

# **Alpha Bank**

## **Consolidated Pillar III Disclosures**



June 30 2019



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**List of Abbreviations**

<b>Abbreviation</b>	<b>Definition</b>
<b>AT1</b>	Additional Tier 1
<b>BCBS</b>	Basel Committee on Banking Supervision
<b>BoG</b>	Bank of Greece
<b>Bps</b>	Basis Point
<b>CAR</b>	Capital Adequacy Ratios
<b>CBR</b>	Combined Buffers Requirements
<b>CCF</b>	Credit Conversion Factor
<b>CCP</b>	Code of Civil Procedure
<b>CCR</b>	Counterparty credit risk (CCR)
<b>CET1</b>	Common Equity Tier 1
<b>CoR</b>	Cost of Risk
<b>CRD</b>	Capital Requirements Directive
<b>CRM</b>	Credit Risk Mitigation
<b>CRR</b>	Capital Requirements Regulation
<b>CVA</b>	Credit Valuation Adjustment
<b>DTA</b>	Deferred Tax Assets
<b>EBA</b>	European Banking Authority
<b>ECB</b>	European Central Bank
<b>ECL</b>	Expected Credit Loss
<b>EU</b>	European Union
<b>FVTOCI</b>	Fair Value Through Other Comprehensive Income
<b>FX</b>	Foreign Exchange
<b>GL</b>	Guidelines
<b>GMRA</b>	Global Master Repurchase Agreement
<b>IFRS</b>	International Financial Reporting Standards
<b>IMA</b>	Internal Model Approach
<b>ISDA</b>	International Swap and Derivatives Association
<b>NII</b>	Net Interest Income
<b>NIM</b>	Net Interest Margin
<b>NPE</b>	Non-Performing Exposure
<b>NCA</b>	National Competent Authorities
<b>OCR</b>	Overall Capital Requirement
<b>O-SII</b>	Other Systemically Important Institution
<b>OTC</b>	Over the Counter
<b>PPI</b>	Pre Provision Income
<b>P2R</b>	Pillar 2 Requirement
<b>RWA</b>	Risk Weighted Assets
<b>SFTs</b>	Securities Financing Transactions
<b>SME</b>	Small & Medium Enterprises
<b>SREP</b>	Supervisory Review and Evaluation Process
<b>SSM</b>	Single Supervisory Mechanism
<b>STA</b>	Standardized Approach
<b>SVaR</b>	Stressed Value at Risk
<b>TSCR</b>	Total SREP Capital Requirements
<b>VaR</b>	Value at Risk



## 1 Introduction

This Report includes the Pillar III disclosures of Alpha Bank on the consolidated level. The 30.6.2019 Pillar III Report provides information in line with the recommendations of the European Banking Authority (EBA) in its “Final Report on the Guidelines on Disclosure Requirements under Part Eight of Regulation (EU) No 575/2013” (“EBA Guideline”, EBA/GL/2016/11, version 2\*), based also on uniform disclosures regarding the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds that were published in January 2018 (EBA Guideline, EBA/GL/2018/01) and non – performing and forborne exposures (EBA Guideline, EBA/GL/2018/10).

### 1.1 General Information

Alpha Bank is one of the leading banks of the Greek privately owned banking sector and constitutes a consistent point of reference for the last 140 years. The Bank offers a wide range of high-quality financial products and services, including retail banking, SMEs and corporate banking, asset management and private banking, distribution of insurance products, investment banking, brokerage and real estate management.

The Parent Company of the Group, Alpha Bank, which was founded in 1879 by John F. Kostopoulos, has its headquarters at 40 Stadiou Street, Athens, and is registered in the Register of Companies with number 6066/06/B/86/05. The Bank is subject to the Greek banking law and is supervised by the European Central Bank (ECB) and the Single Supervisory Mechanism (SSM).

Alpha Bank is active in the Greek and international banking market, with presence in the United Kingdom, Cyprus, Albania, and Romania.



## 2 Pillar III Disclosures Overview

### 2.1 Background

Alpha Bank's Pillar III Report is prepared in accordance with the requirements laid down in Part Eight of the "Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms" (Capital Requirements Regulation, or CRR) and the "Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms" (Capital Requirements Directive IV, or CRD IV).

In January 2015, the Basel Committee on Banking Supervision published the Revised Pillar III Disclosure Requirements, followed by the publication, in December 2016, of the EBA Final Guidelines on disclosure requirements. These Guidelines provide banks with guidance in attaining compliance with the CRR 575/2013 and with the Basel Committee, and are effective from 31.12.2017. Alpha Bank incorporated the enhancements to the extent possible.

#### Approval and publication

In accordance with the Group's internal governance framework, a "Pillar III Disclosures Policy" has been developed and implemented that ensures consistent and continuous compliance with the disclosure requirements of the regulatory framework (CRR 575/2013, article 431(3)) and best practices.

The adopted policy sets the minimum content of public disclosures presented.

The Bank with the aim to apply, at all times, best practices and cover any new regulatory requirements, revises its disclosure policy on an annual basis or when deemed necessary and updates the extent and type of information provided at each disclosure date accordingly.

The Bank publishes the Pillar III report via its website, within the applicable deadlines. The data included in this report may be different than the respective accounting data, mainly due to differences between the regulatory consolidation and the accounting consolidation and/or differences in the definitions used. However, the Group's financial statements, used together with Pillar III disclosures, complement market participants' information and enhance transparency.

The disclosures included within this report were verified and approved internally in line with the Disclosures Policy which is approved by the Board. Business Units attest to the accuracy and of their data submissions. Consistency checks and reconciliations are performed with accounting and regulatory data. The information in this report is subject to the same level of internal control processes as the information provided by the Group for its financial reporting.

### 2.2 Supervision and Regulatory Framework

#### Single Supervisory Mechanism (SSM)

Since November 2014, Alpha Bank has been assessed as "Other Systemically Important Institution" (O-SII) and, as such, is directly supervised by the ECB in accordance with the SSM framework.

The SSM is a system of financial supervision composed of the ECB and national competent authorities (NCAs).



The applicable banking regulatory framework in the European Union (EU), the Basel 3 capital framework, was implemented by the “Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms” (CRR) published on June 27, 2013, in combination with the “Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms” (CRD IV) published on June 27, 2013 that has been transposed into the Greek legislative framework by the Law 4261/2014. The framework on prudential requirements and prudential supervision is effective from January 1, 2014.

The aforementioned framework sets the minimum own funds requirements as follows:

- 4.5% for the Common Equity Tier I ratio (CET 1)
- 6% for the Tier I ratio
- 8% for the Total Capital Adequacy ratio

The maintenance of capital buffers additional to the CET1 capital are required. In particular:

- Capital Conservation buffer stands at 2.5%
- Bank of Greece through Executive Acts set the following capital buffers:
  - Other systemically important institutions (O-SII) buffer, which will gradually rise to 1% from 1.1.2019 to 1.1.2022. For 2019, the O-SII buffer stands at 0.25%.
  - Countercyclical capital buffer 0% for the second quarter of 2019



### 3 Capital Management

The Group's Capital Strategy commits to maintain sound capital adequacy both from economic and regulatory perspective. It aims at monitoring and adjusting Group's capital levels, taking into consideration capital markets' demand and supply, in an effort to achieve the optimal balance between the economic and regulatory considerations.

Alpha Bank remains focused on the efficient implementation of its NPE strategy, the NPE plan for 2019-2021 and any potential institutional solutions to reduce further the NPEs of the Greek banking system, are considered crucial as they will have significant impact on the Group's sound capital, profitability and sustainable strategy. The overall Group's Risk and Capital Strategy sets specific risk limits, based on management's risk appetite, as well as thresholds to monitor whether actual risk exposure deviates from the limits set.

The objectives of the Group's capital management policy are to ensure that the Group has sufficient capital to cover the risks of its business, to support its strategy and to comply with regulatory capital requirements, at all times.

#### Main elements impacting Asset Quality, Capital and Liquidity

- Liquidity profile continued to improve with deposits in Greece up by 5.6% y-o-y to Euro 33.3 billion at the end of June 2019. Loan to Deposit ratio for the Group reduced further to 102% in Q2 2019 vs. 111% a year ago.
- Net Interest Income (NII) at Euro 388.6 million with stable Net Interest Margin (NIM) at 2.5% q-o-q.
- Fees and Commission income stood at Euro 81.2 million, up by Euro 10.9 million q-o-q, mainly on the back of higher volume of credit card transactions and new loan disbursements.
- Income from financial operations in Q2 2019 stood at Euro 123.7 million, primarily attributable to gains' realisation from the Greek Government Bonds position. Total income from financial operations for H1 2019 at Euro 197.5 million.
- Recurring Operating Expenses decreased by 2.5% y-o-y, mainly as a result of lower General Expenses as well as a decrease in Staff Costs.
- In Q2 2019, Pre-Provision Income stood at Euro 322.7 million, up by 18.9% q-o-q, due to the higher trading gains.
- Improved Cost of Risk (CoR), as impairment losses on loans stood at Euro 246 million in Q2 2019, effectively flat q-o-q (+1.4%), implying a Cost of Risk (CoR) of 1.9% over gross loans, same as in the previous quarter vs. an average cost of risk of 3.2% for 2018.
- In H1 2019, Profit after Tax stood at Euro 86.8 million vs. Euro 12.7 million in H1 2018.
- NPE contraction accelerated in Q2, with the NPE stock in Greece down by Euro 0.4 billion on the back of lower re-defaults, as the implementation of our Retail Transformation Plan starts to produce tangible results, as well as successful corporate restructurings. The NPE ratio in Greece at the end of June 2019 stood at 48.7%, with NPE coverage at 44.9%.

#### 3.1 Capital Ratios

The Capital Adequacy Ratio is calculated by dividing the Group's regulatory capital (own funds) with its Risk Weighted Assets (RWAs). Regulatory capital includes Common Equity Tier 1 (CET1) capital (share capital, reserves, and minority interests), additional Tier 1 capital (AT1) (hybrid securities) and Tier 2 capital (subordinated debt). RWAs include the credit risk of the banking book, the market risk of the trading book, the operational risk, the counterparty credit risk/CCR and credit valuation adjustment/CVA.

As of 30.6.2019, Alpha Bank's CET1 stood at approx. Euro 8.5 billion, RWAs amounted to Euro 47.6 billion resulting in a CET1 ratio of 17.8%, up by 80 bps q-o-q, positively affected mainly by the FVOCI increase and Q2 profit.. Deferred Tax Assets (DTAs) stood at Euro 5.2 billion while the eligible amount to be converted to tax credit claims stood at Euro 3.2 billion.

<b>Table 1: Capital Adequacy Ratios (%)</b>		<b>(in Euro million)</b>	
<b>Capital Type</b>	<b>30.6.2019</b>	<b>31.12.2018</b>	
CET1	8,454	8,273	
Tier 1 Capital	8,459	8,279	
Tier 2 Capital	11	9	
Total Regulatory Capital for C.A.R. calculation	8,469	8,289	
Risk Weighted Assets	47,562	47,640	
<b>Capital Ratios</b>			
<b>CET1 Ratio</b>	<b>17.8%</b>	<b>17.4%</b>	
<b>Tier 1 Ratio</b>	<b>17.8%</b>	<b>17.4%</b>	
<b>Capital Adequacy Ratio (Tier 2 + Tier 2)</b>	<b>17.8%</b>	<b>17.4%</b>	

On February 8, 2019, the ECB informed Alpha Bank that according to its Supervisory review and Evaluation Process (SREP) assessment since 1<sup>st</sup> March 2019 the minimum limit for the Overall Capital Requirement (OCR) for 2019 is set at 13.75% increased by 0.875% due to the fully phased-in capital conservation buffer and the gradual increase of the O-SII buffer.. OCR includes, in addition to the Total SREP Capital Requirements (TSCR), the combined buffers requirements (CBR) defined in point (6) of Article 128 of Directive 2013/36/EU as applicable.

The TSCR is composed of the minimum total own fund requirements (8%) and the additional Pillar 2 Requirement (P2R), according to article 16(2) (a) of the Regulation 1024/2013/EU.

The above minimum ratios should be maintained on a phase-in basis under applicable transitional rules under CRR/CRD IV, at all times.

### **3.2 EBA Stress testing**

In 2020, a stress test will be carried out for European banks. The European Banking Authority (EBA) will supervise the test for the largest European banks and the ECB will coordinate the test for the banks that are not included in the first category. The results of the tests will be factored in the 2020 Supervisory Review and Assessment Process (SREP). Both tests will take place at the highest level of consolidation, under a common methodology that will be finalized by the end of 2019 according to an EBA announcement. Following relevant notification by the ECB, Alpha Bank will participate in the test, which is expected to begin in early 2020, with its results being announced by July 2020.



### 3.3 IFRS 9 Capital Impact

On December 12, 2017 the EU adopted Regulation No 2395/2017 of the European Parliament and of the Council amending EU Regulation 575/2013. The new Regulation introduces article 473a in CRR 575/2013 which allows banks to mitigate the impact of the introduction of IFRS 9 on regulatory capital and leverage ratios during a 5-year transitional period. According to article 473a banks may add to the CET1 ratio the post-tax amount of the difference in provisions that resulted from the transition to the IFRS 9 in relation to the provisions that have been recognized at 31.12.2018 in accordance with IAS 39 ("Static" amount). The weighting factors were set per year at 0.95 in 2019, 0.85 in 2<sup>nd</sup>, 0.7 in 3<sup>rd</sup>, 0.5 in 4<sup>th</sup> and 0.25 in the last year.

Alpha Bank has decided to make use of Article 473a of the above Regulation and applies the transitional provisions for the calculation of Capital Adequacy on both a standalone and consolidated basis.

The following table shows a comparison of own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9.

<b>Table 3: Comparison of own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9</b>					
<b>(in Euro million)</b>					
<b>Available capital (amounts)</b>	<b>30.6.2019</b>	<b>31.3.2019</b>	<b>31.12.2018</b>	<b>30.9.2018</b>	<b>30.6.2018</b>
Common Equity Tier 1 (CET1) capital	8,454	8,090	8,273	8,762	8,891
CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6,903	6,541	6,525	7,090	7,296
Tier 1 capital	8,459	8,095	8,279	8,768	8,897
Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6,903	6,541	6,525	7,096	7,302
Total capital	8,469	8,106	8,289	8,778	8,906
Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6,918	6,556	6,540	7,106	7,311
<b>Risk-weighted assets (amounts)</b>					
Total Risk-weighted assets	47,562	47,830	47,640	48,150	48,079
Total Risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	46,632	46,921	46,588	47,097	47,257
<b>Capital ratios</b>					
Common Equity Tier 1 ratio (%)	17.8%	16.9%	17.4%	18.2%	18.5%
CET1 ratio (%) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.8%	13.9%	14.0%	15.1%	15.4%
Tier 1 ratio (%)	17.8%	16.9%	17.4%	18.2%	18.5%
Tier 1 ratio (%) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.8%	13.9%	14.0%	15.1%	15.5%
Total ratio (%)	17.8%	16.9%	17.4%	18.2%	18.5%
Total ratio (%) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.8%	14.0%	14.0%	15.1%	15.5%
<b>Leverage ratio</b>					
Leverage ratio total exposure measure	63,341	62,293	62,015	61,283	59,703
Leverage ratio	13.4%	13.0%	13.4%	14.3%	14.9%
leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11.1%	10.7%	10.8%	11.9%	12.5%

### 3.4 Own Funds structure

The following table presents the analysis of Own funds structure:

Table 4: Own funds structure		(in Euro million)		
Type	30.6.2019	31.3.2019	31.3.2019 <sup>(1)</sup>	
Share capital	463	463	463	
Share premium	10,801	10,801	10,801	
Accumulated other comprehensive income (and other reserves)	- 2,812	- 3,027	- 3,027	
Reserves & Retained Earnings	- 3,158	- 3,167	- 3,167	
AFS reserves	345,959	139	139	
Adjustments due to IFRS 9 transitional adjustments	1,021	1,020	1,020	
Minority interest (transitional)	-	-	-	
PVA	- 9	- 9	- 9	
<b>Common equity tier 1 capital before regulatory adjustments</b>	<b>9,464</b>	<b>9,248</b>	<b>9,248</b>	
Period Profit	82	-	28	
Intangible assets	- 434	- 409	- 409	
DTA amortization	- 648	- 740	- 737	
Irrevocable payment Commitment	- 9	- 9	- 9	
Regulatory adjustments applied to common equity tier 1 due to insufficient additional tier 1 and tier 2 to cover deductions	-	-	-	
<b>Total regulatory adjustments to common equity tier 1</b>	<b>- 1,010</b>	<b>- 1,158</b>	<b>- 1,127</b>	
<b>Common equity tier 1 capital (CET1) (1)</b>	<b>8,454</b>	<b>8,090</b>	<b>8,121</b>	
Hybrid instruments	15	15	15	
<b>Additional Tier I before regulatory adjustments</b>	<b>15</b>	<b>15</b>	<b>15</b>	
Hybrid instruments transitional	- 11	- 11	- 11	
(-) Goodwill/Intangible investments	-	-	-	
<i>of which deductible from Additional Tier I</i>	- 11	- 11	- 11	
<i>of which deductible from CET1</i>	-	-	-	
Total regulatory adjustments to additional Tier I	- 11	- 11	- 11	
<b>Additional Tier I</b>	<b>5</b>	<b>5</b>	<b>5</b>	
<b>Tier I Capital (CET1 + AT1)</b>	<b>8,459</b>	<b>8,095</b>	<b>8,125</b>	
Subordinated loan	1	1	1	
Hybrid instruments (transitional)	11	11	11	
<b>Tier II capital before regulatory adjustments</b>	<b>11</b>	<b>11</b>	<b>11</b>	
Total regulatory adjustments to Tier II	-	-	-	
<b>Tier II capital</b>	<b>11</b>	<b>11</b>	<b>11</b>	
<b>Total Capital (TC = Tier I + Tier II)</b>	<b>8,469</b>	<b>8,106</b>	<b>8,136</b>	
<b>Total RWA</b>	<b>47,562</b>	<b>47,830</b>	<b>47,837</b>	
<b>Common equity tier 1 Ratio</b>	<b>17.8%</b>	<b>16.9%</b>	<b>17.0%</b>	
<b>Tier I Ratio</b>	<b>17.8%</b>	<b>16.9%</b>	<b>17.0%</b>	
<b>Capital Adequacy Ratio (Tier I + Tier II)</b>	<b>17.8%</b>	<b>16.9%</b>	<b>17.0%</b>	

Including interim profits € 59mm



### 3.5 Capital requirements under Pillar I

The Group calculates and reports to the designated authorities its capital requirements (Pillar I RWAs) according to the provisions of the CRR 575/2013 and implementing the Technical Standards developed by the EBA on a solo and consolidated basis.

The approaches adopted for the calculation of the capital requirements under Pillar I (advanced or standardized methodologies) are determined by the general policy of the Group in conjunction with factors such as the nature and type of risks the Group undertakes, the level and complexity of the Group's business and other factors such as the degree of readiness of the information and software systems.

Capital Requirements are calculated using the following approaches:

- **Credit Risk:** The Group follows the Standardized Approach (STA). The advanced method is used for the valuation of financial collateral.
- **Operational Risk:** The Group follows the Standardized Approach (STA).
- **Market Risk:** A Value at Risk (VaR) model developed at a bank level for the significant exposures and approved by the Bank of Greece. Additionally, the Bank uses the Standardized approach to calculate Market Risk for the remaining, non-significant exposures.

The following template summarises RWA and minimum capital requirements by risk type. Minimum capital requirement is calculated at 8% of RWA.

<b>Table 5: EU OV1 – Overview of RWAs</b>		<b>(in Euro million)</b>	
<b>Risk Category</b>	<b>RWAs</b>		<b>Minimum capital requirements</b>
	<b>30.6.2019</b>	<b>31.3.2019</b>	<b>30.6.2019</b>
<b>Credit risk (excluding CCR)</b>	<b>40,139</b>	<b>40,469</b>	<b>3,211</b>
Of which the standardised approach	40,139	40,469	3,211
<b>CCR</b>	<b>413</b>	<b>502</b>	<b>33</b>
Of which mark to market	378	457	30
Of which risk exposure amount for contributions to the default fund of a CCP	-	-	-
Of which CVA	35	46	3
<b>Settlement risk</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Securitisation exposures in the banking book (after the cap)</b>	<b>112</b>	<b>94</b>	<b>9</b>
Of which standardised approach	112	94	9
<b>Market risk</b>	<b>974</b>	<b>934</b>	<b>78</b>
Of which the standardised approach	9	12	1
Of which IMA	965	923	77
<b>Large exposures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operational risk</b>	<b>3,812</b>	<b>3,812</b>	<b>305</b>
Of which basic indicator approach	-	-	-
Of which standardised approach	3,812	3,812	305
<b>Amounts below the thresholds for deduction (subject to 250% risk weight)</b>	<b>2,112</b>	<b>2,018</b>	<b>169</b>
<b>Total</b>	<b>47,562</b>	<b>47,830</b>	<b>3,805</b>

The participations in insurance undertakings which are not deducted from CET1, as they do not exceed the 10% threshold of the amount of CET1 capital before certain deductions are presented in the table below:

<b>Table 6: EU INS1 – Non-deducted participations in insurance undertakings</b>		<b>(in Euro million)</b>
<b>30.6.2019</b>	<b>Value</b>	
Holdings of own funds instruments of a financial sector entity where the institution has a significant investment not deducted from own funds (before risk-weighting)	44	
<b>Total RWAs</b>	<b>109</b>	

As of 30.6.2019 the total risk weighted assets were reduced by 0.5% compared to 31.3.2019 or Euro 0.3 billion, from Euro 47.83 billion to Euro 47.57 billion. Credit risk capital requirement represents approx. 89.8% of total capital requirements while RWAs are further adjusted due the decrease of net loans.



## 4 Leverage

The Leverage Ratio, defined as the Tier 1 capital divided by the Total Exposure Amount, is a binding requirement from the beginning of 2019. The “risk of excessive leverage” means the risk that results from an institution's vulnerability due to leverage or contingent leverage that may require unintended corrective measures to its business plan, including distressed selling of assets which might result in losses or in valuation adjustments to its remaining assets.

The Leverage Ratio with reference date 30.6.2019 on consolidated basis was 13.4%, according to the transitional definition of Tier 1 capital, significantly over the 3% minimum threshold applied by the competent authorities, implying that the Bank is not taking on excessive leverage risk. In the table below, the Group's leverage ratio is presented:

<b>Table 7a: Summary reconciliation of accounting assets and leverage ratio exposures</b>		<b>(in Euro million)</b>	
	<b>30.6.2019</b>	<b>31.12.2018</b>	
Total assets as per published financial statements	62,964	61,007	
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	- 402	- 310	
Adjustments for derivative financial instruments 5	- 92	- 14	
Adjustment for securities financing transactions (SFTs)	1,081	1,128	
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1,290	1,294	
Other adjustments	- 1,501	- 1,090	
<b>Leverage ratio total exposure measure</b>	<b>63,341</b>	<b>62,015</b>	



Table 7b: Leverage ratio common disclosure		(in Euro million)	
	30.6.2019	31.12.2018	
On-balance sheet exposures (excluding derivatives and SFTs)	CRR leverage ratio exposures	CRR leverage ratio exposures	
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	60,516	59,365	
(Asset amounts deducted in determining Tier 1 capital)	- 11	- 9	
<b>Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)</b>	<b>60,506</b>	<b>59,356</b>	
<b>Derivative exposures</b>			
Replacement cost associated with all derivatives transactions (i.e.: net of eligible cash variation margin)	672	457	
Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)	206	255	
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	- 1,319	- 1,023	
<b>Total derivatives exposures (sum of lines 4 to 10)</b>	<b>- 441</b>	<b>- 311</b>	
<b>SFT exposures</b>			
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	905	547	
Counterparty credit risk exposure for SFT assets	1,081	1,128	
<b>Total securities financing transaction exposures (sum of lines 12 to 15a)</b>	<b>1,986</b>	<b>1,675</b>	
<b>Other off-balance sheet exposures</b>			
Off-balance sheet exposures at gross notional amount	7,180	6,910	
(Adjustments for conversion to credit equivalent amounts)	- 5,890	- 5,616	
<b>Other off-balance sheet exposures (sum of lines 17 and 18)</b>	<b>1,290</b>	<b>1,294</b>	
<b>Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)</b>			
(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-	-	
(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-	-	
<b>Capital and total exposure measure</b>			
Tier 1 capital	8,459	8,279	
Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	63,341	62,015	
<b>Leverage ratio</b>			
<b>Leverage ratio</b>	13.4%	13.4%	
<b>Choice on transitional arrangements and amount of derecognised fiduciary items</b>			
Choice on transitional arrangements for the definition of the capital measure	Transitional	Transitional	
Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	-	-	

**Table 7c: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (in Euro million)**

	CRR leverage ratio exposures	
	30.6.2019	31.12.2018
<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	<b>59,197</b>	<b>58,342</b>
Banking book exposures, of which:	59,197	58,342
Exposures treated as sovereigns	12,421	11,147
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	1,653	1,645
Institutions	2,561	2,352
Secured by mortgages of immovable properties	14,199	14,323
Retail exposures	3,440	3,643
Corporate	8,473	8,612
Exposures in default	14,626	14,908
Other exposures (e.g.: equity, securitisations, and other non-credit obligation assets)	1,823	1,713

The bank submits to the regulatory authorities the leverage ratio on a quarterly basis and monitors the level and the factors that affect the ratio.



## 5 Credit Risk

Credit risk arises from the potential weakness of borrowers or counterparties to repay their debts as they arise from their loan obligations to the Group. The primary objective of the Group's strategy for the credit risk management in order to achieve the maximization of the adjusted return relative to the performance risk is the continuous, timely and systematic monitoring of the loan portfolio and the maintenance of the credit risks within the framework of acceptable overall risk limits. The framework of the Group's credit risk management is developed based on a series of credit policy procedures, systems and measurement models by monitoring and auditing models of credit risk which are subject to an ongoing review process.

In order to effectively manage credit risk, the Group has developed specific methodologies and credit risk measurement systems in accordance with regulatory and Basel II requirements while incorporating banking industry best practices. These methodologies and systems are continuously evolving to provide the Business Units with timely and effective support in the decision making process and to avoid possible adverse consequences for the Group.

The Group identifies and assesses existing and potential risks inherent in any product or activity as the basis for effective credit risk management.

Tables EU CR1-A EU, CR1-B and CR1-C provide asset quality information of the Group's on- and off balance sheet exposures subject to the credit risk framework broken down by regulatory exposure classes, industries or counterparty type and significant geographical area respectively.

Tables 9, 10, 11, 12, 13 provide information on non- performing and forborne exposures.



Table 8a: EU CR1-A – Credit quality of exposures by exposure class as of 30.6.2019 (in Euro million)

Exposure Class	Gross carrying values of		Specific credit risk adjustment <sup>(1)</sup>	Write-offs	Impairment charge	Net Values
	Defaulted exposures	Non-defaulted exposures				
Central governments or central banks	-	12,640	26	-	-	12,614
Regional governments or local authorities	-	35	-	-	-	35
Public sector entities	-	636	-	-	-	636
Multilateral development banks	-	351	-	-	-	351
International organisations	-	632	-	-	-	632
Institutions	-	3,198	8	-	-	3,191
Corporates	-	12,247	108	3	-	12,139
<i>Of which: SMEs</i>	-	2,243	18	-	-	2,225
Retail	-	5,903	148	6	-	5,755
<i>Of which: SMEs</i>	-	1,103	37	-	-	1,066
Secured by mortgages on immovable property	-	14,503	170	7	-	14,333
<i>Of which: SMEs</i>	-	3,792	81	-	-	3,712
Exposures in default	25,057	-	10,155	1,095	-	14,901
Items associated with particularly high risk	-	281	17	-	-	264
Covered bonds	-	170	-	-	-	170
Collective investments undertakings	-	6	-	-	-	6
Equity exposures	-	300	-	-	-	300
Other exposures	-	2,402	-	-	-	2,402
<b>Total</b>	<b>25,057</b>	<b>53,304</b>	<b>10,632</b>	<b>1,111</b>	<b>-</b>	<b>67,729</b>
<i>Of which: Loans</i>	24,712	28,800	10,519	1,111	-	42,994
<i>Of which: Debt securities</i>	-	7,534	28	-	-	7,505
<i>Of which: Off-balance-sheet exposures</i>	345	6,954	86	-	-	7,214

<sup>(1)</sup> Specific credit risk adjustment after the application of IFRS9 transitional arrangements set by Regulation (EU) 2395/2017.



Table 8b: EU CR1-A – Credit quality of exposures by exposure class as of 31.12.2018 (in Euro million)

Exposure Class	Gross carrying values of		Specific credit risk adjustment	Write-offs	Impairment charge	Net Values
	Defaulted exposures	Non-defaulted exposures				
Central governments or central banks	-	11,389	49	-	-	11,340
Regional governments or local authorities	-	38	-	-	-	38
Public sector entities	-	637	-	-	-	637
Multilateral development banks	-	382	-	-	-	382
International organisations	-	589	-	-	-	589
Institutions	-	2,909	5	-	-	2,903
Corporates	-	12,231	106	-	-	12,126
<i>Of which: SMEs</i>	-	2,476	18	-	-	2,458
Retail	-	6,130	154	-	-	5,976
<i>Of which: SMEs</i>	-	1,075	37	-	-	1,038
Secured by mortgages on immovable property	-	14,570	152	-	-	14,418
<i>Of which: SMEs</i>	-	3,665	77	-	-	3,588
Exposures in default	26,077	-	10,899	2,150	-	15,179
Items associated with particularly high risk	-	3	-	-	-	3
Covered bonds	-	77	-	-	-	77
Collective investments undertakings	-	8	-	-	-	8
Equity exposures	-	402	-	-	-	402
Other exposures	-	2,246	-	-	-	2,246
<b>Total</b>	<b>26,077</b>	<b>51,611</b>	<b>11,365</b>	<b>2,150</b>	<b>-</b>	<b>66,324</b>
<i>Of which: Loans</i>	25,745	28,741	11,240	2,150	-	43,246
<i>Of which: Debt securities</i>	-	6,570	53	-	-	6,517
<i>Of which: Off-balance-sheet exposures</i>	333	6,699	73	-	-	6,959

The following table shows the non – financial exposure amounts broken down by significant industry or counterparty type.

Table 9a: NPE1 - Credit quality of loans and advances by industry as of 30.6.2019						(in Euro million)
	Gross carrying amount			Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing				
		Of which defaulted				
Agriculture, forestry and fishing	407	292	292	397	114	-
Mining and quarrying	121	57	57	121	30	-
Manufacturing	5,803	2,648	2,648	5,778	1,337	2
Electricity, gas, steam and air conditioning supply	1,046	31	31	1,046	45	-
Water supply	45	10	10	45	5	-
Construction	3,344	1,954	1,954	3,316	1,145	27
Wholesale and retail trade	6,984	4,227	4,227	6,960	2,177	16
Transport and storage	2,567	445	445	2,270	142	51
Accommodation and food service activities	2,391	824	824	2,391	347	-
Information and communication	405	295	295	403	206	1
Financial and insurance activities	-	-	-	-	-	-
Real estate activities	1,798	603	603	1,758	246	21
Professional, scientific and technical activities	445	128	128	445	59	-
Administrative and support service activities	528	208	208	528	113	-
Public administration and defence, compulsory social security	-	-	-	-	-	-
Education	86	52	52	86	19	-
Human health services and social work activities	207	72	72	207	38	-
Arts, entertainment and recreation	280	148	148	280	85	-
Other services	616	249	249	614	174	3
<b>Total</b>	<b>27,073</b>	<b>12,243</b>	<b>12,243</b>	<b>26,645</b>	<b>6,282</b>	<b>121</b>



	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing	Of which defaulted	Of which loans and advances subject to impairment		
Agriculture, forestry and fishing	513	296	296	503	119	-
Mining and quarrying	118	58	58	118	26	-
Manufacturing	5,751	2,687	2,687	5,726	1,382	-
Electricity, gas, steam and air conditioning supply	978	34	34	978	46	-
Water supply	30	11	11	30	5	-
Construction	3,571	2,117	2,117	3,543	1,234	27
Wholesale and retail trade	7,082	4,325	4,325	7,058	2,255	15
Transport and storage	2,607	547	547	2,300	182	109
Accommodation and food service activities	2,315	816	816	2,315	315	-
Information and communication	445	335	335	443	240	1
Financial and insurance activities	-	-	-	-	-	-
Real estate activities	1,633	716	716	1,588	338	22
Professional, scientific and technical activities	515	257	257	515	157	-
Administrative and support service activities	589	246	246	589	145	-
Public administration and defence, compulsory social security	-	-	-	-	-	-
Education	88	52	52	88	20	-
Human health services and social work activities	206	74	74	206	39	-
Arts, entertainment and recreation	273	151	151	273	82	-
Other services	616	265	265	613	197	3
<b>Total</b>	<b>27,330</b>	<b>12,987</b>	<b>12,987</b>	<b>26,886</b>	<b>6,782</b>	<b>177</b>

The following table presents the credit quality of the Group's exposures broken down by significant geographical area.

Table 10a: NPE2 - Quality of non-performing exposures by geography <sup>(1)</sup> as of 30.6.2019 (in Euro million)							
	Gross carrying/nominal amount			Of which subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Of which non-performing		Of which defaulted				
<b>On-balance-sheet exposures</b>	63,895	24,745	24,745	63,410	11,393		122
Greece	47,829	21,102	21,102	47,627	9,476		65
United Kingdom	3,789	902	902	3,789	525		-
Romania	3,367	221	221	3,330	125		19
Cyprus	3,178	2,074	2,074	3,178	1,090		-
Other countries	5,730	446	446	5,486	177		38
<b>Off-balance-sheet exposures</b>	7,309	349	349			101	
Greece	6,603	327	327			91	
United Kingdom	62	-	-			-	
Romania	395	7	7			3	
Cyprus	208	15	15			7	
Other countries	41	-	-			-	
<b>Total</b>	<b>71,204</b>	<b>25,094</b>	<b>25,094</b>	<b>63,410</b>	<b>11,393</b>	<b>101</b>	<b>122</b>

(1) Amounts shown by country in this table are based on the country of residence of the counterparty.



	Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Of which non-performing		Of which subject to impairment				
		Of which defaulted					
<b>On-balance-sheet exposures</b>	63,118	25,744	25,744	62,623	12,182		176
Greece	46,824	21,650	21,650	46,624	9,973		53
United Kingdom	3,326	966	966	3,326	574		-
Romania	3,427	267	267	3,386	147		20
Cyprus	3,944	2,335	2,335	3,944	1,271		-
Other countries	5,597	526	526	5,343	217		103
<b>Off-balance-sheet exposures</b>	6,936	341	341			92	
Greece	6,245	316	316			85	
United Kingdom	65	1	1			0	
Romania	386	7	7			3	
Cyprus	199	17	17			4	
Other countries	41	0	0			0	
<b>Total</b>	<b>70,053</b>	<b>26,085</b>	<b>26,085</b>	<b>62,623</b>	<b>12,182</b>	<b>92</b>	<b>176</b>

(1) Amounts shown by country in this table are based on the country of residence of the counterparty.

**Table 11a: NPE3 - Credit quality of forborne exposures as of 30.6.2019**
**(in Euro million)**

	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired				
Loans and advances	4,721	13,950	13,950	13,734	250	5,356	10,246	6,755
<i>Central banks</i>	-	-	-	-	-	-	-	-
<i>General governments</i>	-	1	1	1	-	-	-	-
<i>Credit institutions</i>	-	-	-	-	-	-	-	-
<i>Other financial corporations</i>	10	8	8	8	1	3	11	3
<i>Non-financial corporations</i>	1,240	6,095	6,095	5,880	121	2,575	3,680	2,810
<i>Households</i>	3,470	7,846	7,846	7,846	128	2,777	6,555	3,941
Debt securities	-	-	-	-	-	-	-	-
Loan commitments given	2	5	5	5	-	-	1	-
<b>Total</b>	<b>4,723</b>	<b>13,955</b>	<b>13,955</b>	<b>13,739</b>	<b>250</b>	<b>5,356</b>	<b>10,247</b>	<b>6,755</b>

**Table 11b: NPE3 - Credit quality of forborne exposures as of 31.12.2018**
**(in Euro million)**

	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
		Of which defaulted	Of which impaired					
Loans and advances	5,152	14,035	14,035	13,806	250	5,615	10,359	6,592
<i>Central banks</i>	-	-	-	-	-	-	-	-
<i>General governments</i>	-	1	1	1	-	-	-	-
<i>Credit institutions</i>	-	-	-	-	-	-	-	-
<i>Other financial corporations</i>	15	17	17	17	1	3	23	12
<i>Non-financial corporations</i>	1,340	6,284	6,284	6,055	119	2,762	3,778	2,814
<i>Households</i>	3,798	7,733	7,733	7,733	130	2,850	6,558	3,766
Debt securities	-	-	-	-	-	-	-	-
Loan commitments given	3	5	5	5	1	20	1	1
<b>Total</b>	<b>5,155</b>	<b>14,040</b>	<b>14,040</b>	<b>13,811</b>	<b>251</b>	<b>5,635</b>	<b>10,360</b>	<b>6,593</b>



Table 12a: NPE4 - Credit quality of performing and non-performing exposures by past due days as of 30.6.2019

(in Euro million)

	Gross carrying amount/nominal amount									
	Performing exposures			Non-performing exposures						
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 5 years	Past due > 5 years	Of which defaulted	
<b>Loans and advances</b>	31,606	30,584	1,022	24,745	7,907	655	846	5,500	9,838	24,745
<i>Central banks</i>	1,929	1,929	-	-	-	-	-	-	-	-
<i>General governments</i>	108	108	-	5	-	1	-	-	4	5
<i>Credit institutions</i>	3,022	3,022	-	70	-	-	-	-	70	70
<i>Other financial corporations</i>	384	383	1	36	6	1	-	13	16	36
<i>Non-financial corporations</i>	14,829	14,643	186	12,244	4,276	214	292	2,445	5,018	12,244
<i>of which SMEs</i>	5,745	5,697	47	8,671	2,309	187	131	1,553	4,490	8,671
<i>Households</i>	11,334	10,499	835	12,390	3,625	439	554	3,042	4,730	12,390
<b>Debt securities</b>	7,544	7,544	-	-	-	-	-	-	-	-
<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-
<i>General governments</i>	6,629	6,629	-	-	-	-	-	-	-	-
<i>Credit institutions</i>	675	675	-	-	-	-	-	-	-	-
<i>Other financial corporations</i>	10	10	-	-	-	-	-	-	-	-
<i>Non-financial corporations</i>	230	230	-	-	-	-	-	-	-	-
<b>Off-balance-sheet exposures</b>	6,959			350						350
<i>Central banks</i>	-			-						-
<i>General governments</i>	195			-						-
<i>Credit institutions</i>	504			-						-
<i>Other financial corporations</i>	47			4						4
<i>Non-financial corporations</i>	4,463			345						345
<i>Households</i>	1,750			1						1
<b>Total</b>	<b>46,109</b>	<b>38,128</b>	<b>1,022</b>	<b>25,095</b>	<b>7,907</b>	<b>655</b>	<b>846</b>	<b>5,500</b>	<b>9,838</b>	<b>25,095</b>

**Table 12b: NPE4 - Credit quality of performing and non-performing exposures by past due days as of 31.12.2018**
**(in Euro million)**

	Gross carrying amount/nominal amount									
	Performing exposures			Non-performing exposures						
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 5 years	Past due > 5 years	Of which defaulted
<b>Loans and advances</b>	30,804	29,658	1,146	25,744	8,121	1,100	1,083	5,041	10,400	25,744
<i>Central banks</i>	1,514	1,514	-	-	-	-	-	-	-	-
<i>General governments</i>	126	126	-	5	-	-	-	-	4	5
<i>Credit institutions</i>	2,501	2,501	-	70	-	-	-	-	70	70
<i>Other financial corporations</i>	495	488	7	45	11	-	-	18	16	45
<i>Non-financial corporations</i>	14,344	14,123	221	12,987	4,650	221	374	2,359	5,384	12,987
<i>of which SMEs</i>	5,575	5,527	48	8,881	2,390	156	241	1,425	4,669	8,881
<i>Households</i>	11,824	10,906	918	12,637	3,460	879	709	2,664	4,926	12,637
<b>Debt securities</b>	6,570	6,570	-	-	-	-	-	-	-	-
<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-
<i>General governments</i>	5,687	5,687	-	-	-	-	-	-	-	-
<i>Credit institutions</i>	591	591	-	-	-	-	-	-	-	-
<i>Other financial corporations</i>	8	8	-	-	-	-	-	-	-	-
<i>Non-financial corporations</i>	284	284	-	-	-	-	-	-	-	-
<b>Off-balance-sheet exposures</b>	6,595			340						340
<i>Central banks</i>	-			-						-
<i>General governments</i>	195			-						-
<i>Credit institutions</i>	418			-						-
<i>Other financial corporations</i>	41			4						4
<i>Non-financial corporations</i>	4,223			335						335
<i>Households</i>	1,718			1						1
<b>Total</b>	<b>43,969</b>	<b>36,228</b>	<b>1,146</b>	<b>26,084</b>	<b>8,121</b>	<b>1,100</b>	<b>1,083</b>	<b>5,041</b>	<b>10,400</b>	<b>26,084</b>



Table 13a: NPE5 - Performing and non-performing exposures and related provisions as of 30.6.2019

(in Euro million)

	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
<b>Loans and advances</b>	31,606	25,033	6,370	24,745	-	24,465	504	176	327	10,983	-	10,861		18,987	11,307
<i>Central banks</i>	1,929	1,929	-	-	-	-	-	-	-	-	-	-		-	-
<i>General governments</i>	108	107	1	5	-	5	-	-	-	1	-	1		107	4
<i>Credit institutions</i>	3,022	3,022	-	70	-	70	-	-	-	70	-	70		-	-
<i>Other financial corporations</i>	384	308	22	36	-	36	1	-	1	21	-	21		358	10
<i>Non-financial corporations</i>	14,829	12,634	2,046	12,244	-	11,965	302	151	150	6,102	-	5,980		10,018	5,021
<i>of which SMEs</i>	5,745	4,684	1,060	8,671	-	8,637	132	25	108	4,333	-	4,314		3,832	3,481
<i>Households</i>	11,334	7,033	4,301	12,390	-	12,389	201	25	176	4,789	-	4,789		8,504	6,272
<b>Debt securities</b>	7,544	7,518	-	-	-	-	28	28	-	-	-	-		-	-
<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-		-	-
<i>General governments</i>	6,620	6,620	-	-	-	-	26	26	-	-	-	-		-	-
<i>Credit institutions</i>	669	669	-	-	-	-	-	-	-	-	-	-		-	-
<i>Other financial corporations</i>	1	1	-	-	-	-	-	-	-	-	-	-		-	-
<i>Non-financial corporations</i>	229	228	-	-	-	-	2	2	-	-	-	-		-	-
<b>Off-balance-sheet exposures</b>	6,959	6,692	267	350	-	350	23	17	6	78	-	78		1,077	53
<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-		-	-
<i>General governments</i>	195	194	1	-	-	-	-	-	-	-	-	-		-	-
<i>Credit institutions</i>	504	504	-	-	-	-	8	8	-	-	-	-		-	-
<i>Other financial corporations</i>	47	47	-	4	-	4	-	-	-	-	-	-		14	-
<i>Non-financial corporations</i>	4,463	4,234	229	345	-	345	14	8	5	78	-	78		1,045	53
<i>Households</i>	1,750	1,713	37	1	-	1	1	1	1	-	-	-		18	-
<b>Total</b>	<b>46,109</b>	<b>39,243</b>	<b>6,637</b>	<b>25,095</b>	<b>-</b>	<b>24,815</b>	<b>555</b>	<b>221</b>	<b>333</b>	<b>11,061</b>	<b>-</b>	<b>10,939</b>	<b>-</b>	<b>20,064</b>	<b>11,360</b>

**Table 13b: NPE5 - Performing and non-performing exposures and related provisions as of 31.12.2018**
**(in Euro million)**

	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
<b>Loans and advances</b>	30,803	23,824	6,778	25,744	-	25,451	494	172	322	11,810	-	11,634		18,937	11,404
<i>Central banks</i>	1,514	1,514	-	-	-	-	-	-	-	-	-	-		-	-
<i>General governments</i>	126	125	1	5	-	5	-	-	-	3	-	3		125	2
<i>Credit institutions</i>	2,500	2,500	-	70	-	70	-	-	-	70	-	70		-	-
<i>Other financial corporations</i>	495	423	20	45	-	45	2	1	1	22	-	22		467	18
<i>Non-financial corporations</i>	14,344	12,027	2,168	12,987	-	12,695	295	148	147	6,664	-	6,488		9,613	5,129
<i>of which SMEs</i>	5,575	4,603	971	8,881	-	8,848	125	28	97	4,481	-	4,465		3,625	3,501
<i>Households</i>	11,824	7,235	4,589	12,637	-	12,636	197	23	174	5,051	-	5,051		8,732	6,255
<b>Debt securities</b>	6,570	6,538	9	-	-	-	53	53	-	-	-	-		-	-
<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-		-	-
<i>General governments</i>	5,687	5,678	-	-	-	-	49	49	-	-	-	-		-	-
<i>Credit institutions</i>	591	585	-	-	-	-	1	1	-	-	-	-		-	-
<i>Other financial corporations</i>	8	1	-	-	-	-	-	-	-	-	-	-		-	-
<i>Non-financial corporations</i>	284	274	9	-	-	-	3	3	-	-	-	-		-	-
<b>Off-balance-sheet exposures</b>	6,595	6,303	292	340	-	340	19	16	4	73	-	73		969	40
<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-		-	-
<i>General governments</i>	195	194	1	-	-	-	-	-	-	-	-	-		-	-
<i>Credit institutions</i>	418	418	-	-	-	-	7	7	-	-	-	-		-	-
<i>Other financial corporations</i>	41	41	-	4	-	4	-	-	-	-	-	-		8	-
<i>Non-financial corporations</i>	4,223	3,967	256	335	-	335	11	8	3	73	-	73		947	39
<i>Households</i>	1,718	1,683	35	1	-	1	1	1	1	-	-	-		14	1
<b>Total</b>	<b>43,969</b>	<b>36,665</b>	<b>7,079</b>	<b>26,084</b>	<b>-</b>	<b>25,791</b>	<b>513</b>	<b>241</b>	<b>326</b>	<b>11,883</b>	<b>-</b>	<b>11,707</b>	<b>-</b>	<b>19,906</b>	<b>11,444</b>

Table 14 shows the movements in provisions regarding credit losses for debt instruments measured at amortized cost and debt instruments carried at fair value through other comprehensive income (FVTOCI), for which Expected Credit Loss (ECL) is calculated.

<b>Table 14: EU CR2-A – Changes in the stock of general and specific risk adjustments</b>		<b>(in Euro million)</b>
		<b>Accumulated specific credit risk adjustment</b>
<b>Opening balance 1.1.2019</b>		<b>12,275</b>
Increases due to amounts set aside for estimated loan losses during the period		338
Decreases due to amounts taken against accumulated credit risk adjustments		-1,133
Impact of exchange rate differences		12
Business combinations, including acquisitions and disposals of subsidiaries		-
Reclassification to assets held for sale		-
Change in present value of the impairment losses		2
Other adjustments		3
<b>Closing balance 30.6.2019</b>		<b>11,496</b>
Recoveries of previously written-off amounts recorded directly to the statement of profit or loss		- 15
Amounts written-off directly to the statement of profit or loss		-

Table 15 shows the changes in stock of on balance sheet amounts of defaulted and impaired loans.

<b>Table 15: EU CR2-B – Changes in the stock of defaulted and impaired loans and debt securities</b>		
<b>(in Euro million)</b>		
		<b>Gross carrying value defaulted exposures</b>
<b>Opening balance 1.1.2019</b>		<b>25,744</b>
Loans and debt securities that have defaulted or impaired since the last reporting period		953
Returned to non-defaulted status		- 673
Amounts written off		- 1,095
Other changes		- 184
<b>Closing balance 30.6.2019</b>		<b>24,745</b>

Under Standardised approach, credit risk is measured by applying risk weights outlined in CRD IV, based on the exposure class to which the exposure is allocated. The following tables outline the Standardised exposure classes by CRD IV prescribed risk weight. Exposures subject to counterparty credit risk are not included in the table.

**Table 16a: EU CR5 - Standardized approach as of 30.6.2019**
**(in Euro million)**

Exposure classes	Risk Weight															Total	Of which unrated
	0%	2%	4%	10%	20%	25%	35%	50%	70%	75%	100%	150%	250%	370%	1250%		
Central governments or central banks	8,323	-	-	-	15	553	-	-	-	-	3,346	-	801	-	-	13,038	6,884
Regional government or local authorities	-	-	-	-	35	-	-	-	-	-	-	-	-	-	-	35	35
Public sector entities	-	-	-	-	-	-	-	-	-	-	636	-	-	-	-	636	636
Multilateral development banks	526	-	-	-	-	-	-	-	-	-	-	-	-	-	-	526	175
International organisations	632	-	-	-	-	-	-	-	-	-	-	-	-	-	-	632	-
Institutions	7	-	-	-	701	-	-	278	-	-	34	26	-	-	-	1,044	356
Corporates	-	-	-	-	-	-	-	36	-	-	8,624	28	-	-	-	8,688	8,521
Retail	-	-	-	-	-	-	-	-	-	3,157	-	-	-	-	-	3,157	3,157
Secured by mortgages on immovable property	-	-	-	-	-	-	6,985	4,188	-	1,371	1,380	-	-	-	-	13,924	13,924
Exposures in default	-	-	-	-	-	-	-	-	-	-	12,707	1,710	-	-	-	14,418	14,418
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	243	-	-	-	243	243
Covered bonds	-	-	-	-	170	-	-	-	-	-	-	-	-	-	-	170	-
Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	6	-	-	-	-	6	6
Equity	-	-	-	-	-	-	-	-	-	-	257	-	44	-	-	300	300
Other items	354	-	-	-	-	-	-	-	-	-	2,048	-	-	-	-	2,402	2,402
<b>Total</b>	<b>9,842</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>921</b>	<b>553</b>	<b>6,985</b>	<b>4,502</b>	<b>-</b>	<b>4,528</b>	<b>29,038</b>	<b>2,007</b>	<b>845</b>	<b>-</b>	<b>-</b>	<b>59,219</b>	<b>51,057</b>

**Table 16b: EU CR5 - Standardized approach as of 31.12.2018**
**(in Euro million)**

Exposure classes	Risk Weight															Total	Of which unrated
	0%	2%	4%	10%	20%	25%	35%	50%	70%	75%	100%	150%	250%	370%	1250%		
Central governments or central banks	6,994	-	-	599	11	-	-	-	-	-	3,381	-	763	-	-	11,749	7,245
Regional government or local authorities	-	-	-	-	37	-	-	-	-	-	-	-	-	-	-	37	37
Public sector entities	-	-	-	-	-	-	-	-	-	-	636	-	-	-	-	636	636
Multilateral development banks	508	-	-	-	-	-	-	-	-	-	-	-	-	-	-	508	126
International organisations	589	-	-	-	-	-	-	-	-	-	-	-	-	-	-	589	-
Institutions	8	-	-	-	774	-	-	279	-	-	8	26	-	-	-	1,095	408
Corporates	-	-	-	-	-	-	-	35	-	-	8,760	80	-	-	-	8,875	8,656
Retail	-	-	-	-	-	-	-	-	-	3,396	-	-	-	-	-	3,396	3,391
Secured by mortgages on immovable property	-	-	-	-	-	-	7,048	4,061	-	1,493	1,419	-	-	-	-	14,022	14,022
Exposures in default	-	-	-	-	-	-	-	-	-	-	12,950	1,770	-	-	-	14,720	14,720
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	3	-	-	-	3	3
Covered bonds	-	-	-	-	55	-	-	21	-	-	-	-	-	-	-	77	-
Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	8	-	-	-	-	8	8
Equity	-	-	-	-	-	-	-	-	-	-	373	-	29	-	-	402	402
Other items	403	-	-	-	-	-	-	-	-	-	1,843	-	-	-	-	2,246	2,246
<b>Total</b>	<b>8,502</b>	<b>-</b>	<b>-</b>	<b>599</b>	<b>877</b>	<b>-</b>	<b>7,048</b>	<b>4,396</b>	<b>-</b>	<b>4,889</b>	<b>29,378</b>	<b>1,879</b>	<b>792</b>	<b>-</b>	<b>-</b>	<b>58,363</b>	<b>51,900</b>



## 5.1 Credit risk mitigation

Credit risk mitigation techniques reduce exposure value and expected loss.

Collateral can be used in order to mitigate the Credit Risk created in case a customer or counterparty to a financial instrument fails to meet their contractual obligations.

Collaterals are holdings or rights of every type provided to the Bank by its debtors or third parties to be used as additional funding sources in case of claim liquidation.

The main collateral types are mortgages, cash, mutual funds and sovereign securities (repos, bonds).

### 5.1.1 Description of the main collateral types

Collateral used to mitigate risk, both for mortgage and other lending is diversified. The main types of guarantors are corporates, individuals, financial institutions and sovereigns. Their creditworthiness is assessed on a case by-case basis.

There are two broad categories of collateral: Contractual collaterals – guarantees and tangible collaterals.

Guarantees are the most common collateral type of the first category. A guarantee is a legally enforceable relationship between the Bank and the borrower, through which the guarantor assumes the responsibility of paying the debt. It is documented and presupposes the existence of another legally enforceable relationship between the Bank and the borrower (loan).

The most common types of tangible collateral are: mortgages on real estate properties and pledges on commodities, deposits and cheques or claims and receivables.

The table below shows the volume of unsecured and secured exposures. Secured exposures are limited to those exposures against which eligible collateral which meets CRR 575/2013 definitions is held and has been used in the calculation of the Group's capital requirements. Haircuts are applied consistent with CRR 575/2013 requirements.

	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total Loans	12,340	28,536	20,280	804	-
Total debt securities	7,505	-	-	-	-
<b>Total exposures</b>	<b>19,845</b>	<b>28,536</b>	<b>20,280</b>	<b>804</b>	<b>-</b>
of which defaulted	2,823	11,802	8,591	223	-



	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total Loans	13,113	28,179	20,227	746	-
Total debt securities	6,517	-	-	-	-
<b>Total exposures</b>	<b>19,630</b>	<b>28,179</b>	<b>20,227</b>	<b>746</b>	<b>-</b>
of which defaulted	3,289	11,618	8,576	207	-

The table below presents Standardised exposures before Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM) and after CCF and CRM at 30.6.2019, excluding exposures subject to counterparty credit risk.

Exposure classes	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	On-Balance-sheet amount	Off-Balance-Sheet amount	On-Balance-Sheet amount	Off-Balance-Sheet amount	RWAs	RWA density
Central governments or central banks	12,421	193	13,038	-	5,490	42.1%
Regional government or local authorities	35	1	34	-	7	20.0%
Public sector entities	635	1	635	-	636	100.0%
Multilateral development banks	351	-	526	-	-	0.0%
International organisations	632	-	632	-	-	0.0%
Institutions	2,561	629	1,031	14	351	33.6%
Corporates	8,473	3,666	8,069	619	8,639	99.4%
Retail	3,440	2,315	3,081	76	2,242	71.0%
Secured by mortgages on immovable property	14,199	134	13,878	46	6,795	48.8%
Exposures in default	14,626	276	14,345	72	15,273	105.9%
Items associated with particularly high risk	264	-	243	-	365	150.0%
Covered bonds	170	-	170	-	34	20.0%
Collective investment undertakings	6	-	6	-	6	100.0%
Equity	300	-	300	-	366	121.9%
Other items	2,402	-	2,402	-	2,048	85.2%
<b>Total</b>	<b>60,515</b>	<b>7,215</b>	<b>58,390</b>	<b>827</b>	<b>42,252</b>	<b>71.3%</b>



**Table 18b: EU CR4 - Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects as of 31.12.2018 (in Euro million)**

Exposure classes	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	On-Balance-sheet amount	Off-Balance-Sheet amount	On-Balance-Sheet amount	Off-Balance-Sheet amount	RWAs	RWA density
Central governments or central banks	11,147	193	11,749	-	5,349	45.5%
Regional government or local authorities	37	1	37	-	7	20.0%
Public sector entities	636	1	636	-	636	100.0%
Multilateral development banks	382	-	508	-	-	0.0%
International organisations	589	-	589	-	-	0.0%
Institutions	2,352	552	1,082	13	341	31.2%
Corporates	8,612	3,513	8,193	682	8,860	99.8%
Retail	3,643	2,333	3,321	75	2,420	71.3%
Secured by mortgages on immovable property	14,323	95	13,987	34	6,889	49.1%
Exposures in default	14,908	271	14,654	66	15,606	106.0%
Items associated with particularly high risk	3	-	3	-	5	150.0%
Covered bonds	77	-	77	-	22	28.4%
Collective investment undertakings	8	-	8	-	8	100.0%
Equity	402	-	402	-	445	110.8%
Other items	2,246	-	2,246	-	1,843	82.1%
<b>Total</b>	<b>59,365</b>	<b>6,959</b>	<b>57,492</b>	<b>870</b>	<b>42,431</b>	<b>72.7%</b>

## 6 Counterparty credit risk (CCR)

Counterparty credit risk is the risk of default of a counterparty before the final settlement of all existing transactions' cash flows. An economic loss would occur if the portfolio of transactions with the counterparty has a positive economic value to the Group at the time of counterparty default. According to CRR 575/2013 the term transaction refers to:

- Over the counter (OTC) derivative transactions, such as FX or interest rate derivative transactions
- Repurchase transactions, securities or commodities lending or borrowing transactions or margin lending transactions
- Long settlement transactions

Alpha Bank Group has the first two types of transactions.

The exposures generating counterparty credit risk are monitored on a daily basis. The Group has set limits per counterparty group, per counterparty and per product.

In order to reduce counterparty credit risk exposure, Alpha Bank Group uses ISDA (International Swap and Derivatives Association) and GMRA (Global Master Repurchase Agreement) bilateral contracts for financial products transactions with financial institutions.

Alpha Bank Group has adopted the Mark to Market Method, according to which, as described in article 274, section 3 of CRR 575/2013, the exposure value of each contract is calculated as the sum of the current replacement cost of the contract, given it is positive, and the potential future exposure. The potential future exposure is estimated after multiplying the nominal value with a weight, the size of which depends upon the contractual remaining maturity and the underlying asset.

The tables below reflect the Group's counterparty credit exposures, including the impact of netting and collateral. Current credit exposures consist of the replacement cost of contracts together with potential future credit exposure.

Approach	Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
Mark to market		- 512	232			863	132
Financial collateral comprehensive method (for SFTs)						1,144	246



Approach	Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
Mark to market		- 450	264			659	135
Financial collateral comprehensive method (for SFTs)						1,177	235

According to CRR 575/2013 Article 381, financial institutions are required to calculate the own funds requirements for Credit Valuation Adjustment (CVA Risk).

The CVA reflects the current market value of the counterparty credit risk to the institution. Own Funds requirements for CVA risk, are calculated for all derivative transactions with financial institutions all OTC derivative instruments excluding credit derivatives.

In order to calculate CVA, Alpha Bank incorporates the Standardized methodology according to article 384 of CRR 575/2013. Value at Risk is calculated with a 99% confidence interval and with one-year risk horizon.

The most important factors that influence the capital requirements of CVA are the Weight of the counterparty, the real notional-weighted maturity, the contribution of the exposures to the counterparties as well as the number of the counterparties of the portfolio.

The following table present the CVA calculation of Alpha Bank Group:

	30.6.2019		31.12.2018	
	Exposure value	RWAs	Exposure value	RWAs
All portfolios subject to the standardised method	49	35	75	50
<b>Total subject to the CVA capital charge</b>	<b>49</b>	<b>35</b>	<b>75</b>	<b>50</b>

	30.6.2019		31.12.2018	
	EAD post CRM	RWAs	EAD post CRM	RWAs
<b>Exposures to QCCPs (total)</b>				
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	23	0	-	-
(iv) Netting sets where cross-product netting has been approved	23	0	17	0

The table below shows the CCR exposures by regulatory portfolio and risk.

**Table 22a: EU CCR3 - Standardized approach – CCR exposures by regulatory portfolio and risk as of 30.6.2019 (in Euro million)**

Exposure classes	Risk Weight										Total	Of which unrated
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%		
Central governments or central banks	676	-	-	-	-	-	-	-	-	-	676	-
Institutions	-	23	-	-	1,110	83	-	-	-	-	1,217	60
Corporates	-	-	-	-	-	-	-	-	114	-	114	114
Retail	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>676</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>1,110</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>114</b>	<b>-</b>	<b>2,007</b>	<b>174</b>

**Table 22b: EU CCR3 - Standardized approach – CCR exposures by regulatory portfolio and risk as of 31.12.2018 (in Euro million)**

Exposure classes	Risk Weight										Total	Of which unrated
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%		
Central governments or central banks	463	-	-	-	-	-	-	-	-	-	463	-
Institutions	-	17	-	-	1,212	37	-	-	-	3	1,269	73
Corporates	-	-	-	-	-	-	-	-	104	-	104	104
Retail	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>463</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>1,212</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>104</b>	<b>3</b>	<b>1,836</b>	<b>177</b>

The following tables shows the impact of collateral and netting on exposure values as well as the composition of the respective collateral.

**Table 23a: EU CCR5-A - Impact of netting and collateral held on exposure values as of 30.6.2019 (in Euro million)**

	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
<b>Derivatives</b>	<b>941</b>	<b>295</b>	<b>646</b>	<b>15</b>	<b>863</b>
<b>SFTs</b>	<b>7,055</b>	<b>-</b>	<b>7,055</b>	<b>7,026</b>	<b>1,144</b>
Cross-product netting	940	295	646	15	862
<b>Total</b>	<b>7,996</b>	<b>295</b>	<b>7,701</b>	<b>7,041</b>	<b>2,007</b>

**Table 23b: EU CCR5-A - Impact of netting and collateral held on exposure values as of 31.12.2018 (in Euro million)**

	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
Derivatives	696	248	448	54	659
SFTs	6,953	-	6,953	6,908	1,177
Cross-product netting	695	248	448	54	655
<b>Total</b>	<b>7,649</b>	<b>248</b>	<b>7,401</b>	<b>6,962</b>	<b>1,836</b>

**Table 24a: EU CCR5-B - Composition of collateral for exposures to CCR as of 30.6.2019 (in Euro million)**

	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash	-	-	140	1,200	7,026	-
Sovereign debt	-	612	-	-	-	-
<b>Total</b>	<b>-</b>	<b>612</b>	<b>140</b>	<b>1,200</b>	<b>7,026</b>	<b>-</b>

**Table 24b: EU CCR5-B - Composition of collateral for exposures to CCR as of 31.12.2018 (in Euro million)**

	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash	-	54	34	1,026	6,908	-
Sovereign debt	-	400	-	-	-	-
<b>Total</b>	<b>-</b>	<b>454</b>	<b>34</b>	<b>1,026</b>	<b>6,908</b>	<b>-</b>

As of 30.6.2019, there was no outstanding exposure to credit derivative transactions bought or sold.

## 7 Market Risk

Market risk is the risk of reduction in economic value arising from unfavorable changes in the value or volatility of interest rates, foreign exchange rates, stock exchange indices, equities and commodities.

Market risk management is conducted in accordance with policies and procedures that have been developed and are implemented by all Group companies.

Alpha Bank calculates Value at Risk (VaR) for internal risk management purposes since 1999. The VaR methodology applied is historical simulation, using a 99% percentile, one tailed confidence interval, a historical observation period of 2 years un-weighted data and a 1 and 10-day holding period. 10 day VaR is calculated with a 10 day horizon and a 1 day fixed step (overlapping periods). Calculation of the value-at-risk value is performed on a daily basis using full valuation across all risk factors and positions. The Stressed VaR methodology is based on the current VaR methodology. All risk factors included in the regulatory VaR model are considered in the Stressed VaR model. The Bank computes the Stressed VaR measure on a daily basis, to coincide with the VaR periodicity. Currently, the stress period used by the Bank is January 2013 – December 2013. The selection of the stressed period is based on the assessment of the most volatile period in recent history.

### 7.1 IMA approach for market risk

The risk categories covered by Alpha Bank's regulatory internal model are general risk of equity instruments, general risk of debt instruments, foreign exchange risk and commodities risk.

The own fund requirements under the IMA at 30.6.2019 are displayed in the following table:

	30.6.2019		31.12.2018	
	RWAs	Capital requirements	RWAs	Capital requirements
<b>VaR (higher of values a and b)</b>	<b>297</b>	<b>24</b>	<b>202</b>	<b>16</b>
Previous day's VaR (Article 365(1) of the CRR (VaRt-1))	88	7	59	5
Average of the daily VaR (Article 365(1)) of the CRR on each of the preceding 60 business days (VaRavg) x multiplication factor (mc) in accordance with Article 366 of the CRR	297	24	202	16
<b>SVaR (higher of values a and b)</b>	<b>669</b>	<b>53</b>	<b>665</b>	<b>53</b>
Latest SVaR (Article 365(2) of the CRR (SVaRt-1))	202	16	193	15
Average of the SVaR (Article 365(2) of the CRR) during the preceding 60 business days (SVaRavg) x multiplication factor (ms) (Article 366 of the CRR)	669	53	665	53
<b>Total</b>	<b>966</b>	<b>77</b>	<b>867</b>	<b>69</b>

A flow statement explaining the variations in the market RWAs is displayed in the following table:



Table 26a: EU MR2-B – RWA flow statements of market risk exposures under the IMA				(in Euro million)
	VaR	SVaR	Total RWAs	Total capital requirements
<b>RWAs at 31.3.2019</b>	<b>284</b>	<b>639</b>	<b>923</b>	<b>74</b>
<i>Regulatory adjustment (1)</i>	200	456	656	52
<b>RWAs at the previous quarter-end (end of the day)</b>	<b>84</b>	<b>183</b>	<b>267</b>	<b>21</b>
Movement in risk levels	1	-	2	-
Bond Prices Movements	2	19	21	2
Other (2)	-	-	-	-
<b>RWAs at 30.6.2019 (end of the day)</b>	<b>88</b>	<b>202</b>	<b>290</b>	<b>23</b>
<i>Regulatory adjustment</i>	209	467	675	54
<b>RWAs at 30.6.2019</b>	<b>297</b>	<b>669</b>	<b>965</b>	<b>77</b>

Table 26b: EU MR2-B – RWA flow statements of market risk exposures under the IMA				(in Euro million)
	VaR	SVaR	Total RWAs	Total capital requirements
<b>RWAs at 31.12.2018</b>	<b>202</b>	<b>665</b>	<b>867</b>	<b>69</b>
<i>Regulatory adjustment (1)</i>	144	472	616	49
<b>RWAs at the previous quarter-end (end of the day)</b>	<b>59</b>	<b>193</b>	<b>251</b>	<b>20</b>
Movement in risk levels	26	- 14	12	1
Bond Prices Movements	1	4	5	-
Other (2)	- 1	-	- 1	-
<b>RWAs at 31.3.2019 (end of the day)</b>	<b>84</b>	<b>183</b>	<b>267</b>	<b>21</b>
<i>Regulatory adjustment</i>	200	456	656	52
<b>RWAs at 31.3.2019</b>	<b>284</b>	<b>639</b>	<b>923</b>	<b>74</b>

(1) The regulatory adjustment takes into account the Bank's multiplier in terms of the Internal Model which is embedded in the calculation of the RWAs.

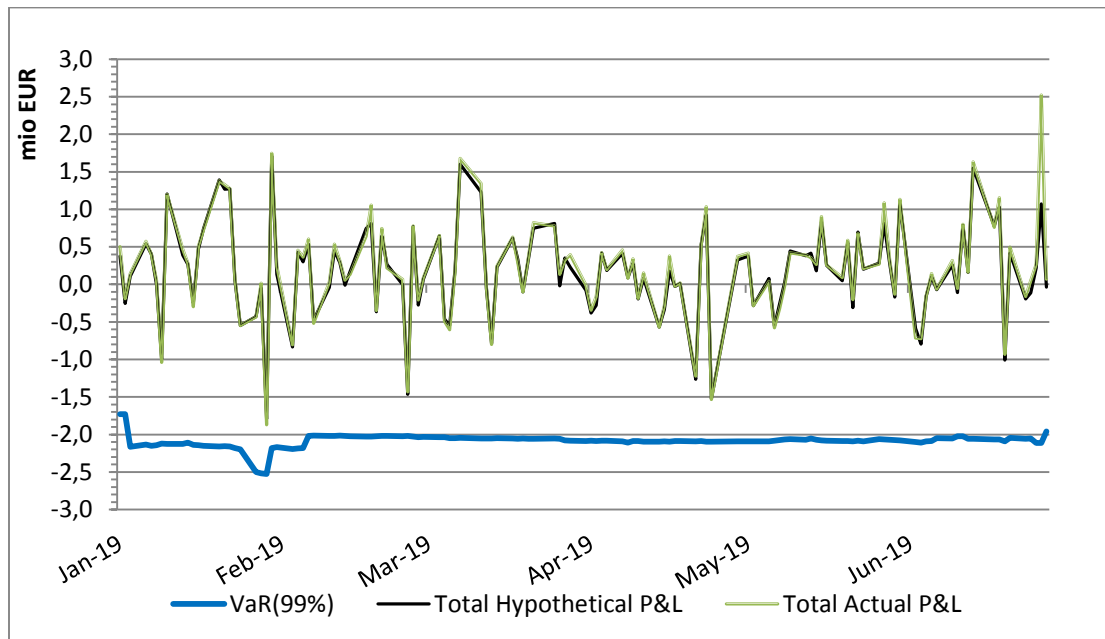
VaR and SVaR values as estimated during the first semester of 2019 for the Bank trading portfolio, including the FX position due to participations, are given in the following table:



Table 27: EU MR3 – IMA values for trading portfolios		(in Euro million)
	30.6.2019	31.12.2018
<b>VaR (10 day 99%)</b>	<b>Value</b>	<b>Value</b>
Maximum value	7	8
Average value	7	4
Minimum value	4	3
Period end	7	5
<b>SVaR (10 day 99%)</b>	<b>Value</b>	<b>Value</b>
Maximum value	16	16
Average value	15	12
Minimum value	14	9
Period end	16	15

Additionally, VaR model validation (back testing) is performed on a daily basis. Both actual and hypothetical back testing is conducted in order to comply with the regulatory requirements. A comparison between the results of estimates from the regulatory VaR model with both hypothetical and actual trading outcomes is presented in the following graph:

**Table 28: EU MR4 – Comparison of VaR estimates with gains/losses**



Alpha Bank Group is in compliance with Bank of Greece requirements regarding the systems and controls through which the requirement for the provision of accurate and reliable valuation results is satisfied with, as described in Appendix VII of Directive 2591/20.8.2007.

## 7.2 Standardized approach for market risk

Capital charges for specific risk on a solo basis are calculated with the Standardized approach. Alpha Bank Group uses also the Standardized approach for the measurement of market risk exposure and capital requirements for all its subsidiaries.



The following table summarizes the capital requirements for market risk per risk factor based on Standardized approach at 30.6.2019

Table 29: EU MR1 – Market risk under the standardised approach		(in Euro million)		
	30.6.2019		31.12.2018	
	RWAs	Capital requirements	RWAs	Capital requirements
<b>Outright products</b>				
Interest rate risk (general and specific)	-	-	-	-
Equity risk (general and specific)	4	-	2	-
Foreign exchange risk	4	-	14	1
Commodity risk	-	-	3	-
<b>Options</b>				
Simplified approach	-	-	-	-
Delta-plus method	-	-	-	-
Scenario approach	-	-	-	-
Securitisation (specific risk)	-	-	-	-
<b>Total</b>	<b>8</b>	<b>-</b>	<b>19</b>	<b>1</b>