320,646**	**1,895,415**
Share capital	**24**	617,952	559,754	171,168	165,524
Reserves	**25**	223,566	176,194	61,926	52,102
Shareholders' equity		**841,518**	**735,948**	**233,094**	**217,626**
TOTAL LIABILITIES AND EQUITY		**12,829,713**	**7,145,666**	**3,553,740**	**2,113,041**

Sergiu Oprescu
Executive President

Gabriel Mateescu
Chief Financial Officer

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

	Note	31 December 2007	31 December 2006
Cash flow from operating activities			
Profit before taxation		122,770	102,012
Adjustments:			
Credit loss expense	7	8,967	261
Accrual performance bonus	8	18,865	5,138
Employees year end bonus		18,865	-
Dividend income		(724)	(1,399)
Depreciation and amortization	15	14,657	9,830
Fixed assets written-off	15	(13)	11,961
Loss on disposal of equity investments		-	623
Fair value adjustment		-	397
Operating profit before changes in operating assets and liabilities		**164,522**	**128,823**
Changes in operating assets:			
Decrease/(increase) in financial assets available for sale	12	(73,080)	14,375
Decrease/(increase) in amounts due from other banks	11	(9,459)	(20,542)
Decrease/(increase) in loans and advances to customers	14	(4,367,780)	(1,073,497)
Decrease/(increase) in other assets	16	(11,088)	(1,596)
Total changes in operating assets		**(4,461,407)**	**(1,081,260)**
Changes in operating liabilities			
(Decrease)/increase in amounts due to other banks	17	4,042,480	1,386,091
(Decrease)/increase in amounts due to customers	18	1,479,688	753,607
(Decrease)/increase in other borrowed funds	19	(19,126)	(26,447)
(Decrease)Increase in derivative liabilities		6,572	-
(Decrease)/increase in other liabilities	22	11,946	7,907
Total changes in operating liabilities		**5,521,560**	**2,121,158**
Net cash generated from operations		**1,224,675**	**1,168,721**
Income tax paid		(524)	(14,996)
Net cash from operating activities		**1,224,151**	**1,153,725**
Cash flow from investing activities			
Purchase of equity investments		-	-
Purchase of property and equipment and intangibles	15	(56,912)	(60,181)
Proceeds from sale of property and equipment	15	13	-
Proceeds from sale of equity investments	12	-	1,904
Dividends received		724	1,399
Net cash used in investing activities		**(56,175)**	**(56,878)**
Cash flow from financing activities			
Finance lease repayments		(1,703)	(1,160)
Subordinated loan		21,511	36,310
Net cash from financing activities		**19,808**	**35,150**
Net increase / (decrease) in cash and cash equivalents		**1,187,784**	**1,131,997**
Cash and cash equivalents at 1 January	32	3,236,273	2,104,276
Cash and cash equivalents at 31 December	32	**4,424,057**	**3,236,273**
Interest received		567,434	352,143
Interest paid		314,940	162,696

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

	Share Capital	**Retained Earnings**	**Fair value adjustments Financial Assets Available for Sale**	**Shareholders Equity**
As at 31 December 2005	**481,187**	**167,372**	**(763)**	**647,796**
Change in fair value	-	-	397	397
Profit for the year	-	87,755	-	87,755
Total income and expense for the year	***-***	***87,755***	***397***	***88,152***
Increase of share capital (Note 22)	78,567	(78,567)	-	**-**
As at 31 December 2006	**559,754**	**176,560**	**(366)**	**735,948**
Net change in AFS investments	-	-	(2,209)	(2,209)
Profit for the period	-	107,779		107,779
Total income and expense for the period	***-***	***107,779***	***(2,209)***	***105,570***
Increase of share capital	58,198	(58,198)	-	-
As at 31 December 2007	**617,952**	**226,141**	**(2,575)**	**841,518**

As at 31 December 2007, statutory non-distributable reserves set-up in accordance with Romanian law amount to RON 120,578 thousand (31 December 2006: RON 119,511 thousand).

1. GENERAL INFORMATION

1.1 NATURE OF THE ENTERPRISE

Alpha Bank Romania SA (the "Bank") was 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 125 branches, located in Bucharest (38) and other cities in Romania (87).

The registered office of the Bank is:
Alpha Bank Romania SA
Calea Dorobantilor no. 237B, sector 1
Bucharest
Romania

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

The number of employees as at 31 December 2007 was 1760 (31 December 2006: 1,310).

1.2 BASIS OF PREPARATION

a) Basis of accounting

The stand-alone financial statements of Alpha Bank Romania (the "Bank") for the year ended 31 December 2007 have been prepared in accordance with the International Financial Reporting Standards...

The financial statements have been prepared on a historical cost basis, except for financial assets available-for-sale and derivative financial instruments, which have been measured at fair value.

The Bank maintains its accounting records and prepares a separate set of financial statements in accordance with Romanian accounting law and National Bank of Romania banking regulations ("statutory accounts"). These IFRS financial statements incorporate adjustments made to the statutory accounts as have been considered necessary for the purpose of fair presentation in accordance with IFRS. The main differences between the statutory accounts and the IFRS financial statements relate to income tax, methodologies for determining the allowance for loan losses and overdue interest and recognition of loans at amortized cost. The adjustments are summarized in note 25.

1.2 BASIS OF PREPARATION (continued)

b) Presentation currency

The financial statements are prepared and presented in Romanian Lei ("RON"), the Bank's functional currency, rounded to the nearest thousand

The pro-forma Euro ("EUR") figures shown in the accompanying financial statements have been included as supplementary information solely to facilitate the understanding of these financial statements by an international reader, and are derived from RON as a matter of arithmetic computation only, by translating all the RON figures into EUR at the period end official rates of RON 3.6102 per EUR for the year ended 31 December 2007 and respectively RON 3.3817 per EUR for the year ended 31 December 2006. Such computations should not be held as a representation that the RON amounts have been or could be converted into EUR at this rate or any other rate.

c) Judgments

In the process of applying the Bank's accounting policies, management makes judgments, apart from those involving estimates, that may significantly affect the amounts recognized in the financial statements.

Classification of financial assets
Management makes a judgment regarding the classification of financial assets in different portfolios. Such classification is in accordance with the Bank's documented risk management strategy.

d) Estimates

The key assumptions and other key sources of uncertainty regarding estimates at the balance sheet date, that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are presented below:

Provisions for impairment of loans
The Bank reviews its loans portfolios for evidence that it will not be able to collect all amounts due from an individual loan or a portfolio of homogeneous loans. Evidence includes the customer's payment record, his overall financial position and the realizable value of any collateral. If such evidence exists, the recoverable amount is estimated and a provision is made for impairment, which is charged to the income statement. The review of credit risk is continuous. The methodology and assumptions used for estimating the provision are reviewed regularly to reduce any differences between estimated and actual losses.

Taxation
Estimates are required in determining the provision for taxes at the balance sheet date, and therefore the tax determination is uncertain. Where the final tax is different from the amounts that were initially recorded, such differences will impact the income tax expense, the tax liabilities and deferred tax liabilities of the period in which the final tax is agreed with the tax authorities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2006, except for the adoption of new Standards and Interpretations, noted below. Adoption of these standards and interpretations did not have any effect on the position or performance of the Bank.

– IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements Capital Disclosures.
The Bank adopted IFRS 7 as of 1 January 2007 which introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital.

- **IFRIC 8, Scope of IFRS 2**
The Bank adopted IFRIC 8 as of 1 January 2007, which clarifies that IFRS 2 *Share-based payment* will apply to any arrangement when equity instruments are granted or liabilities (based on the value of an entity's equity instrument) are incurred by an entity, when the identifiable consideration appears to be less that the fair value of the instruments given.

- **IFRIC 9, Reassessment of Embedded Derivatives**
The Bank adopted IFRIC 9 as of 1 January 2007, which requires an entity to assess whether a contract contains an embedded derivative at the date an entity first becomes a party to the contract and prohibits reassessment unless there is a change to the contract that significantly modifies the cash flows.

- IFRIC 10, Interim Financial Reporting and Impairment
The Bank adopted IFRIC 10 as of 1 January 2007. This Interpretation requires that, should any impairment losses be recognized in the interim financial statements in relation to available for sale equity investments, unquoted equity instruments carried at cost and goodwill, these may not be reversed in later interim periods or when preparing the annual financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Bank has not adopted the following IFRSs and Interpretations, which are issued but have not yet come into effect:

IFRS 8 'Operating Segments' (effective for annual periods beginning on or after 1 January 2009)
IFRS 8 replaces IAS 14 'Segment Reporting' and adopts a management-based approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences.

IFRIC 11, IFRS 2 'Group and Treasury Share Transactions' (effective for annual periods beginning on or after 1 March 2007)
IFRIC 11 requires arrangements whereby an employee is granted options to buy equity shares, to be accounted for as equity-settled schemes by an entity even if the entity chooses or is required to buy those equity shares from another party, or the shareholders of the entity provide the equity instruments granted. The interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for such schemes when their employees receive rights to equity instruments of the parent.

IFRIC 12 'Service Concession Arrangements' (effective for annual periods beginning on or after 1 January 2008)
IFRIC 12 outlines an approach to account for contractual (service concession) arrangements arising from entities providing public services. It provides that the operator should not account for the infrastructure as property, plant and equipment, but recognize a financial asset and/or an intangible asset.

IFRIC 13 'Customer Loyalty Programmes' (effective for annual periods beginning on or after 1 July 2008)
IFRIC 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled.

IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (effective for annual periods beginning on or after 1 January 2008)
IFRIC 14 provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under IAS 19 Employee Benefits. It also explains how this limit, also referred to as the "asset ceiling test", may be influenced by a minimum funding requirement and aims to standardize current practice.

Amendment to IAS 23 'Borrowing costs' (effective for annual periods beginning on or after 1 January 2009)
The benchmark treatment in the existing standard of expensing all borrowing costs to the income statement is eliminated in the case of qualifying assets. All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset must be capitalized. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amendments to IAS 1 'Presentation of Financial Statements' (effective for annual periods beginning on or after 1 January 2009)
IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. Of the main revisions are the requirement that the statement of changes in equity includes only transactions with shareholders; the introduction of a new statement of comprehensive income that combines all items of income and expense recognized in profit or loss together with "other comprehensive income"; and the requirement to present restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period, i.e. a third column on the balance sheet.

Amendments to IFRS 2 'Share Based Payment' – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009)
The amendment clarifies two issues: The definition of 'vesting condition', introducing the term 'non-vesting condition' for conditions other than service conditions and performance conditions. It also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty.

Revisions to IFRS 3 'Business Combinations' and IAS 27 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after 1 July 2009)
A revised version of IFRS 3 Business Combinations and an amended version of IAS 27 Consolidated and Separate Financial Statements were issued by IASB on 10 January 2008. IFRS 3R introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). IAS 27R requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give raise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

Amendments to IAS 32 and IAS 1 Puttable Financial Instruments (effective for annual periods beginning on or after 1 January 2009)
The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity.

Set out below are the principal accounting policies adopted by the Bank in the preparation of the IFRS financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) 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 RON as at the balance sheet date. As 31 December 2007 the principal rate of exchange used for translating foreign currency balances was EUR 1= RON 3.6102 (31 December 2006 EUR 1= RON 3.3817) and USD 1= RON 2.4564 (31 December 2006 USD 1=RON 2.5676). Foreign currency gains and losses arising from the translation of monetary assets and liabilities are reflected in the income statement for the period.

b) Income and expense recognition

Interest income and expense
Interest income and expense are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument.

Interest accrual continues for non-performing loans until they are written-off. 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.

Loan origination fees, such as evaluating the borrowers' financial condition, guarantees, collateral and other security arrangements, and related direct incremental expenses are deferred and subsequently recognized in income as an adjustment to the effective yield.

Fee and commission income
Fees and commission income consist mainly of fees received for foreign currency transactions, management of loans and guarantees granted, and commissions from managing funds on behalf of legal entities and individuals.

Fee and commission income are recognized on an accrual basis when the relevant service has been provided.

Dividend income is recognized when the shareholders' right to receive the payments is established.

Gain from financial operations, net includes dealing profits and exchange differences from the revaluation of foreign currency positions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity including: cash, treasury bills and other eligible bills with maturities under 90 days, current accounts with banks, short term placements with and due from banks.

d) Deposits with / from banks and other money market placements

Due to / from banks are stated at amortized cost, less any provisions for impairment (for asset side).

e) Loans and advances to customers

Loans and advances to customers, originated by providing cash directly to the borrowers, are measured initially at fair value including arrangement costs. Loans and advances are subsequently measured at amortized cost using the effective yield method.

Loans and advances to customers are stated net of provisions for impairment. Loans and advances are written off to the extent that there is no realistic prospect of recovery.

f) Impairment losses on loans and advances

A 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 the quality and financial performance of borrowers, debt servicing history, the present value of future cash flows including amounts recoverable from guarantees and collateral, the historical pattern of credit losses, credit ratings allocated to the borrowers when available, business and economic current climate in which borrowers operate.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Specifically, the steps performed in determining the impairment losses on loans and advances are the following:

i) Establishment of events that provide objective evidence that a loan is impaired (trigger events).

The loans and advances with payment of interest or principal overdue by more than 90 days represent the majority of the loans which were considered to have impairment indicators.

In addition an impairment trigger may be identified for accounts with delays less than 90 days, or accounts with no delay when the procedures for forced recovery have initiated or the Bank has information that indicates that the financial position of the borrower is deteriorating (reduced sales, gross margins, profit etc.) or other events (bankruptcy filing, extra-ordinary events such as floods, fire, etc at the installations of the borrower) which occurred after the date of initial recognition and which are considered to affect the ability of the borrower to adhere to the agreed repayment schedule. Finally, an impairment test is performed on loans and advances granted to sectors of the economy or geographical regions which are experiencing problems that arose after the date of initial recognition of the loans.

ii) The criteria for assessment on an individual or collective basis.

The outstanding balance is the basic factor in determining whether the assessment of impairment will be performed on an individual basis or on a collective basis. In determining the amount for each entity of the Bank, numerous factors were considered such as the structure of the loan portfolio, the specific circumstances of the market and experience obtained from the management of the portfolio.

More specifically the Bank has established the threshold for the individual assessment at the equivalent of EUR 500 thousand per exposure. If no objective evidence of impairment existed for the individually assessed assets, these assets have been included in the collective impairment assessment. The assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of the impairment.

iii) Establishment of groups of assets with similar risk characteristics

In those instances which based on the amount outstanding the assessment of impairment was performed on a collective basis of assets with similar risk characteristics, with respect to credit risk, the collective groups were determined based on the borrower's industry (construction, tourism, etc.) for commercial loans, and the type of loan (consumer, credit cards, mortgage etc.) for retail loans.

Based on detailed internal data the above groups are either expanded or combined in the event that this is justified from the historical data.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

iv) Methodology in determining future cash flows from impaired loans

On the basis of historical data, the amount of the impairment is determined for both individual and collective basis taking into account the time value of money. The cash flows are discounted at the loans' original effective interest rate.

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 un-collectable, it is written off against the related provision for impairments; subsequent recoveries are credited in the income statement to"credit loss (expense)/gain".

g) Investments

All investments are initially measured at fair value, including acquisition costs associated with the investment except for investments classified at fair value through profit or loss.

Investments are classified as: (i) held-to-maturity, (ii) financial assets at fair value through profit and loss account, and (iii) available-for-sale. Management determines the appropriate classification at the time of purchase.

All regular way purchases and sales of financial assets are recognized on the settlement date, i.e. the date that the transaction is made. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

Investments are derecognized when the contractual rights to the cash flows expire or when the Bank transfers substantially all the risks and rewards of ownership.

i) Held-to-maturity investments are financial assets that the Bank has the intent and ability to hold to maturity. This category is carried out at amortized cost.
The Bank has not included any financial assets in this category for the period 2005 to 2007.

ii) Financial assets at fair value though profit and loss are those financial assets acquired principally for the purpose of selling in the short term in order to exploit short term market fluctuation (trading portfolio) and those for which the Bank decided, at initial recognition, to recognize changes in fair value in the income statement. Financial assets at fair value though profit and loss comprise derivative financial assets (foreign currency swaps).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

iii) Available-for-sale financial assets are financial assets that are designated as such or do not qualify to be classified in any of the previous categories. Available-for-sale instruments include treasury bills and other bonds eligible for discounting with central banks and investment securities.

After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement. Interest earned whilst holding available for sale debt securities is reported as interest income. Dividends earned whilst holding available for sale equity securities are recognized in the income statement as incurred

h) Financial guarantee contracts

In the ordinary course of business, the Bank gives financial guarantees consisting of letter of credit, letters of guarantees, etc. Financial guarantees are initially recognized in the financial statements are fair value in "other liabilities". Subsequent to initial recognition, the bank's liabilities under such guarantees are each measured at higher of the initial fair value less, when appropriate, less cumulative amortization calculated to recognize the fee in the income statement in "fee and commission income net" over the term of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is taken to the income statement in "credit loss expense". Any financial guarantee liability remaining is recognized in the income statement in "fee and commission income net" when the guarantee is discharged, cancelled or expires.

i) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment, if any. Until 31 December 2003, cost has been obtained by restating the RON historical costs by the general price index between the month of acquisition and the year-end.

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

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The depreciation rates and the useful lives applied are as follows:

Category	**%**	**Useful lives** (years)
Buildings	3	33
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	33.3	3

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

Intangible assets consist of purchased and in-house developed software.

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

Expenses for repairs and maintenance are charged to operating expenses as incurred. Subsequent expenditure on property and equipment is only recognized as an asset when the expenditures improve the condition of the asset beyond the originally assessed standard of performance.

Tangible and intangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

A reversal of an impairment loss recognized in prior years is recorded when there is an indication that the impairment loss previously recognized may no longer exist or may have decreased. The reversal is recorded in the income statement.

j) Borrowings and subordinated loans

Borrowings and subordinated loans are initially measured at cost, being the fair value of the consideration received net of any issue costs. They are subsequently measured at amortized cost using the effective yield method, to amortize cost at inception to the redemption value over the period to the earliest date that the Bank may redeem the subordinated loan stock in issue. Interest on borrowings and subordinated loan stock is included in interest expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Derivatives

Derivative financial instruments include currency swaps. The Bank does not use derivative financial instruments to hedge risks associated with interest rate and exchange rate fluctuations.

These derivatives are recognized in the balance sheet at fair value. Fair values are estimated using quoted market prices, discounted cash flow models and options pricing models, as appropriate. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair values are recognized in the income statement.

l) Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

m) Employee benefits

Short-term employee benefits
Short-term employee benefits include wages, salaries and social security contributions. Short-term employee benefits are recognized as expense as services are rendered.

Social Security Contributions
The Bank as well as its employees is legally obliged to make contributions described in the financial statements as social security contributions to the National Pension Fund, managed by the Romanian State Social Security (a defined contribution plan financed on a pay-as-you-go basis). The Bank has no legal or constructive obligation to pay future benefits. Its only obligation is to pay the contributions as they fall due. If the members of the Romanian State Social Security plan cease to be employed by the Bank, there will be no obligation by the Bank to pay the benefits earned by these employees in previous years. The Bank's contributions are included in salaries and related expenses.

Termination benefits
As defined by the Romanian Law, the Bank pays termination indemnities in cases of termination of employment within the framework of a reduction in labor force, connected or not with reorganization. Expenses related to termination indemnities are accrued when management decides to adopt a plan that will result in future payments of termination benefits and by the balance sheet date either starts to implement the restructuring plan or communicates the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation that the Bank will carry out the restructuring. Up to the present time, the Bank does not have any plans to undertake actions that could result in termination benefits being paid.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Taxation

Taxation on income is provided in accordance with the prevailing fiscal regulations and rates. Deferred tax is provided using the liability method.

Deferred income tax liabilities are recognized for all taxable temporary differences between the tax bases of assets and liabilities and their carrying amounts at the balance sheet date for financial reporting purposes, which will result in taxable amounts in future periods.

Deferred income tax assets are recognized for all deductible temporary differences and carry-forward of unutilized tax losses to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and carry-forward of unutilized tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize all or part of the deductible temporary differences or tax losses.

Deferred income tax assets and liabilities are measured at the amount that is expected to be paid or recovered from the tax authorities after taking into account the tax rates and legislation that have been enacted or substantially been enacted at the balance sheet date.

Current and deferred tax assets and liabilities are offset when they arise from the same tax reporting entity and relate to the same tax authority and when the legal right to offset exists.

o) Offsetting financial instruments

Financial assets and financial liabilities may be offset and the net amount reported in the balance sheet when the Bank has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

p) Leasing

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one of the following applies:

- there is a change in contractual terms, other than a renewal or extension of the arrangement;
- a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- there is a change in the determination of whether fulfillment is dependent on a specified asset; or
- there is a substantial change to the asset.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Leases – the Bank as a lessee

Leases where the lessor transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

3. INTEREST AND SIMILAR INCOME

	31 December 2007	31 December 2006
Current account and term deposits with the National Bank of Romania	32,750	14,899
Loans to and placements with banks	28,711	72,420
Loans and advances to customers	506,802	245,016
Debt securities	16,849	21,854
Total interest income	**585,112**	**354,189**

The interest accrued on impaired loans is not significant.

4. INTEREST EXPENSE AND SIMILAR CHARGES

	31 December 2007	31 December 2006
Deposits and loans from banks	267,231	98,026
Sight and term deposits from customers	85,238	67,995
Subordinated debt	16,306	11,808
Total interest expense	**368,775**	**177,829**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

5. FEE AND COMMISSION INCOME, NET

	31 December 2007	31 December 2006
Lending commissions	4,095	15,918
Letters of guarantee	9,086	8,502
Trade finance	1,102	788
Commissions from transactions with cash	19,479	11,587
Transfers of funds	28,634	22,588
Other	7,591	3.216
Fee and commission income	**69,987**	**62,599**
Commissions paid to clearing house	(6,543)	(5,336)
Other	(882)	(2,496)
Fee and commission expense	**(7,425)**	**(7,832)**
Net fee and commission income	**62,562**	**54,767**

6. GAIN FROM FINANCIAL OPERATIONS, NET

	31 December 2007	31 December 2006
Gains (losses) from the revaluation of foreign currency assets and liabilities, net	21,257	(5,280)
Gains from dealing in foreign exchange, net	45,187	42,825
Gains (losses) from forex derivatives	1,525	(829)
Gain from financial operations, net	**67,969**	**36,716**

7. CREDIT LOSS (EXPENSE) / GAIN

	31 December 2007	31 December 2006
Impairment losses from loans to customers	(13,443)	(7,051)
Recoveries from written-off loans	2,399	567
Reversal of impairment loss on loans	1,628	6,790
Total	**(9,416)**	**306**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

8. STAFF COSTS

	31 December 2007	31 December 2006
Salaries	82,480	55,564
Social security contributions	21,987	14,910
Other staff costs	2,397	3.205
Total	**106,864**	**73,679**

As at 31 December 2007, staff costs include the accrual for employee performance bonus in amount of RON 11,193 thousand (2006: RON 5,138 thousand).

The social security contributions represent contributions to the Romanian State defined pension scheme. The Bank does not have any further obligations to its employees regarding post-employment benefits or termination benefits.

9. OTHER OPERATING EXPENSES

	31 December 2007	31 December 2006
Rent	20,957	13,521
Insurance expenses	14,188	13,877
Various taxes	10,478	13,178
Stationery	5,269	2,909
Advertising	7,009	7,621
Telecommunications	8,610	5,939
Intangible assets written-off	-	11,961
Other expenses	28,783	15,982
Total	**95,294**	**84,988**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

10. CASH AND BALANCES WITH NATIONAL BANK OF ROMANIA

	31 December 2007	31 December 2006
Cash in hand	102,999	50,515
Cash in ATMs	17,653	9,957
Current account at National Bank of Romania	4,044,025	2,231,748
Term deposits with National Bank of Romania	-	489,438
Total	**4,164,677**	**2,781,658**

The balances per currency of the current accounts held with the NBR as at 31 December 2007 were: RON 589,483 thousand (31 December 2006: RON 361,875 thousand), USD nil (31 December 2006: USD 66,890 thousand) and EUR 956,579 thousand (31 December 2006: EUR 501,998 thousand).The balance of the current account is used for the mandatory reserves purposes and can vary on a daily basis. The mandatory reserve can be used by the Bank's day to day activities providing the average balance for the month is maintained within required formula.

The mandatory reserve is denominated in EUR for the foreign currency deposits and loans and in RON for domestic currency deposits. The interest rate paid by the National Bank of Romania increased during 2007 varied from 2.35% to 2.5% for reserves held in RON and from 1.15% to 1.35% for reserves held in EUR.

11. DUE FROM OTHER BANKS

	31 December 2007	31 December 2006
Current accounts with other banks	1,194	1,527
Term deposits with other banks	256,334	253,751
Collateral deposits with banks	1,853	667
Term loans to banks	30,525	20,400
Total due from banks	**289,906**	**276,345**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

12. FINANCIAL ASSETS AVAILABLE-FOR-SALE

	31 December 2007	31 December 2006
Treasury bonds	118,888	48,123
Certificates of deposit	-	199,338
Investment equity securities	7,088	6,977
Total	**125,976**	**254,438**

As at 31 December 2007, the Bank held treasury bonds issued by the Romanian Ministry of Finance in RON with coupon, treasury bills with discount issued by the Romanian Ministry of Finance.

Treasury bonds in RON carry coupon rates ranging from 6% to 7.9% p.a. as at 31 December 2007 (31 December 2006: 6.47% to 12.02%). The weighted average yield at the end of 31 December 2007 is 6.63% (31 December 2006: 7.66% p.a.) with maturities between May 2008 and March 2012.

Also included in financial assets – available for sale are equity investments in shares in the Group companies and other companies.

The movement and the breakdown of the investment equity securities as at 31 December 2007 were as follows:

	31 December 2007	31 December 2006
As at 1 January	6,977	9,504
Additions	111	-
Disposals	-	(2,527)
At the end of period	**7,088**	**6,977**

Investment	Country of incorporation	Percentage of interest	
		31 December 2007	31 December 2006
Victoriabank Chişinău	Moldova	12.50%	12.50%
Alpha Finance Romania	Romania	15.00%	15.00%
Alpha Leasing Romania	Romania	15.00%	15.00%
Alpha Insurance Brokers	Romania	100.00%	100.00%
SNCDD	Romania	1.71%	1.61%
TransFonD	Romania	2.90%	2.90%
Biroul de Credite SA	Romania	3.47%	3.47%
SWIFT	Belgium	less than 1%	less than 1%
Bursa Romana de Marfuri	Romania	less than 1%	less than 1%

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

12. FINANCIAL ASSETS AVAILABLE-FOR-SALE (continued)

All investments are stated at cost and none of them is a listed company except Victoriabank. Victoriabank is listed on the Chisinau Stock Exchange but the transactions with this share are very rare. In the opinion of the management, the financial position and results of the Bank's associates are 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 Victoriabank Chişinău, for which the area of operation is the Republic of Moldova), the major area of operation is Romania.

Alpha Insurance Brokers was established in December 2005, having a share capital of RON 185 thousand. It started the operational activity in March 2006 and the management did not consider its consolidation as the effect would have been immaterial. Alpha Insurance Brokers is consolidated at the Alpha Bank Group level.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shoes an analysis of financial instruments recorded at fair value, between those whose fair value is based on quoted market prices, those involving valuation where the model inputs are observable in the market, and those where the valuation techniques involves the use of non-market observable inputs.

Financial instruments recorded at fair value

2007	Quoted market price	Valuation techniques market observable inputs	Valuation techniques - non-market observable inputs	Total
Financial assets				
Derivative financial instruments	-	378	-	378
Financial assets held for trading	-	-	-	-
Financial assets designated at fair value through profit or loss	-	-	-	-
Financial investments - available-for-sale	42,928	75,960	-	118,888
	42,928	**76,338**	**-**	**119,266**
Financial liabilities				
Derivative financial instruments	-	(6,950)	-	(6,950)
Financial liabilities held for trading	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-
	-	**(6,950)**	**-**	**(6,950)**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

13. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

2007	Quoted market price	Valuation techniques market observable inputs	Valuation techniques - non-market observable inputs	Total
Financial assets				
Derivative financial instruments	-	-	-	-
Financial assets held for trading	-	-	-	-
Financial assets designated at fair value through profit or loss	-	-	-	-
Financial investments - available-for-sale	-	247,461	-	247,461
	-	**247,461**	**-**	**247,461**
Financial liabilities				
Derivative financial instruments	-	-	-	-
Financial liabilities held for trading	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-
	-	**-**	**-**	**-**

14. LOANS AND ADVANCES TO CUSTOMERS, NET

	31 December 2007	31 December 2006
Corporate	3,916,814	2,455,620
SMEs	1,765,071	552,425
Individuals	2,416,426	722,485
- Consumer loans	1,061,510	70,888
- Housing loans	1,218,635	398,419
- Personal loans	61,714	177,358
- Other	74,567	75,820
	8,098,311	**3,730,530**
Allowance for impairment losses	(22,174)	(13,207)
Total loans, net	**8,076,137**	**3,717,323**

Loans can be repaid before their scheduled maturity. In the event of repayment some loan categories are subject to an early reimbursement commissions.

14. LOANS AND ADVANCES TO CUSTOMERS, NET (continued)

(a) Analysis by type of customer

	31 December 2007	31 December 2006
Individuals		
- in RON	308,229	163,600
- in foreign currencies	2,114,239	558,885
Legal entities		
- in RON	1,738,962	450,910
- in foreign currencies	3,936,881	2,557,135
Total loans, gross	**8,098,311**	**3,730,530**
Allowance for impairment losses	(22,174)	(13,207)
Total loans, net	**8,076,137**	**3,717,323**

(b) Analysis by industry sector

	31 December 2007		31 December 2006	
	RON'000	%	RON'000	%
Financial institutions (leasing)	490,201	6.05%	508,260	13.62%
Services	2,690,554	33.22%	923,900	24.77%
Trade	854,961	10.56%	618,012	16.57%
Agriculture & food industry	322,851	3.99%	228,679	6.13%
Manufacturing industry	431,695	5.33%	213,613	5.73%
Constructions	299,049	3.69%	170,345	4.57%
Tourism	207,570	2.56%	111,299	2.98%
Chemical and petrochemical	122,680	1.51%	49,053	1.31%
Other sectors	262,324	4.16%	184,884	4.95%
Individuals	2,416,426	28.92%	722,485	19.37%
Total loans	**8,098,311**	**100%**	**3,730,530**	**100%**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

14. LOANS AND ADVANCES TO CUSTOMERS, NET (continued)

(c) Allowances for impairment losses – Loans and advances to customers

The movement in allowance for impairment losses is analyzed as follows:

	MORTGAGES			CONSUMER			CREDIT CARDS			CORPORATE LOANS			TOTAL LOANS		
	Individual assessment	*Group assessment*	*Total assessment*	*Individual assessment*	*Group assessment*	*Total assessment*	*Individual assessment*	*Group assessment*	*Total assessment*	*Individual assessment*	*Group assessment*	*Total assessment*	*Individual assessment*	*Group assessment*	*Total assessment*
Balance at 1 January 2006	**-**	**-**	**-**	**-**	**3,960**	**3,960**	**-**	**-**	**-**	**8,523**	**3,561**	**12,084**	**8,523**	**7,522**	**16,045**
Impairment loss for the period	-	-	-	-	504	504	-	-	-	2,062	4,485	6,547	2,062	4,988	7,050
Reversal of impairment loss	-	-	-	-	(1,988)	(1,988)	-	-	-	(4,802)	-	(4,802)	(4,802)	(1,988)	(6,790)
Translation differences	-	-	-	-	(94)	(94)	-	-	-	-	(379)	(379)	-	(473)	(473)
Bad debts written-off	-	-	-	-	-	-	-	-	-	-	(2,625)	(2,625)	-	(2,625)	(2,625)
Balance at 31 December 2006	**-**	**-**	**-**	**-**	**2,382**	**2,382**	**-**	**-**	**-**	**5,783**	**5,042**	**10,825**	**5,783**	**7,424**	**13,207**
Balance at 1 January 2007	**-**	**-**	**-**	**-**	**2,382**	**2,382**	**-**	**-**	**-**	**5,783**	**5,042**	**10,825**	**5,783**	**7,424**	**13,207**
Impairment loss for the period	-	-	-	-	4,792	4,792	-	1,108	1,108	451	7,091	7,542	451	12,992	13,443
Reversal of impairment loss	-	-	-	-	-	-	-	-	-	(1,628)	-	(1,628)	(1,628)	-	(1,628)
Translation differences	-	-	-	-	-	-	-	-	-	-	(1,969)	(1,969)	-	(1,969)	(1,969)
Bad debts written-off	-	-	-	-	-	-	-	-	-	-	(879)	(879)	-	(879)	(879)
Balance at 31 December 2007	**-**	**-**	**-**	**-**	**7,174**	**7,174**	**-**	**1,108**	**1,108**	**4,606**	**9,285**	**13,891**	**4,606**	**17,568**	**22,174**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

15. 15. PROPERTY AND EQUIPMENT

	Land and Buildings	Furniture and EDP equipment	Other	Fixed assets in progress	Intangible fixed assets	Total
COST						
1 January 2007	**63,185**	**29,023**	**9,427**	**32,258**	**10,954**	**144,847**
Additions	33,088	17,473	8,298		6,328	65,187
Disposals	-	-	(612)	(5,515)	(1,043)	(7,170)
Reclassification	-	-	8	-	(8)	-
31 December 2007	**96,273**	**46,496**	**17,121**	**26,743**	**16,231**	**202,864**
DEPRECIATION						
1 January 2007	**8,531**	**13,849**	**3,735**	**-**	**7,971**	**34,086**
Depreciation charge	4,562	3,517	4,365	-	2,214	14,658
Disposals	-	-	(2,287)	-	-	(2,287)
31 December 2007	**13,093**	**17,366**	**5,813**	**-**	**10,185**	**46,457**
NET BOOK VALUE						
31 December 2007	**83,180**	**29,130**	**11,308**	**26,743**	**6,046**	**156,407**
31 December 2006	**54,653**	**15,174**	**5,692**	**32,258**	**2,983**	**110,760**

	Land and Buildings	Furniture and EDP equipment	Other	Fixed assets in progress	Intangible fixed assets	Total
COST						
1 January 2006	**47,801**	**21,818**	**9,155**	**7,267**	**8,554**	**94,595**
Additions	15,383	7,206	1,908	47,226	12,833	84,556
Disposals	-	(1)	(107)	(22,235)	(11,962)	(34,305)
Reclassification	-	-	(1,529)	-	1,529	-
31 December 2006	**63,184**	**29,023**	**9,427**	**32,258**	**10,954**	**144,846**
DEPRECIATION						
1 January 2006	**6,083**	**10,701**	**1,905**	**-**	**5,648**	**24,337**
Depreciation charge	2,448	3,149	1,910	-	2,323	9,830
Disposals	-	(1)	(80)	-	-	(81)
31 December 2006	**8,531**	**13,849**	**3,735**	**-**	**7,971**	**34,086**
NET BOOK VALUE						
31 December 2006	**54,653**	**15,174**	**5,692**	**32,258**	**2,983**	**110,760**
31 December 2005	**41,718**	**11,117**	**7,250**	**7,267**	**2,906**	**70,258**

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

As at 31 December 2007, the carrying value of the fixed assets purchased under finance lease agreements is RON 10,513 thousand (31 December 2006: RON 6,217 thousand).

Fixed assets purchased under finance leasing agreements consist of cars and ATMs and are classified as "Other" within the present financial statements.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

16. OTHER ASSETS

	31 December 2007	31 December 2006
Sundry debtors	1,215	1,572
Prepayments	10,876	2,975
Other assets	4,141	595
Other assets	**16,232**	**5,142**

17. DUE TO OTHER BANKS

	31 December 2007	31 December 2006
Demand deposits	11,338	11,820
Term deposits	7,174,350	3,135,475
Collateral deposits	113,992	109,905
Total due to other banks	**7,299,680**	**3,527,200**

18. DUE TO CUSTOMERS

	31 December 2007	31 December 2006
Sight deposits	1,723,872	1,293,786
Term deposits	1,962,475	1,251,605
Collateral deposits	525,951	182,323
Certificates of deposit	52,035	56,930
Due to customers	**4,264,333**	**2,784,644**

	31 December 2007	31 December 2006
Individuals		
- in RON	511,762	338,122
- in foreign currencies	1,095,408	781,476
Legal entities		
- in RON	1,547,474	934,919
- in foreign currencies	1,097,491	720,772
Total deposits	**4,252,135**	**2,775,289**
Accrued interest	12,198	9,355
Total	**4,264,333**	**2,784,644**

Deposits can be withdrawn before their maturity, in which case the interest income is computed based on current account interest rate prevailing at the date of withdrawal.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

19. OTHER BORROWED FUNDS

Other borrowed funds represent one credit facility from the European Bank for Reconstruction and Development ("EBRD") for financing small and medium size municipalities.

On 24 November 2005 the Bank signed a new loan agreement with EBRD for financing small and medium-size municipalities and/or municipally owned or controlled companies, in total amount of EUR 20 million, maturing in January 2021. As at 31 December 2007 an amount of EUR 0.3 million plus RON 3.85 million have been drawn.

	31 December 2007	**31 December 2006**
EBRD loans	4,996	24,120
Other borrowed funds	**4,996**	**24,120**

20. DERIVATIVE FINANCIAL INSTRUMENTS

The table below shows the fair values of derivatives financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

	2007			***2006***		
Derivative instruments	**Assets**	**Liabilities**	**Notional Amount Assets**	**Assets**	**Liabilities**	**Notional Amount Assets**
Derivatives held for trading						
Interest rate swaps	-	-	-	-	-	-
Currency swaps	378	(6,950)	542,750	-	-	-
Forward foreign exchange contracts	-	-	-	-	-	-
Interest future rates	-	-	-	-	-	-
Interest rate options	-	-	-	-	-	-
Credit default swaps	-	-	-	-	-	-
Equity swaps and options	-	-	-	-	-	-
Derivatives held as fair value hedges						
Interest rate swaps	-	-	-	-	-	-
Currency swaps	-	-	-	-	-	-
Forward foreign exchange contracts	-	-	-	-	-	-
Interest rate futures	-	-	-	-	-	-
Derivatives held as cash flow hedges						
Interest rate swaps	-	-	-	-	-	-
Currency swaps	-	-	-	-	-	-
	378	**(6,950)**	**542,750**	**-**	**-**	**-**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

21. SUBORDINATED DEBT

In November 2004, Alpha Bank Romania signed a loan agreement for a subordinated loan of EUR 16,000,000 with a seven-year maturity and interest rate equal to EURIBOR 3 months plus 1.0%. The subordinated loan will be fully repaid in one installment in November 2011.

In September 2005, Alpha Bank Romania signed a second loan agreement for a subordinated loan of EUR 60,000,000 with a seven-year maturity and interest rate equal to EURIBOR 3 months plus 1.0%. The subordinated loan will be fully repaid in one installment in September 2012.

In February 2006, Alpha Bank Romania signed a third loan agreement for a subordinated loan of EUR 4,300,000 with a seven-year maturity and interest rate equal to EURIBOR 3 months plus 1.0%. The subordinated loan will be fully repaid in one installment in January 2013.

In November 2006, Alpha Bank Romania signed a fourth loan agreement for a subordinated loan of EUR 13,000,000 with a seven-year maturity and interest rate equal to EURIBOR 3 months plus 1.0%. The subordinated loan will be fully repaid in one installment in November 2013.

As at 31 December 2007, all subordinated loans were fully drawn.

	31 December 2007	**31 December 2006**
Subordinated debt	337,604	316,093
Total	**337,604**	**316,093**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

22. OTHER LIABILITIES

	31 December 2007	31 December 2006
Accrual performance bonus	11,193	5,138
Social security liabilities	5,323	4,049
Finance lease payable	8,703	4,812
Current income tax payable / (receivable)	-	(601)
Amounts in transit	4,141	4,013
Other liabilities	27,411	6,856
Other liabilities	**56,771**	**24,267**

	31 December 2007	31 December 2006
Total minimum finance lease payments		
not later than 1 year	2,752	1,558
later than 1 year and not later than 5 years	7,058	3,875
later than 5 years	-	-
	9,810	**5,433**
less: Finance charge	(1,107)	(621)
Present value of finance lease payments	**8,703**	**4,812**
not later than 1 year	2,246	1,262
later than 1 year and not later than 5 years	6,457	3,550

23. TAXATION

Tax charge

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

	31 December 2007	31 December 2006
Statutory current tax charge	524	13,661
Deferred tax charge	14,467	596
Total tax charge for the period	**14,991**	**14,257**

Deferred tax liability

	31 December 2007	31 December 2006
At the beginning of the period	3,394	2,798
Charge for the period	14,467	596
At the end of the period	**17,861**	**3,394**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

23. TAXATION (continued)

The reconciliation of the tax on the Bank's profit before tax and the theoretical amount that would arise using the basic tax rate of Romania is as follows:

	31 December 2007	**31 December 2006**
Profit before tax	122,770	102,012
Tax calculated at a tax rate of 16%	19,643	16,322
Effect on tax of:		
- income not subject to tax	(10,383)	(6,305)
- expenses not deductible for tax purposes	5,731	4,240
Total income tax charge	**14,991**	**14,257**

The net deferred tax liability comprises the following:

	31 December 2007	**31 December 2006**
Deferred tax liabilities/(assets)		
Loans and advances to customers	17,659	2,647
Property, plant and equipment	2,332	2,462
Other assets	559	559
Other liabilities	(2,689)	(2,274)
Net deferred tax liability	**17,861**	**3,394**

The Bank has not provided deferred taxation on the statutory reserves of RON 120,578 thousand (2006: 119,511), which as explained in note 25 below, are set-up under the Romanian Banking and Company Laws and regulations and they are non-distributable until the Bank dissolves or decreases, in the case of the General Banking Reserve, the level of the Bank's risk bearing assets. These reserves under the Romanian Fiscal Code are exempt from income taxes and will remain untaxed until they are distributed or transferred to distributable profits. The Bank has no intention in the direction of decrease or dissolving its activities and based on its current business plans it is unlikely that the General Banking Reserve will decrease.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

24. SHARE CAPITAL

	31 December 2007	31 December 2006
Statutory value (not restated)	593,618	535.420
Restatement of share capital	24,334	24,334
Total	**617,952**	**559,754**

The authorized, issued and fully paid share capital of the Bank as at 31 December 2007 is 5,819,787 shares with a par value of RON 102 (31 December 2006: 5,819,787 shares with a par value of RON 92). The share capital increased in 2007 with RON 58,198 thousand from previous year's profits and other reserves. During 2007 there were no changes in the shareholders' structure.

All issued shares are fully paid and carry one vote.

The capital structure is as follows:

	31 December 2007		
Shareholder	**Number of shares**	**%**	**Amount**
Alpha Bank A.E	5,787,022	99.43701%	590,276
Alpha Finance A.E	27,203	0.46742%	2,775
Alpha Advisory Romania SRL	10	0.00017%	1
Alpha Finance Romania	10	0.00017%	1
Alpha Bank Group (Greece)	***5,814,245***	***99.90477%***	***593,053***
Other shareholders (Greek citizens)	5,542	0.09523%	565
Total	**5,819,787**	**100%**	**593,618**

	31 December 2006		
Shareholder	**Number of shares**	**%**	**Amount**
Alpha Bank A.E	5,787,022	99.43701%	532,406
Alpha Finance A.E	27,203	0.46742%	2,503
Alpha Advisory Romania SRL	10	0.00017%	1
Alpha Finance Romania	10	0.00017%	1
Alpha Bank Group (Greece)	***5,814,245***	***99.90477%***	***534,911***
Other shareholders (Greek citizens)	5,542	0.09523%	509
Total	**5,819,787**	**100%**	**535,420**

The ultimate shareholder of the Group is Alpha Bank A.E. (Greece), listed on the Athens Stock Exchange and also in GDR form on the London Stock exchange, with no majority shareholder.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

25. RESERVES

In accordance with the Romanian law on banks and banking activities, the Bank must distribute the profit as dividends or transfer it to retained earnings (reserves) on the basis of the financial statements prepared under Romanian Accounting Standards ("RAS"). Amounts transferred to reserves must be used for the purposes designated when the transfer is made.

Under the Romanian banking legislation, the Bank is required to create the legal reserves, appropriated at the rate of 5% of profit up to a limit of 20% of the share capital;

After the charge for taxes and setting aside the legal reserves as discussed above, the remaining balance of net profit may be distributed to shareholders. Dividends may only be declared from retained earnings.

Below is a reconciliation of the total reserves and results for the year between the statutory and IFRS financial statements.

	31 December 2007		31 December 2006	
	Profit for the period	Total Equity	Profit for the period	Total Equity
Per statutory accounts	**17,707**	**744,518**	**83,720**	**726,737**
Deferral loans up-front commissions	4,573	(4,548)	(3,942)	(9,121)
Loan impairment	96,878	100,018	10,620	3,140
Reintegration of off-balance sheet loans for IFRS purposes	(10,618)	3,075	(596)	13,693
Inflation restatement of fixed assets and change of useful lives	(800)	(1,449)	(1,102)	(649)
Inflation restatement of equity investments	-	3,494	(225)	3,494
Change of AFS reserve	2,209	-	(393)	-
Other adjustments	12,298	11,749	(430)	(475)
Deferred tax impact	(14,468)	(15,339)	103	(871)
Total, as per IFRS	**107,779**	**841,518**	**87,755**	**735,948**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

26. COMMITMENTS AND CONTINGENCIES

Guarantees and letters of credit

The Bank issues guarantees and letters of credit on behalf of its customers. 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 collateralized 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.

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, such as cash collateral and letters of guarantee from Alpha Bank AE and other parties. At 31 December 2007 the probability of material losses arising in connection with letters of credit is considered to be remote and accordingly no provision has been established.

Credit related commitments

Commitments to extend credit represent unused portions of authorizations 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 authorizations 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, letters of credit and commitments to extend credit at the end of the period were:

	31 December 2007	31 December 2006
Letters of guarantee issued in RON	220,087	124,023
Letters of guarantee issued in foreign currency	449,032	556,897
Total letters of guarantee issued	**669,119**	**680,920**
Letters of credit issued	**82,570**	**83,921**
Un-drawn credit facilities	**2,815,886**	**1,476,350**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

26. COMMITMENTS AND CONTINGENCIES (continued)

Rent commitments

As at 31 December 2007 the Bank has rent commitments of RON 172,094 thousand (31 December 2006: RON 126,343 thousand).

Operating lease commitments

Minimum future lease payments:

	31 December 2007	31 December 2006
Less than one year	23,894,878	17,728,457
Between one and five years	82,590,144	62,442,453
More than five years	65,609,124	46,172,548
TOTAL	**172,094,146**	**126,343,458**

Capital commitments

The Bank has a commitment of approximately EUR 15 million to acquire a new head office building (31 December 2006: EUR 12 million).

Litigations

The litigations in which the Bank is defendant as at 31 December 2007 and 31 December 2006 do not involve material claims on the Bank. Therefore, no provisions have been made in this respect.

Other contingencies

On 15 May 2006, a Service Agreement was concluded between Alpha Bank Romania, Alpha Leasing Romania, Alpha Insurance Brokers and NBG Insurance (former Alpha Insurance). The agreement scope was that the insurance company will provide insurance services to the Bank and the leasing company through the brokerage company. Mainly, the agreement refers to insurance for financial risk for consumer / personal loans / life insurance / insurance for equipment in leasing or for loans collaterals. Term of the agreement is 5 years starting from the execution date (i.e. signing date).

In case the Bank decides to terminate the agreement without cause, it is obliged to pay a penalty to NBG Insurance which will vary in accordance with the proposed date of termination, as follows: until 31 December 2006 the penalty will be EUR 2.7 million. Starting with 2007, the penalty will be EUR 37,500 for each of the remaining months until December 2010.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

27. CREDIT RISK

It is the Bank's policy to maintain accurate and consistent risk ratings across the credit portfolio. All risk ratings are tailored to the various categories and are derived in accordance with the Bank's rating policy that follows NBR stipulations

a) Credit quality per class of financial assets 2007

	Loans and advances to Individuals				
	Neither past due nor impaired	*Past due but not impaired*	*Individually Impaired*	*Collectively impaired*	*Total*
- Grade 1	33,784	-	-	242,893	**276,677**
- Grade 2	1,484,972	-	-	592,379	**2,077,351**
- Grade 3	3,450	-	-	6,515	**9,965**
- Grade 4	10,019	22,244	-	7,259	**39,522**
- Grade 5	3,729	184	-	8,997	**12,910**
Gross amount	**1,535,955**	**22,428**	**-**	**858,043**	**2,416,426**
Allowances for impairment	**-**	**-**	**-**	**8,282**	**8,282**
Carrying amount	**1,535,955**	**22,428**	**-**	**849,761**	**2,408,144**
Collateral amount	**-**	**22,428**	**-**	**-**	**-**

	Loans and advances to Companies				
	Neither past due nor impaired	*Past due but not impaired*	*Individually Impaired*	*Collectively impaired*	*Total*
- Grade 1	705,239	-	-	2,829,773	**3,535,013**
- Grade 2	278,545	-	-	1,669,421	**1,947,966**
- Grade 3	-	-	-	115,299	**115,299**
- Grade 4	-	-	-	3,808	**3,808**
- Grade 5	-	-	5,774	13,397	**19,171**
Gross amount	**983,784**	**-**	**5,774**	**4,631,699**	**5,621,257**
Allowances for impairment	**-**	**-**	**4,607**	**9,285**	**13,892**
Carrying amount	**983,784**	**-**	**1,167**	**4,622,415**	**5,607,365**
Collateral amount	**-**	**-**	**1,167**	**-**	**-**

	Intra Group Loans and advances				
	Neither past due nor impaired	*Past due but not impaired*	*Individually Impaired*	*Collectively impaired*	*Total*
- Grade 1	60,627	-	-	-	**60,627**
- Grade 2	-	-	-	-	**-**
- Grade 3	-	-	-	-	**-**
- Grade 4	-	-	-	-	**-**
- Grade 5	-	-	-	-	**-**
Gross amount	**60,627**	**-**	**-**	**-**	**60,627**
Allowances for impairment	**-**	**-**	**-**	**-**	**-**
Carrying amount	**60,627**	**-**	**-**	**-**	**60,627**
Collateral amount	**-**	**-**	**-**	**-**	**-**
Total Carrying amount	**2,580,366**	**22,428**	**1,167**	**5,472,176**	**8,076,137**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

27. CREDIT RISK (continued)

b) Credit quality per class of financial assets 2006

	Loans and advances to Individuals				
	Neither past due nor impaired	*Past due but not impaired*	*Individually Impaired*	*Collectively impaired*	*Total*
- Grade 1	5,099	-	-	145,529	**150,628**
- Grade 2	392,633	-	-	171,194	**563,827**
- Grade 3	-	-	-	3,667	**3,667**
- Grade 4	259	16	-	2,044	**2,319**
- Grade 5	370	42	-	1,632	**2,044**
Gross amount	**398,361**	**58**	**-**	**324,066**	**722,485**
Allowances for impairment	**-**	**-**	**-**	**2,382**	**2,382**
Carrying amount	**398,361**	**58**	**-**	**321,684**	**720,103**
Collateral amount	**-**	**58**	**-**	**-**	**-**

	Loans and advances to Companies				
	Neither past due nor impaired	*Past due but not impaired*	*Individually Impaired*	*Collectively impaired*	*Total*
- Grade 1	280,641	-	-	1,649,742	**1,930,383**
- Grade 2	9,251	-	-	832,545	**841,796**
- Grade 3	-	-	-	12,967	**12,967**
- Grade 4	-	-	2,460	2,518	**4,978**
- Grade 5	-	-	12,773	21,882	**34,655**
Gross amount	**289,892**	**-**	**15,233**	**2,519,654**	**2,824,779**
Allowances for impairment	**-**	**-**	**5,783**	**5,042**	**10,825**
Carrying amount	**289,892**	**-**	**9,450**	**2,514,612**	**2,813,954**
Collateral amount	**-**	**-**	**9,450**	**-**	**-**

	Intra Group Loans and advances				
	Neither past due nor impaired	*Past due but not impaired*	*Individually Impaired*	*Collectively impaired*	*Total*
- Grade 1	182,759	-	-	-	**182,759**
- Grade 2	507	-	-	-	**507**
- Grade 3	-	-	-	-	
- Grade 4	-	-	-	-	**-**
- Grade 5	-	-	-	-	**-**
Gross amount	**183,266**	**-**	**-**	**-**	**183,266**
Allowances for impairment					**-**
Carrying amount	**183,266**	**-**	**-**	**-**	**183,266**
Collateral amount	**-**	**-**	**-**	**-**	**-**
Total Carrying amount	**871,519**	**58**	**9,451**	**2,836,296**	**3,717,323**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

27. CREDIT RISK (continued)

c) Aging analysis 2007

	Loans and advances to Individuals				
	Neither past due nor impaired	*Past due but not impaired*	*Individually Impaired*	*Collectively impaired*	*Total*
Not past due	1,535,955	-	-	809,749	**2,345,704**
Past due up to 30 days	-	18,629	-	32,324	**50,953**
Past due 30 - 60 days	-	2,701	-	6,946	**9,647**
Past due 60 - 90 days	-	716	-	3,167	**3,883**
Past due 90 - 180 days	-	-	-	-	**-**
Past due 180 - 270 days	-	-	-	-	**-**
Past due 270 - 360 days	-	198	-	5,857	**6,0545**
Past due over 360 days	-	-	-	-	**-**
Legal Actions	-	184	-	-	**184**
Gross amount	**1,535,955**	**22,428**	**-**	**858,043**	**2,416,426**
Collateral amount	**-**	**22,428**	**-**	**-**	**-**

	Loans and advances to Companies				
	Neither past due nor impaired	*Past due but not impaired*	*Individually Impaired*	*Collectively impaired*	*Total*
Not past due	983,784	-	2,248	4,572,855	**5,558,887**
Past due up to 30 days	-	-	-	56,259	**56,259**
Past due 30 - 60 days	-	-	-	-	**-**
Past due 60 - 90 days	-	-	451	-	**451**
Past due 90 - 180 days	-	-	-	-	**-**
Past due 180 - 270 days	-	-	-	-	**-**
Past due 270 - 360 days	-	-	-	-	**-**
Past due over 360 days	-	-	3,075	-	**3,075**
Legal Actions	-	-	-	2,585	**2,585**
Gross amount	**983,784**	**-**	**5,774**	**4,631,699**	**5,621,257**
Collateral amount	**-**	**-**	**1,167**	**-**	**-**

	Intra Group Loans and advances				
	Neither past due nor impaired	*Past due but not impaired*	*Individually Impaired*	*Collectively impaired*	*Total*
Not past due	60,627	-	-	-	**60,627**
Past due up to 30 days	-	-	-	-	**-**
Past due 30 - 60 days	-	-	-	-	**-**
Past due 60 - 90 days	-	-	-	-	**-**
Past due 90 - 180 days	-	-	-	-	**-**
Past due 180 - 270 days	-	-	-	-	**-**
Past due 270 - 360 days	-	-	-	-	**-**
Past due over 360 days	-	-	-	-	**-**
Legal Actions	-	-	-	-	**-**
Gross amount	**60,627**	**-**	**-**	**-**	**60,627**
Collateral amount	**-**	**-**	**-**	**-**	**-**
Total Gross amount	**2,580,366**	**22,428**	**5,774**	**5,489,743**	**8,098,311**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

27. CREDIT RISK (continued)

d) Aging analysis 2006

	Loans and advances to Individuals				
	Neither past due nor impaired	*Past due but not impaired*	*Individually Impaired*	*Collectively impaired*	*Total*
Not past due	398,360	-	-	288,466	**686,826**
Past due up to 30 days	-	16	-	28,272	**28,288**
Past due 30 - 60 days	-	-	-	3,640	**3,640**
Past due 60 - 90 days	-	-	-	1,842	**1,842**
Past due 90 - 180 days	-	-	-	1,847	**1,847**
Past due 180 - 270 days	-	-	-	-	**-**
Past due 270 - 360 days	-	-	-	-	**-**
Past due over 360 days	-	-	-	-	**-**
Legal Actions	-	42	-	-	**42**
Gross amount	**398,360**	**58**	**-**	**324,067**	**722,485**
Collateral amount	**-**	**58**	**-**	**-**	**-**

	Loans and advances to Companies				
	Neither past due nor impaired	*Past due but not impaired*	*Individually Impaired*	*Collectively impaired*	*Total*
Not past due	289,892	-	2,460	2,510,820	**2,803,172**
Past due up to 30 days	-	-	-	7,957	**7,957**
Past due 30 - 60 days	-	-	-	-	**-**
Past due 60 - 90 days	-	-	-	-	**-**
Past due 90 - 180 days	-	-	-	-	**-**
Past due 180 - 270 days	-	-	-	-	**-**
Past due 270 - 360 days	-	-	-	-	**-**
Past due over 360 days	-	-	-	-	**-**
Legal Actions	-	-	12,773	877	**13,650**
Gross amount	**289,892**	**-**	**15,233**	**2,519,654**	**2,824,779**
Collateral amount	**-**	**-**	**9,450**	**-**	**-**

	Intra Group Loans and advances				
	Neither past due nor impaired	*Past due but not impaired*	*Individually Impaired*	*Collectively impaired*	*Total*
Not past due	183,266	-	-	-	**183,266**
Past due up to 30 days	-	-	-	-	**-**
Past due 30 - 60 days	-	-	-	-	**-**
Past due 60 - 90 days	-	-	-	-	**-**
Past due 90 - 180 days	-	-	-	-	**-**
Past due 180 - 270 days	-	-	-	-	**-**
Past due 270 - 360 days	-	-	-	-	**-**
Past due over 360 days	-	-	-	-	**-**
Legal Actions	-	-	-	-	**-**
Gross amount	**183,266**	**-**	**-**	**-**	**183,266**
Collateral amount	**-**	**-**	**-**	**-**	**-**
Total Gross amount	**871,518**	**58**	**15,233**	**2,843,721**	**3,730,530**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

27. CREDIT RISK (continued)

e) Risk concentrations of the maximum exposure to credit risk

An industry sector analysis of the Bank's financial assets exposed to credit risk, before and after taking into account the collaterals held is as follows.

	31 December 2007		31 December 2006	
	Gross maximum exposure	*Net maximum exposure*	*Gross maximum exposure*	*Net maximum exposure*
Financial Institutions	5,073,633	4,459,906	3,724,639	3,203,847
Manufacturing	431,729	9,829	198,002	7,568
Real Estate & Construction	294,686	-	156,093	-
Wholesale and Retail Trade	842,490	220	566,306	95
Public Sector	99,132	-	75,791	48,123
Hotels & Tourism	204,542	-	101,987	-
Other Industries	3,196,684	4,948	1,438,731	4,696
Individuals	2,416,426	8,282	722,485	2,382
Total	**12,559,322**	**4,483,185**	**6,984,034**	**3,266,711**

Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. The main types of collaterals accepted by the Bank are as follows:

- for commercial lending – charges over real estate proprieties, inventory and trade receivables
- for retail lending – mortgages over residential properties.
- for real estate lending: mortgage on land and existing constructions and real movable collateral on shares or social parts(in case of loans for the real estate projects unrolled by the specialized companies within real estate projects/special founded for the unrolling for this projects)

The Bank monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

28. LIQUIDITY RISK

The table below analyses 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 31 December 2007 and 31 December 2006. The Bank's financial liabilities are measured based on undiscounted contractual cash flows, grossing up the principal amounts with the interest payments.

2007	Up to 1 month	1 to 3 months	3 to 12 months	Over 1 year	No specified maturity	Total
Assets						
Cash and balances with National Bank of Romania	4,164,677	-	-	-	-	**4,164,677**
Due from other banks	212,984	46,397	-	30,525	-	**289,906**
Financial assets available for sale	-	-	69,711	49,177	7,088	**125,976**
Derivative financial assets	378	-	-	-	-	**378**
Loans and advances to customers, net	324,595	714,208	1,452,284	5,607,224	(22,174)	**8,076,137**
Premises and equipment	-	-	-	-	156,407	**156,407**
Other assets	-	-	-	-	16,232	**16,232**
Total assets	**4,702,634**	**760,605**	**1,521,995**	**5,686,926**	**157,553**	**12,829,713**
Liabilities						
Due to other banks	2,282,829	388,949	2,047,935	3,055,820	-	**7,775,533**
Due to customers	3,400,526	534,825	310,805	34,440	-	**4,280,596**
Other borrowed funds	-	-	-	8,748	-	**8,748**
Derivative financial liabilities	6,950	-	-	-	-	**6,950**
Subordinated debt	-	-	-	439,134	-	**439,134**
Other liabilities	-	37	292	8,375	48,067	**56,771**
Deferred tax liabilities	-	-	-	-	17,861	**17,861**
Total undiscounted liabilities	**5,690,305**	**923,811**	**2,359,032**	**3,546,517**	**65,928**	**12,585,593**

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.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

28. LIQUIDITY RISK (continued)

2006	**Up to 1 month**	**1 to 3 months**	**3 to 12 months**	**Over 1 year**	**No specified maturity**	**Total**
Assets						
Cash and balances with National Bank of Romania	2,781,658	-	-	-	-	2,781,658
Due from other banks	255,945	-	-	20,400	-	276,345
Financial assets available for sale	199,337	-	11,014	37,110	6,977	254,438
Loans and advances to customers, net	212,927	363,297	711,845	2,429,254	-	3,717,323
Premises and equipment	-	-	-	-	110,760	110,760
Other assets	-	-	-	-	5,142	5,142
Total assets	**3,449,867**	**363,297**	**722,859**	**2,486,764**	**122,879**	**7,145,666**
Liabilities						
Due to other banks	1,536,515	130,981	1,365,633	406,701	-	3,439,830
Due to customers	2,184,879	418,762	185,784	7,977	-	2,797,402
Other borrowed funds	-	-	-	28,262	-	28,262
Subordinated loan	-	-	-	439,085	-	439,085
Other liabilities	-	8,586	1,558	3,254	10,869	24,267
Deferred tax liabilities	-	-	-	-	3,394	3,394
Total undiscounted liabilities	**3,721,394**	**558,329**	**1,552,975**	**885,279**	**14,263**	**6,732,240**

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.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

28. LIQUIDITY RISK (continued)

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
2007						
Contingent liabilities	70,468	249,287	217,810	213,136	988	**751,689**
Commitments	1,025,596	139,315	595,974	607,459	1,792,134	**4,160,478**
Total	**1,096,064**	**388,602**	**813,784**	**820,595**	**1,793,122**	**4,912,167**
2006						
Contingent liabilities	146,518	130,378	487,945	-	-	**764,841**
Commitment	1,593,513	36,854	151,815	604,084	-	**2,386,266**
Total	**1,740,031**	**167,232**	**639,760**	**604,084**	**-**	**3,151,107**

The Bank expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

Net liquid assets/ Due to customers

The Bank maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Bank also has committed lines of credit that it can access to meet liquidity needs.

The ratio of net liquid assets to customer liabilities to reflect the market conditions during the year was as follows:

31 December 2007	%
Lowest	36.41%
Highest	108.21%
Average during the period	84.65%

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

29. MARKET RISK

I. a) Interest rate risk 2007

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.

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 re-pricing that may be undertaken, which is monitored daily.

The tables below analyze interest bearing assets and liabilities of the Bank into relevant re-pricing groupings as at 31 December 2007 and 31 December 2006:

	Up to 1 month	1 to 3 months	3 to 12 months	Over 1 year	Without interest rate	Total
Assets						
Cash and balances with National Bank of Romania	4,164,677	-	-	-	-	**4,164,677**
Due from other banks	212,546	77,360	-	-	-	**289,906**
Financial assets available for sale	-	-	69,711	49,177	7,088	**125,976**
Loans and advances to customers, net	6,506,519	43,559	74,511	1,451,548	-	**8,076,137**
Premises and equipment	-	-	-	-	156,407	**156,407**
Other assets	-	-	-	-	16,232	**16,232**
Total assets	**10,883,742**	**120,919**	**144,222**	**1,500,725**	**179,727**	**12,829,335**
Liabilities						
Due to other banks	2,351,057	4,872,557	24,564	51,502	-	**7,299,680**
Due to customers	3,002,988	758,360	449,678	53,307	-	**4,264,333**
Other borrowed funds	-	-	-	4,996	-	**4,996**
Subordinated loan	-	-	-	337,604	-	**337,604**
Other liabilities	6,572	37	292	8,375	48,067	**63,343**
Deferred tax liabilities	-	-	-	-	17,861	**17,861**
Total liabilities	**5,360,617**	**5,630,954**	**474,534**	**455,784**	**65,928**	**11,987,817**
Net balance sheet position	**5,523,125**	**(5,510,035)**	**(330,312)**	**1,044,941**	**113,799**	**841,518**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

29. MARKET RISK (continued)

I. b) Interest rate risk 2006

	Up to 1 month	1 to 3 months	3 to 12 months	Over 1 year	Without interest rate	Total
Assets						
Cash and balances with National Bank of Romania	2,781,658	-	-	-	-	2,781,658
Due from other banks	235,121	20,824	20,400	-	-	276,345
Financial assets available for sale	202,430	-	14,078	30,953	6,977	254,438
Loans and advances to customers, net	3,448,345	15,494	147,252	106,232	-	3,717,323
Premises and equipment	-	-	-	-	110,760	110,760
Other assets	-	-	-	-	5,142	5,142
Total assets	**6,667,554**	**36,318**	**181,730**	**137,185**	**122,879**	**7,145,666**
Liabilities						
Due to other banks	1,589,044	1,668,156	-	-	-	3,257,200
Due to customers	2,131,146	466,107	179,805	7,586	-	2,784,644
Other borrowed funds	1,200	-	22,920	-	-	24,120
Subordinated loan	-	316,093	-	-	-	316,093
Other liabilities	-	-	-	-	24,267	24,267
Deferred tax liabilities	-	-	-	-	3,394	3,394
Total liabilities	**3,721,390**	**2,450,356**	**202,725**	**7,586**	**27,661**	**6,409,718**
Net balance sheet position	**2,946,164**	**(2,414,038)**	**(20,995)**	**129,599**	**95,218**	**735,948**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

29. MARKET RISK (continued)

II. Sensitivity analysis

The sensitivity of the income statement is the effect of the reasonably possible changes in interest rates on the net interest income (NII) for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2007.

II. a) Sensitivity analysis – Interest rate risk 2007

			Volumes as at 31/12/07	**Changes in I/Y +**	**Changes in I/Y -**	**NII Sensitivity +**	**NII Sensitivity -**
EUR	Assets	Fixed	946,910	-	-	-	-
		Floating	8,338,866	0.25	(0.25)	18,697	(20,847)
	Liabilities	Fixed	-	-	-	-	-
		Floating	(8,268,411)	0.25	(0.25)	(20,671)	20,671
USD	Assets	Fixed	969	-	-	-	-
		Floating	260,973	0.25	(0.25)	548	(652)
	Liabilities	Fixed	-	-	-	-	-
		Floating	(323,831)	0.25	(0.25)	(810)	810
RON	Assets	Fixed	106,807	-	-	-	-
		Floating	2,940,935	0.25	(0.25)	6,165	(7,352)
	Liabilities	Fixed	-	-	-	-	-
		Floating	(3,244,232)	0.25	(0.25)	(8,111)	8,111
Other ccy	Assets	Fixed	-	-	-	-	-
		Floating	3,673	0.25	(0.25)	8	(9)
	Liabilities	Fixed	-	-	-	-	-
		Floating	(22,538)	0.25	(0.25)	(56)	56
TOTAL NII						**(4,230)**	**788**

II. b) Sensitivity analysis – Interest rate risk 2006

			Volumes as at 31/12/06	**Changes in I/Y +**	**Changes in I/Y -**	**NII Sensitivity +**	**NII Sensitivity -**
EUR	Assets	Fixed	225,757				-
		Floating	4,399,157	0.25	-0.25	10,796	(10,998)
	Liabilities	Fixed	-			-	-
		Floating	4,494,890	0.25	-0.25	(11,237)	11,237
USD	Assets	Fixed	350			-	-
		Floating	353,960	0.25	-0.25	867	(885)
	Liabilities	Fixed				-	-
		Floating	(448,903)	0.25	-0.25	(1,122)	1,122
RON	Assets	Fixed	70,436			-	-
		Floating	1,905,621	0.25	-0.25	4,625	(4,764)
	Liabilities	Fixed	-			-	-
		Floating	1,385,648	0.25	-0.25	(3,464)	3,464
Other ccy	Assets	Fixed				-	-
		Floating	14,941	0.25	-0.25	36	(37)
	Liabilities	Fixed				-	-
		Floating	(22,899)	0.25	-0.25	(57)	57
TOTAL NII						**444**	**(804)**

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

29. MARKET RISK (continued)

II. c) Sensitivity analysis – Foreign Exchange risk 2007

		Volumes as at 31/12/07 RON eq.	Changes in ER +	Changes in ER -	NII Sensitivity +	NII Sensitivity -
	Assets	9,285,775	7.50%	-7.50%	32,552	(35,065)
EUR	Liabilities	(8,268,411)	7.50%	-7.50%	(25,836)	25,836
	Assets	261,942	7.50%	-7.50%	1,412	(1,521)
USD	Liabilities	(323,831)	7.50%	-7.50%	(957)	957
	Assets	3,047,741			-	-
RON	Liabilities	(3,244,231)			-	-
					7,171	**(9,793)**

II. d) Sensitivity analysis – Foreign Exchange risk 2006

		Volumes as at 31/12/06 RON eq.	Changes in ER +	Changes in ER -	NII Sensitivity +	NII Sensitivity -
	Assets	4,624,914	7.50%	-7.50%	14,324	(15,430)
EUR	Liabilities	(4,494,890)	7.50%	-7.50%	(11,780)	11,780
	Assets	354,310	7.50%	-7.50%	1,177	(1,268)
USD	Liabilities	(448,903)	7.50%	-7.50%	(1,593)	1,593
	Assets	1,976,057			-	-
RON	Liabilities	(1,385,648)			-	-
					2,128	**(3,325)**

29. MARKET RISK (continued)

III. Market risk – Trading

The market risk for the trading portfolio is managed and monitored based on a VaR Methodology. The Bank applies the VaR methodology to assess the market risk positions held and to estimate the potential economic loss, based upon a number of parameters and assumptions for various changes in market conditions. VaR is a method used in measuring financial risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon. The model assumes that any change occurring in risk factors affecting the normal market environment will follow a normal distribution. Due to the fact that VaR relies heavily on historical data to provide information the probability or large market moves may be underestimated if changes in risk factors fail to align with the normal distribution assumption.

Total forex VaR Trading book – 2007

Year	**Daily**	**Annual**
	EUR million	**EUR million**
cumulative 84.13% VaR	**-3.6**	**-57.5**
cumulative 90% VaR	**-4.6**	**-73.7**
cumulative 95% VaR	**-6.0**	**-94.6**
cumulative 99% VaR	**-8.4**	**-133.8**

Even though positions may change throughout the day, the VaR only represents the risk of the portfolio at the close of each business day. The VaR that the Bank measures is an estimate of the loss that is not expected to be exceeded if the current market risk positions were to be held unchanged for one day.

Given a 90% confidence interval, the maximum daily loss the trading portfolio can record stands at EUR 4.6 million, accounting for RON 16.6 million.

30. CAPITAL

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Bank for International Settlement ("BIS") and adopted by the National Bank of Romania ("NBR") in supervising the Bank.

The regulations required that capital adequacy ratios be calculated on financial information prepared in accordance with Romanian Accounting Regulation ("RAR"). To be "sufficiently capitalized" under NBR regulations a banking institution must have a capital adequacy ratio of at least 8%. As at 31 December 2007, capital adequacy ratio based upon the NBR's regulation is 12.33% (31 December 2006: 25.28%).

During the past year, the Bank had complied in full with all its externally imposed capital requirements.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

30. CAPITAL (continued)

Capital management

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirement and that the bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristic of its activities. In order to maintain or adjust the capital structure, the bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

Regulatory capital

	2007		2006	
	Actual	**Required**	**Actual**	**Required**
Tier 1 capital	810,902	596,251	705,332	312,441
Tier 2 capital	368,220	298,126	346,709	156,220
Total capital	**1,179,122**	**894,377**	**1,052,041**	**468,661**
Risk weighted assets	**7,453,143**	**7,453,143**	**3,905,512**	**3,905,512**
Tier 1 capital	10.88%	8.00%	18.06%	8.00%
Total capital ratio	15.82%	8.00%	26.94%	12.00%

Regulatory capital consists of Tier 1 capital, share premium, retained earnings including current year profit, foreign currency translation and minority interests less accrued dividends, net long positions in own shares and goodwill. The other component of regulatory capital is Tier 2 capital, which includes subordinated long debt, preferences shares and revaluation reserves.

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

31. 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 Bank A.E. that owns 99.44% of the Bank's ordinary shares.

Other related parties are members of Alpha Group: Alpha Leasing Romania, Alpha Finance Romania, Alpha Finance, Alpha Advisory Romania, Alpha Consulting Romania, Alpha Insurance Brokers Romania, Alpha Bank London.

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. The volumes of related party transactions, outstanding balances at the year-end, and relating expense and income for the year are as follows:

	Directors		**Parent**		**Other**	
	31 December 2007	**31 December 2006**	**31 December 2007**	**31 December 2006**	**31 December 2007**	**31 December 2006**
Assets						
Due from other banks	-	-	76	3,662	32	14
Loans and advances to customers, net	1,177	94		-	355,529	183,169
Total assets	**1,177**	**94**	**76**	**3,662**	**355,561**	**183,183**
Liabilities						
Due to other banks	-	-	7,084,399	3,100,263	4,873	-
Due to customers	349	3,025		-	11,572	14,001
Subordinated loan	-	-	337,605	316,093	-	-
Other liabilities	-	-	8	31	7,314	5,634
Total liabilities	**349**	**3,025**	**7,422,012**	**3,416,387**	**23,759**	**19,635**
Interest income	27	4	71	72	14,075	7,182
Interest expense	11	34	282,279	97,243	676	779
Net commission income	-	-	398	751	268	293
Off-balance sheet commitments	**159**	**283**	**144,139**	**118,021**	**206,709**	**32,390**

For the year 2007, total directors' remunerations amounted to 4,516 thousand (year ended 31 December 2006: total remuneration RON 5,988 thousand).

(all amounts are expressed in RON thousand ("RON'000"), unless otherwise stated)

32. CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

	31 December 2007	31 December 2006
Due from banks	257,003	255,278
Cash and balances with the National Bank of Romania	4,164,677	2,781,658
Certificates of deposit and treasury bills	-	199,337
Balance at the end of the period	**4,421,680**	**3,236,273**

	31 December 2006	31 December 2005
Due from banks	255,278	116,802
Cash and balances with the National Bank of Romania	2,781,658	1,195,093
Certificates of deposit and treasury bills	199,337	792,381
Balance at the beginning of the period	**3,236,273**	**2,104,276**

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than forced sale or liquidation. The fair value is best evidenced by a quoted market price, if such exists.

The Bank's short term funds 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, term deposits and borrowings (including subordinated loans) are reported at amortized cost using the effective interest rate less an estimate for impairment for the asset side. These items have predominantly short re-pricing terms and carry interest rates that reflect current market conditions. Management considers therefore that the carrying amount of financial assets and liabilities approximates their fair value.

34. OPERATING ENVIRONMENT OF THE BANK

The economy of Romania still shows characteristics of an emerging market despite the economic situation has been improved significantly in the last years: last part of 2007 shows an inflation rate of 6.57 % y/y and a RON depreciation against EUR by 6.76%.

35. POST BALANCE SHEET EVENTS

There have been no events subsequent to balance sheet date that would materially affect the financial statements.