

**Alpha Bank Group**  
Pillar III Disclosures  
Report for June 30, 2020



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## List of Abbreviations

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



## **1 Introduction**

### **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 over 130 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, Romania and Luxemburg.



## 2 Pillar III Disclosures Overview

### 2.1 Background

Alpha Bank's Pillar III Report is prepared in accordance with disclosure requirements as 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).

#### 2.1.1 Disclosures enhancements

In January 2015, the Basel Committee on Banking Supervision (BCBS) 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 and with the Basel Committee, and are effective from 31 December 2017. Alpha Bank incorporated the enhancements to the extent possible.

In December 2018 EBA published guidelines that specify the common content and uniform disclosure formats for the information on NPEs, forbore exposures and foreclosed assets that credit institutions should disclose. Proportionality is embedded in the guidelines based on two criteria – the significance of the credit institution and the level of NPEs – and there is a set of templates that needs to be disclosed only by significant credit institutions with a gross NPL ratio of 5% or above. Following the outbreak of the COVID-19 pandemic and the response of governments across the globe and in the EU states by implementing measures to support borrowers, additional reporting and disclosures requirements were introduced on 2 June 2020 for the purposes of market discipline and transparency. The specific requirements take into account the Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis (date of publication 2 April 2020).

#### 2.1.2 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 (CAR)

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

- Capital Conservation Buffer (CCB) stands at 2.5%
- Bank of Greece (BoG) through Executive Committee Acts set the following capital buffers:
  - Countercyclical Capital Buffer (CCyB) equal to 0% for the second quarter of 2020
  - Other systemically important institutions (O-SII) buffer, which will gradually rise to “one percent” (1%) from 1.1.2019 to 1.1.2022. For 2020, the O-SII buffer stands at 0.5%.

### Supervisory Review and Evaluation Process (SREP)

According to Council Regulation 1024/2013, ECB conducts annually a Supervisory Review and Evaluation Process (SREP) in order to set prudential and other qualitative requirements to banking institutions.

This process evaluates the:

- Sustainability and viability of business model
- Adequacy of governance and risk management
- Risks to capital and
- Risks to liquidity and funding

The minimum capital requirements are determined by the ECB following the assessment of the institution’s risk profile.



In accordance with the SREP decision that was notified to the Bank on 10 December 2019, the minimum limit for the Overall Capital Requirement (OCR) was set to 14%, for 2020. The OCR includes the Pillar 2 requirement (P2R) of 3.0%. Compared to the 2019 limit of 13.75% the difference of 0.25%, is due to the gradual increase of the O-SII buffer.

Following the Covid-19 outbreak, the European Banking Authority (EBA) and ECB decided that European banking institutions can temporarily deviate from the minimum capital regulatory thresholds and announced relaxation measures.

Specifically, on 12 March, the ECB and the EBA announced the following relaxation measures for the minimum capital requirements in the Eurozone:

- Temporarily, banks are allowed to operate below the level of capital defined by the Capital Conservation Buffer and the Countercyclical Buffer. In addition, on 28 July 2020, the ECB announced through a press release that financial institutions are allowed to operate below the aforementioned thresholds at least up to the end of 2022.
- Furthermore, the change that was expected from the adoption of CRD V regarding the composition of the P2R buffer was brought forward, allowing the Pillar 2 requirement (P2R) to be covered by Additional Tier 1 (AT1) capital and Tier 2 (T2) capital and not only by CET 1.

Taking into consideration the above measures that allow the Bank to operate temporarily at levels below the abovementioned ones, the minimum limit for the Overall Capital Requirement (OCR) is set at 11.5%.

The European Commission (EC), has also adopted a series of measures and provided flexibility to banks, aiming to facilitate bank lending under the exceptional situation caused by the Coronavirus pandemic. The measures include the revision of the existing regulatory framework, the CRR “quick fix”, by bringing forward changes that would normally enter into force with the application of CRR2/CRDV framework and an extension by two years to the transitional arrangements of IFRS 9, to mitigate a possible sudden significant increase in the Expected Credit Loss (ECL) provisions of banks, which would result in an erosion of their capital. These changes do not alter fundamentally the prudential regulatory framework. The revised framework was published in the Official Journal of the European Union on June 26, 2020.

Finally, on 26 June 2020, the Bank of Greece under an Executive Committee Act determined the capital buffer of systemically important institutions (O-SII) at 0.50%, maintaining it stable for 2021.



### 3 Capital Management

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 Capital Strategy of the Group commits to maintain sound capital adequacy both from economic and regulatory perspective. It aims at monitoring and adjusting the 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. 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.

The Group remains committed to the implementation of its Strategic Plan, announced in November 2019, re-calibrating its approach in order to include additional policy measures, a more disciplined allocation of resources and a revised time plan to address the challenges and risks that the outbreak of COVID-19 posed to banks.

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

- The strong capital position was further enhanced by the successful issuance of a € 500 million Tier 2 bond with 10-year maturity callable after 5 years at a yield of 4.25%, listed on the Luxembourg Stock Exchange. At the end of June 2020, total Capital Adequacy Ratio (CAR) stands at 18.3%, up by 0.7% q-o-q, with capital buffer standing at Euro 3.1 billion vs. minimum OCR threshold (post relaxation measures).
- At the end of June 2020, the Group's Tangible Equity Book Value amounted to Euro 7.8 billion.
- The liquidity profile improved further in H1 2020 with the Group deposits increasing by Euro 0.5 billion. Loan to Deposit Ratio at the end of June 2020 declined to 96% from 102% the previous year, while the Group's Liquidity Coverage Ratio (LCR) stood at 112.5%.
- The participation to the TLTRO III of Euro 11.9 billion leads to a substantial improvement of the funding cost.
- The NPE stock in Greece contracted by Euro 0.1 billion in Q2 2020 and the Group NPEs contracted by Euro 3.5 billion y-o-y, despite the temporary halt in liquidations and repayments due to Covid-19,.
- The Core Pre-Provision Income in H1 2020 increased by 7.9% y-o-y, driven by improved core revenue performance and operational efficiencies, despite the adverse conditions due to the Covid-19 outbreak.
- The Pre-Provision Income generation of Euro 645.5 million in H1 2020, up by 8.7% y-o-y, or 3.3% over Net Loans on an annualized basis, allows for the absorption of increased impairment losses in the 1st half of 2020.
- Impairment losses on loans in H1 2020 at Euro 568.1 million vs. Euro 488.5 million last year, or 2.9% over net loans, materially affected by additional impairments of circa 234 million recognized by the Bank to account for the anticipated Covid-19 impact.
- Despite Covid-19 headwinds, Profit after Tax stands at Euro 86.6 million in H1 2020 vs. Euro 86.8 million over the same period in 2019.



### 3.1 Capital Ratios

The Capital Adequacy Ratio is calculated as the result of the Group's regulatory capital (own funds) to its 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 shown in the following table, on 30.6.2020, Alpha Bank's CET1 stood at approx. Euro 7.9 billion and the total Regulatory Capital at 8.5 billion, while the total RWAs amounted to Euro 46.3 billion resulting in a CET1 ratio of 17.2%, and total Capital Adequacy Ratio of 18.3% vs 17.9% in 31.12.2019, mainly affected by the:

- decrease in FVOCI revaluation reserve and the application of IFRS9 transitional arrangements for 2020,
- Tier 2 bond issuance of Euro 500mln on February 2020,
- Interim H1 2020 profits and the positive impact from the adoption of Regulation (EU) 2020/873 (CRR "quick fix").

The Deferred Tax Assets (DTAs) stood at Euro 5.3 billion with the eligible amount to be converted to tax credit claims at Euro 3.1 billion.

Table 1: Capital Adequacy Ratios (%)		(in Euro million)	
Capital Type	30.6.2020	31.12.2019	
CET1	7,941	8,495	
Tier 1 Capital	7,944	8,499	
Tier 2 Capital	519	11	
Total Regulatory Capital for C.A.R. calculation	8,464	8,510	
Risk Weighted Assets	46,289	47,483	
<b>Capital Ratios</b>			
CET1 Ratio	17.2%	17.9%	
Tier 1 Ratio	17.2%	17.9%	
Capital Adequacy Ratio (Tier 2 + Tier 2)	18.3%	17.9%	

The above-mentioned ratios include the profit for H1 2020. The following table presents the capital ratios if the period profits were not included.

Table 2: Capital Ratios without profits for H1 2020		30.6.2020
CET1 Ratio		17.0%
Tier 1 Ratio		17.0%
Capital Adequacy Ratio (Tier 2 + Tier 2)		18.1%

### 3.2 EBA 2021 Stress testing

EU-wide stress test is primarily focused on the assessment of the impact of risk drivers on the solvency of banks. Banks are required to stress a common set of risks (credit risk – including securitisations – market risk and counterparty credit risk, operational risk – including conduct risk). The EU – Stress Test is a biannual exercise. However due to the outbreak of COVID – 19 (Coronavirus) and its global spread, EBA decided to postpone until 2021 the EU-wide Stress Test Exercise of 2020 to allow banks to focus on and ensure continuity of their core operations. For 2020, the EBA carries out additional EU-wide transparency exercise in order to provide updated information on banks' exposures and asset quality to market participants. On 30.07.2020, EBA announced that the EU-wide Stress Test will be carried out in 2021, at the highest level of consolidation and that exercise is expected to be launched at the end of January 2021 and its results to be published at the end of July 2021.

### 3.3 IFRS 9 Capital Impact

On December 12, 2017 the Regulation No 2395/2017 of the European Parliament and of the Council amended EU Regulation 575/2013, and introduced transitional arrangements to mitigate the impact of the IFRS 9 on regulatory capital and leverage ratios. The Regulation allowed for a 5-year transitional period during which banks may add back to their CET1 capital 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 31.12.2017 in accordance with IAS 39 ("Static" amount). The weighting factors were set per year at 0.95 in 2018, 0.85 in 2019, 0.7 in 2020, 0.5 in 2021 and 0.25 in 2022.

On June 24, 2020 as a response to the COVID-19 pandemic the EU adopted Regulation No 2020/873 of the European Parliament and of the Council amending Regulations (EU) No 575/2013 and (EU) 2019/876. The Regulation introduced a new 5-year transitional period for the impairment losses that occurred due to the COVID-19 pandemic. According to the revised 473a article, institutions are allowed to fully add back to their CET 1 capital any increase in the expected credit loss provisions that they recognize in 2020 and 2021 for their financial assets that are not credit-impaired and new transitional factors introduced for the remaining period. The weighting factors were set at 1.00 for the first two years (2020 and 2021), 0.75 in 2022, 0.5 in 2023 and 0.25 in 2024.

Alpha Bank has decided to make use of the amended article 473a of the Regulation 2020/873 and to apply 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 the transitional arrangements for IFRS 9.

**Table 3: Comparison of own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 (in Euro million)**

<b>Available capital (amounts)</b>	<b>30.6.2020</b>	<b>31.3.2020</b>	<b>31.12.2019</b>	<b>30.9.2019</b>	<b>30.6.2019</b>
Common Equity Tier 1 (CET1) capital	7,941	7,840	8,495	8,662	8,454
CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6,592	6,567	6,943	7,110	6,903
Tier 1 capital	7,944	7,843	8,499	8,666	8,459
Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6,592	6,567	6,943	7,110	6,903
Total capital	8,464	8,354	8,510	8,677	8,469
Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7,114	7,081	6,958	7,125	6,918
<b>Risk-weighted assets (amounts)</b>					
Total Risk-weighted assets	46,289	47,617	47,483	48,105	47,562
Total Risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	45,098	46,876	46,600	47,185	46,632
<b>Capital ratios</b>					
Common Equity Tier 1 ratio (%)	17.2%	16.5%	17.9%	18.0%	17.8%
CET1 ratio (%) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.6%	14.0%	14.9%	15.1%	14.8%
Tier 1 ratio (%)	17.2%	16.5%	17.9%	18.0%	17.8%
Tier 1 ratio (%) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.6%	14.0%	14.9%	15.1%	14.8%
Total ratio (%)	18.3%	17.5%	17.9%	18.0%	17.8%
Total ratio (%) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.8%	15.1%	14.9%	15.1%	14.8%
<b>Leverage ratio</b>					
Leverage ratio total exposure measure	67,430	66,030	63,386	62,821	63,341
Leverage ratio	11.8%	11.9%	13.2%	13.8%	13.4%
leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9.9%	10.1%	11.0%	11.6%	11.1%

### 3.4 Own Funds structure

The following table presents the analysis of Own funds structure:

<b>Table 4: Own funds structure</b>		<b>(in Euro million)</b>	
<b>Type</b>	<b>30.6.2020</b>	<b>31.3.2020</b>	
Share capital	463	463	
Share premium	10,801	10,801	
Accumulated other comprehensive income (and other reserves)	- 2,829	- 2,837	
<i>o/w FVOCI reserves</i>	250	250	
Adjustments due to IFRS 9 transitional adjustments	917	841	
Minority interest (transitional)	0	0	
PVA	- 9	- 8	
<b>Common equity tier 1 capital before regulatory adjustments</b>	<b>9,344</b>	<b>9,260</b>	
Period Profit	88	- 10	
Intangible assets	- 482	- 484	
DTA amortization	- 999	- 917	
Irrevocable payment Commitment	- 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>- 1,403</b>	<b>- 1,420</b>	
<b>Common equity tier 1 capital (CET1) (1)</b>	<b>7,941</b>	<b>7,840</b>	
Hybrid instruments	15	15	
<b>Additional Tier I before regulatory adjustments</b>	<b>15</b>	<b>15</b>	
Hybrid instruments transitional	- 12	- 12	
(-) Goodwill/Intangible investments	-	-	
<i>of which deductible from Additional Tier I</i>	- 12	- 12	
<i>of which deductible from CET1</i>	-	-	
Total regulatory adjustments to additional Tier I	- 12	- 12	
<b>Additional Tier I</b>	<b>3</b>	<b>3</b>	
<b>Tier I Capital (CET1 + AT1)</b>	<b>7,944</b>	<b>7,843</b>	
Subordinated loan	508	500	
Hybrid instruments (transitional)	12	12	
<b>Tier II capital before regulatory adjustments</b>	<b>520</b>	<b>512</b>	
Total regulatory adjustments to Tier II	1	1	
<b>Tier II capital</b>	<b>519</b>	<b>511</b>	
<b>Total Capital (TC = Tier I + Tier II)</b>	<b>8,464</b>	<b>8,354</b>	
<b>Total RWA</b>	<b>46,289</b>	<b>47,617</b>	
<b>Common equity tier 1 Ratio</b>	<b>17.2%</b>	<b>16.5%</b>	
<b>Tier I Ratio</b>	<b>17.2%</b>	<b>16.5%</b>	
<b>Capital Adequacy Ratio (Tier I + Tier II)</b>	<b>18.3%</b>	<b>17.5%</b>	

On 13 February 2020, Alpha Bank successfully issued a € 500 million, Tier 2 bond with 10-year maturity callable after 5 years at a yield of 4.25%, listed on the Luxembourg Stock Exchange. The transaction is an integral part of Alpha Bank's strategy which has optimized the Bank's capital structure and has diversified its capital sources.



The issuance provides Alpha Bank an alternative funding source beyond its existing customer deposits, European Central Bank funding and interbank repos. In addition, it allows reduced reliance on secured funding that requires pledged assets, improving its overall funding and liquidity profile.

### 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 summarizes RWA and minimum capital requirements by risk type. Minimum capital requirement is calculated at 8% of RWA.

Table 4: EU OV1 – Overview of RWAs		(in Euro million)	
Risk Category	RWAs		Minimum capital requirements
	30.6.2020	31.3.2020	30.6.2020
<b>Credit risk (excluding CCR)</b>	<b>38,726</b>	<b>40,237</b>	<b>3,098</b>
Of which the standardised approach	38,726	40,237	3,098
<b>CCR</b>	<b>289</b>	<b>407</b>	<b>23</b>
Of which mark to market	234	374	19
Of which risk exposure amount for contributions to the default fund of a CCP	-	-	-
Of which CVA	55	33	4
<b>Settlement risk</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Securitisation exposures in the banking book (after the cap)</b>	<b>107</b>	<b>73</b>	<b>9</b>
Of which standardised approach	107	73	9
<b>Market risk</b>	<b>1,461</b>	<b>1,279</b>	<b>117</b>
Of which the standardised approach	127	10	10
Of which IMA	1,334	1,268	107
<b>Large exposures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operational risk</b>	<b>3,557</b>	<b>3,557</b>	<b>285</b>
Of which basic indicator approach	-	-	-
Of which standardised approach	3,557	3,557	285
<b>Amounts below the thresholds for deduction (subject to 250% risk weight)</b>	<b>2,128</b>	<b>2,064</b>	<b>170</b>
<b>Total</b>	<b>46,267</b>	<b>47,617</b>	<b>3,701</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:

Table 5: EU INS1 – Non-deducted participations in insurance undertakings		(in Euro million)
30.6.2020	Value	
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)	58	
<b>Total RWAs</b>	<b>144</b>	

As of 30.6.2020 the total risk weighted assets reduced by Euro 1.3 billion or 2.8% compared to the previous quarter, amounting to Euro 46.3 billion versus Euro 47.6 billion as of 31.3.2020. The reduction is attributed mainly to the recent CRR changes, the CRR “quick fix”, that affected the risk weights of exposures to SMEs and Infrastructure entities by introducing supporting factors, and the exposures to



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Central Governments and Central Banks denominated in the domestic currency of another Member State.

Out of the total amount, credit risk weighted assets (incl CCR and amounts below the thresholds for deduction) represent approximately 86.2%.

## 4 Leverage

The leverage ratio, which is defined as Tier 1 capital divided by total exposure, is a binding requirement from the beginning of 2020. 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 level of the leverage ratio with reference date 30.6.2020 on consolidated basis was 11.6%, according to the transitional definition of Tier 1 capital, exceeding by 3,8x the 3% minimum threshold applied by the competent authorities, implying that the Bank is not taking on excessive leverage risk.

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.

The following tables present an analysis of the Group's leverage ratio:

<b>Table 7a: Summary reconciliation of accounting assets and leverage ratio exposures</b>		<b>(in Euro million)</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>	
Total assets as per published financial statements	68,622	63,458	
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	- 500	- 437	
Adjustments for derivative financial instruments 5	124	- 66	
Adjustment for securities financing transactions (SFTs)	176	671	
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1,379	1,333	
Other adjustments	- 2,380	- 1,573	
<b>Leverage ratio total exposure measure</b>	<b>67,421</b>	<b>63,386</b>	

<b>Table 7b: Leverage ratio common disclosure</b>		<b>(in Euro million)</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>	
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>CRR leverage ratio exposures</b>	<b>CRR leverage ratio exposures</b>	
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	64,824	60,608	
(Asset amounts deducted in determining Tier 1 capital)	905	- 11	
<b>Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)</b>	<b>65,729</b>	<b>60,597</b>	
<b>Derivative exposures</b>			
Replacement cost associated with all derivatives transactions (i.e.: net of eligible cash variation margin)	1,059	809	
Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)	193	145	
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	- 1,604	- 1,335	
<b>Total derivatives exposures</b>	<b>- 353</b>	<b>- 381</b>	
<b>SFT exposures</b>			
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	490	1,165	
Counterparty credit risk exposure for SFT assets	176	671	
<b>Total securities financing transaction exposures</b>	<b>666</b>	<b>1,836</b>	
<b>Other off-balance sheet exposures</b>			
Off-balance sheet exposures at gross notional amount	7,532	7,355	
(Adjustments for conversion to credit equivalent amounts)	- 6,153	- 6,021	
<b>Other off-balance sheet exposures</b>	<b>1,379</b>	<b>1,333</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	7,848	8,395	
Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	67,421	63,386	
<b>Leverage ratio</b>			
<b>Leverage ratio</b>	<b>11.6%</b>	<b>13.2%</b>	
<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	
	30.6.2020	31.12.2019
<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	<b>63,219</b>	<b>59,273</b>
Banking book exposures, of which:	63,219	59,273
Exposures treated as sovereigns	17,449	12,932
Exposures to regional governments, MDBs, international organisations and PSEs not treated as sovereigns	1,240	1,220
Institutions	2,940	2,542
Secured by mortgages of immovable properties	14,237	14,056
Retail exposures	3,476	3,549
Corporate	9,500	8,889
Exposures in default	12,394	13,770
Other exposures (e.g.: equity, securitisations, and other non-credit obligation assets)	1,985	2,315



## 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 models for measuring, monitoring and validating credit risk. These models 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 III 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 by significant geographical area, respectively.

Table 8a: EU CR1-A – Credit quality of exposures by exposure class as of 30.6.2020 (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	-	17,672	32	-	-	17,640
Regional governments or local authorities	-	30	0	-	-	30
Public sector entities (2)	-	636	0	-	-	636
Multilateral development banks	-	234	0	-	-	234
International organisations	-	340	0	-	-	340
Institutions	-	3,557	2	-	-	3,554
Corporates	-	13,615	78	-	-	13,537
<i>Of which: SMEs</i>	-	4,912	35	-	-	4,877
Retail	-	6,099	247	5	-	5,852
<i>Of which: SMEs</i>	-	1,324	32	-	-	1,292
Secured by mortgages on immovable property	-	14,539	217	6	-	14,322
<i>Of which: SMEs</i>	-	4,688	86	-	-	4,602
Exposures in default	21,592	-	8,938	638	-	12,654
Items associated with particularly high risk	9	222	5	-	-	227
Covered bonds	-	170	0	-	-	170
Collective investments undertakings	-	6	-	-	-	6
Equity exposures	-	255	-	-	-	255
Other exposures	-	4,124	-	-	-	4,124
<b>Total</b>	<b>21,601</b>	<b>61,499</b>	<b>9,519</b>	<b>649</b>	<b>-</b>	<b>73,581</b>
<i>Of which: Loans</i>	21,269	30,014	9,398	649	-	41,885
<i>Of which: Debt securities</i>	-	9,358	35	-	-	9,323
<i>Of which: Off-balance-sheet exposures</i>	332	7,319	86	-	-	7,565

Table 8b: EU CR1-A – Credit quality of exposures by exposure class as of 31.12.2019 (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	-	13,151	27	-	-	13,124
Regional governments or local authorities	-	33	0	-	-	32
Public sector entities	-	635	0	-	-	635
Multilateral development banks	-	249	0	-	-	249
International organisations	-	304	0	-	-	304
Institutions	-	3,207	7	-	-	3,200
Corporates	-	12,825	82	-	-	12,743
<i>Of which: SMEs</i>	-	2,207	16	-	-	2,191
Retail	-	6,008	196	19	-	5,813
<i>Of which: SMEs</i>	-	1,140	27	-	-	1,113
Secured by mortgages on immovable property	-	14,378	189	17	-	14,189
<i>Of which: SMEs</i>	-	4,246	79	-	-	4,167
Exposures in default	22,243	-	8,188	2,242	-	14,055
Items associated with particularly high risk	10	229	4	-	-	235
Covered bonds	-	171	0	-	-	171
Collective investments undertakings	-	8	-	-	-	8
Equity exposures	-	744	-	-	-	744
Other exposures	-	2,493	-	-	-	2,493
<b>Total</b>	<b>22,253</b>	<b>54,435</b>	<b>8,693</b>	<b>2,278</b>	<b>-</b>	<b>67,994</b>
<i>Of which: Loans</i>	21,904	29,077	8,586	2,278	-	42,396
<i>Of which: Debt securities</i>	-	8,072	30	-	-	8,042
<i>Of which: Off-balance-sheet exposures</i>	349	7,115	78	-	-	7,386

<sup>(1)</sup> As of 31.12.2019 specific credit risk adjustments after the application of IFRS9 transitional arrangements set by Regulation (EU) 2395/2017

The following tables show the total exposure amounts broken down by significant industry of counterparty as of 30.6.2020 and 31.12.2019.

Table 9a: Credit quality of loans and advances by industry as of 30.6.2020						(in Euro million)
	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 loans and advances subject to impairment			
			Of which defaulted			
Agriculture, forestry and fishing	394	238	238	394	99	-
Mining and quarrying	121	50	50	121	31	-
Manufacturing	5,334	2,079	2,079	5,318	1,042	-
Electricity, gas, steam and air conditioning supply	1,143	28	28	1,143	25	-
Water supply	46	8	8	46	4	-
Construction	2,650	1,395	1,395	2,650	777	-
Wholesale and retail trade	6,333	3,449	3,449	6,309	1,727	19
Transport and storage	3,131	441	441	2,883	143	35
Accommodation and food service activities	2,420	667	667	2,420	246	-
Information and communication	266	140	140	264	74	1
Financial and insurance activities	-	-	-	-	-	-
Real estate activities	1,903	483	483	1,808	156	22
Professional, scientific and technical activities	393	109	109	393	50	-
Administrative and support service activities	461	157	157	461	83	-
Public administration and defence, compulsory social security	1	-	-	1	-	-
Education	82	41	41	82	14	-
Human health services and social work activities	177	62	62	177	34	-
Arts, entertainment and recreation	430	133	133	430	73	-
Other services	477	182	182	474	192	3
<b>Total</b>	<b>25,762</b>	<b>9,662</b>	<b>9,662</b>	<b>25,374</b>	<b>4,770</b>	<b>80</b>

	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	453	252	252	453	97	-
Mining and quarrying	115	51	51	115	29	-
Manufacturing	5,281	2,107	2,107	5,256	1,019	-
Electricity, gas, steam and air conditioning supply	1,011	29	29	1,011	40	-
Water supply	45	8	8	45	4	-
Construction	2,990	1,544	1,544	2,990	882	-
Wholesale and retail trade	6,133	3,502	3,502	6,110	1,732	19
Transport and storage	2,818	418	418	2,568	132	45
Accommodation and food service activities	2,318	709	709	2,318	251	-
Information and communication	259	151	151	258	78	1
Financial and insurance activities	-	-	-	-	-	-
Real estate activities	1,792	494	494	1,698	151	22
Professional, scientific and technical activities	451	113	113	451	51	-
Administrative and support service activities	447	162	162	447	86	-
Public administration and defence, compulsory social security	1	-	-	1	-	-
Education	80	43	43	80	13	-
Human health services and social work activities	178	64	64	178	30	-
Arts, entertainment and recreation	334	135	135	334	76	-
Other services	547	191	191	544	148	3
<b>Total</b>	<b>25,253</b>	<b>9,973</b>	<b>9,973</b>	<b>24,857</b>	<b>4,819</b>	<b>90</b>

The following tables present the credit quality of the Group's exposures broken down by significant geographical area as of 30.6.2020 and 31.12.2019.

Table 10a: Quality of non-performing exposures by geography <sup>(1)</sup> as of 30.6.2020 (in Euro million)							
	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>	66,394	21,264	21,264	65,994	9,351		81
Greece	50,214	18,107	18,107	50,051	7,731		37
United Kingdom	3,166	797	797	3,157	459		-
Romania	3,312	214	214	3,273	134		19
Cyprus	2,999	1,712	1,712	2,999	859		-
Other countries	6,703	434	434	6,513	169		25
<b>Off-balance-sheet exposures</b>	7,661	348	348			91	
Greece	6,941	325	325			78	
United Kingdom	30	4	4			0	
Romania	439	4	4			4	
Cyprus	217	14	14			9	
Other countries	33	0	0			0	
<b>Total</b>	<b>74,055</b>	<b>21,611</b>	<b>21,611</b>	<b>65,994</b>	<b>9,351</b>	<b>91</b>	<b>81</b>

Table 10b: Quality of non-performing exposures by geography <sup>(1)</sup> as of 31.12.2019							(in Euro million)
	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>	61,806	21,897	21,897	61,409	9,475		91
Greece	45,348	18,650	18,650	45,187	7,823		39
United Kingdom	3,976	796	796	3,976	457		-
Romania	3,408	218	218	3,370	130		19
Cyprus	3,052	1,830	1,830	3,052	902		-
Other countries	6,021	404	404	5,823	163		33
<b>Off-balance-sheet exposures</b>	7,469	346	346			93	
Greece	6,741	328	328			83	
United Kingdom	38	0	0			0	
Romania	458	4	4			4	
Cyprus	199	14	14			6	
Other countries	33	0	0			0	
<b>Total</b>	<b>69,276</b>	<b>22,244</b>	<b>22,244</b>	<b>61,409</b>	<b>9,475</b>	<b>93</b>	<b>91</b>

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

**Table 11a: Credit quality of forborne exposures as of 30.6.2020** (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	4,020	12,806	12,806	12,611	278	4,471	9,654	6,653
<i>Central banks</i>	-	-	-	-	-	-	-	-
<i>General governments</i>	-	4	4	4	-	0	0	0
<i>Credit institutions</i>	-	-	-	-	-	-	-	-
<i>Other financial corporations</i>	1	9	9	9	0	2	5	5
<i>Non-financial corporations</i>	1,115	5,160	5,160	4,969	75	1,984	3,357	2,565
<i>Households</i>	2,904	7,633	7,633	7,629	203	2,484	6,292	4,083
Debt securities	-	-	-	-	-	-	-	-
Loan commitments given	4	8	8	8	0	0	0	0
<b>Total</b>	<b>4,024</b>	<b>12,813</b>	<b>12,813</b>	<b>12,618</b>	<b>278</b>	<b>4,471</b>	<b>9,655</b>	<b>6,653</b>

**Table 11b: Credit quality of forborne exposures as of 31.12.2019**
**(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	4,321	13,102	13,102	12,913	296	4,538	9,919	6,715
<i>Central banks</i>	-	-	-	-	-	-	-	-
<i>General governments</i>	-	4	4	4	-	0	0	0
<i>Credit institutions</i>	-	-	-	-	-	-	-	-
<i>Other financial corporations</i>	3	8	8	8	1	2	4	4
<i>Non-financial corporations</i>	1,207	5,338	5,338	5,149	99	2,015	3,506	2,644
<i>Households</i>	3,111	7,752	7,752	7,752	196	2,520	6,408	4,068
Debt securities	-	-	-	-	-	-	-	-
Loan commitments given	1	4	4	4	0	0	0	0
<b>Total</b>	<b>4,322</b>	<b>13,105</b>	<b>13,105</b>	<b>12,917</b>	<b>296</b>	<b>4,538</b>	<b>9,920</b>	<b>6,716</b>

**Table 12a: Credit quality of performing and non-performing exposures by past due days as of 30.6.2020**
**(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 ≤ 2 years	Past due > 2 year ≤ 5 years	Past due > 5 year ≤ 7 years	Past due > 7 years	Of which defaulted	
<b>Loans and advances</b>	35,864	35,444	420	21,264	6,494	555	838	2,072	3,011	1,366	6,927	21,264
<i>Central banks</i>	5,366	5,366	-	-	-	-	-	-	-	-	-	-
<i>General governments</i>	86	86	0	5	4	-	0	-	0	-	1	5
<i>Credit institutions</i>	2,936	2,936	-	70	-	-	-	-	-	-	70	70
<i>Other financial corporations</i>	197	197	0	29	8	0	1	1	5	4	10	29
<i>Non-financial corporations</i>	16,101	15,954	147	9,661	3,365	129	396	786	1,153	498	3,334	9,661
<i>of which SMEs</i>	6,282	6,187	95	6,676	1,849	119	142	489	656	318	3,103	6,676
<i>Households</i>	11,177	10,905	272	11,499	3,118	425	441	1,285	1,853	864	3,513	11,499
<b>Debt securities</b>	9,264	9,264	-	-	-	-	-	-	-	-	-	-
<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>General governments</i>	8,048	8,048	-	-	-	-	-	-	-	-	-	-
<i>Credit institutions</i>	711	711	-	-	-	-	-	-	-	-	-	-
<i>Other financial corporations</i>	12	12	-	-	-	-	-	-	-	-	-	-
<i>Non-financial corporations</i>	493	493	-	-	-	-	-	-	-	-	-	-
<b>Off-balance-sheet exposures</b>	7,313			348								348
<i>Central banks</i>	-			-								-
<i>General governments</i>	194			-								-
<i>Credit institutions</i>	596			-								-
<i>Other financial corporations</i>	48			4								4
<i>Non-financial corporations</i>	4,786			343								343
<i>Households</i>	1,689			1								1
<b>Total</b>	<b>52,441</b>	<b>44,708</b>	<b>420</b>	<b>21,611</b>	<b>6,494</b>	<b>555</b>	<b>838</b>	<b>2,072</b>	<b>3,011</b>	<b>1,366</b>	<b>6,927</b>	<b>21,611</b>

**Table 12b: Credit quality of performing and non-performing exposures by past due days as of 31.12.2019**
**(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 ≤ 2 years	Past due > 2 year ≤ 5 years	Past due > 5 year ≤ 7 years	Past due > 7 years	Of which defaulted	
<b>Loans and advances</b>	31,826	31,015	811	21,897	7,178	838	825	1,672	2,871	1,599	6,915	21,897
<i>Central banks</i>	1,590	1,590	-	-	-	-	-	-	-	-	-	-
<i>General governments</i>	102	102	-	5	4	0	-	0	-	-	1	5
<i>Credit institutions</i>	3,332	3,332	-	70	-	-	-	-	-	-	70	70
<i>Other financial corporations</i>	195	195	1	29	7	0	0	1	5	6	8	29
<i>Non-financial corporations</i>	15,280	15,144	136	9,973	3,623	339	282	606	1,192	562	3,368	9,973
<i>of which SMEs</i>	6,014	5,975	39	6,802	1,908	156	183	426	631	395	3,104	6,802
<i>Households</i>	11,327	10,652	675	11,820	3,544	498	542	1,065	1,673	1,031	3,468	11,820
<b>Debt securities</b>	8,083	8,083	-	-	-	-	-	-	-	-	-	-
<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>General governments</i>	7,090	7,090	-	-	-	-	-	-	-	-	-	-
<i>Credit institutions</i>	555	555	-	-	-	-	-	-	-	-	-	-
<i>Other financial corporations</i>	13	13	-	-	-	-	-	-	-	-	-	-
<i>Non-financial corporations</i>	424	424	-	-	-	-	-	-	-	-	-	-
<b>Off-balance-sheet exposures</b>	7,123			346								346
<i>Central banks</i>	-			-								-
<i>General governments</i>	196			-								-
<i>Credit institutions</i>	556			-								-
<i>Other financial corporations</i>	57			4								4
<i>Non-financial corporations</i>	4,686			342								342
<i>Households</i>	1,628			1								1
<b>Total</b>	<b>47,032</b>	<b>39,098</b>	<b>811</b>	<b>22,244</b>	<b>7,178</b>	<b>838</b>	<b>825</b>	<b>1,672</b>	<b>2,871</b>	<b>1,599</b>	<b>6,915</b>	<b>22,244</b>

**Table 13a: Performing and non-performing exposures and related provisions as of 30.6.2020**
**(in Euro million)**

	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						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>	35,864	29,101	6,599	21,264	-	21,038	651	219	432	8,746	-	8,665	20,158	10,380
<i>Central banks</i>	5,366	5,366	-	-	-	-	-	-	-	-	-	-	-	-
<i>General governments</i>	86	86	0	5	-	5	0	0	0	1	-	1	78	1
<i>Credit institutions</i>	2,936	2,936	-	70	-	70	0	0	-	70	-	70	-	-
<i>Other financial corporations</i>	197	173	24	29	-	29	2	1	0	16	-	16	157	11
<i>Non-financial corporations</i>	16,101	13,734	2,203	9,661	-	9,437	308	189	119	4,543	-	4,462	11,418	4,229
<i>of which SMEs</i>	6,282	4,946	1,336	6,676	-	6,650	116	22	93	3,269	-	3,249	4,393	2,767
<i>Households</i>	11,177	6,806	4,371	11,499	-	11,498	341	28	313	4,117	-	4,117	8,505	6,140
<b>Debt securities</b>	9,264	9,251	2	-	-	-	35	35	0	-	-	-	-	-
<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>General governments</i>	8,048	8,048	-	-	-	-	31	31	-	-	-	-	-	-
<i>Credit institutions</i>	711	709	-	-	-	-	1	1	-	-	-	-	-	-
<i>Other financial corporations</i>	12	4	-	-	-	-	0	0	-	-	-	-	-	-
<i>Non-financial corporations</i>	493	490	2	-	-	-	2	2	0	-	-	-	-	-
<b>Off-balance-sheet exposures</b>	7,313	7,004	309	348	-	348	17	8	8	74	-	74	1,094	58
<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>General governments</i>	194	194	-	-	-	-	0	0	-	-	-	-	0	-
<i>Credit institutions</i>	596	596	-	-	-	-	1	1	-	-	-	-	-	-
<i>Other financial corporations</i>	48	46	2	4	-	4	0	0	0	0	-	0	5	0
<i>Non-financial corporations</i>	4,786	4,520	266	343	-	343	15	7	8	74	-	74	1,066	58
<i>Households</i>	1,689	1,647	42	1	-	1	1	1	0	0	-	0	23	0
<b>Total</b>	<b>52,441</b>	<b>45,355</b>	<b>6,910</b>	<b>21,611</b>	<b>-</b>	<b>21,386</b>	<b>703</b>	<b>262</b>	<b>441</b>	<b>8,820</b>	<b>-</b>	<b>8,739</b>	<b>21,252</b>	<b>10,438</b>

**Table 13b: Performing and non-performing exposures and related provisions as of 31.12.2019**
**(in Euro million)**

	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						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>	31,826	25,440	6,233	21,897	-	21,653	566	159	407	8,969	-	8,879	19,718	10,590
<i>Central banks</i>	1,590	1,590	-	-	-	-	-	-	-	-	-	-	-	-
<i>General governments</i>	102	101	0	5	-	5	0	0	0	1	-	1	94	1
<i>Credit institutions</i>	3,332	3,332	-	70	-	70	0	0	-	70	-	70	-	-
<i>Other financial corporations</i>	195	173	22	29	-	29	1	0	1	16	-	16	166	10
<i>Non-financial corporations</i>	15,280	13,091	2,036	9,973	-	9,729	257	131	126	4,653	-	4,562	11,040	4,349
<i>of which SMEs</i>	6,014	4,872	1,143	6,802	-	6,767	118	20	98	3,251	-	3,231	4,276	2,844
<i>Households</i>	11,327	7,153	4,174	11,820	-	11,820	307	27	280	4,230	-	4,230	8,419	6,230
<b>Debt securities</b>	8,083	8,060	0	-	-	-	30	30	0	-	-	-	-	-
<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>General governments</i>	7,090	7,081	-	-	-	-	28	28	-	-	-	-	-	-
<i>Credit institutions</i>	555	553	-	-	-	-	0	0	-	-	-	-	-	-
<i>Other financial corporations</i>	13	4	-	-	-	-	0	0	-	-	-	-	-	-
<i>Non-financial corporations</i>	424	423	0	-	-	-	2	2	0	-	-	-	-	-
<b>Off-balance-sheet exposures</b>	7,123	6,995	128	346	-	346	18	16	2	75	-	75	1,081	50
<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>General governments</i>	196	195	1	-	-	-	0	0	-	-	-	-	0	-
<i>Credit institutions</i>	556	556	0	-	-	-	8	8	0	-	-	-	-	-
<i>Other financial corporations</i>	57	55	2	4	-	4	0	0	0	0	-	0	6	-
<i>Non-financial corporations</i>	4,686	4,604	82	342	-	342	9	8	1	75	-	75	1,055	50
<i>Households</i>	1,628	1,585	43	1	-	1	1	1	1	0	-	0	20	0
<b>Total</b>	47,032	40,495	6,361	22,244	-	22,000	614	206	409	9,044	-	8,954	20,800	10,640

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 1.1.2020</b>		<b>9,568</b>
Increases due to amounts set aside for estimated loan losses during the period		513
Decreases due to amounts taken against accumulated credit risk adjustments		- 650
Impact of exchange rate differences		8
Business combinations, including acquisitions and disposals of subsidiaries		-
Reclassification to assets held for sale		1
Change in present value of the impairment losses		-
Other adjustments		2
<b>Closing balance 30.6.2020</b>		<b>9,442</b>
Recoveries of previously written-off amounts recorded directly to the statement of profit or loss		- 10
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 1.1.2020</b>		<b>21,897</b>
Loans and debt securities that have defaulted or impaired since the last reporting period		690
Returned to non-defaulted status		- 692
Amounts written off		- 637
Other changes		6
<b>Closing balance 30.6.2020</b>		<b>21,264</b>

Under the 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 30.6.2020**
**(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	13,966	-	-	-	4	-	-	0	-	-	3,244	-	793	-	-	18,008	10,163
Regional government or local authorities	-	-	-	-	30	-	-	-	-	-	-	-	-	-	-	30	30
Public sector entities	-	-	-	-	338	-	-	-	-	-	298	-	-	-	-	636	636
Multilateral development banks	461	-	-	-	-	-	-	-	-	-	-	-	-	-	-	461	227
International organisations	340	-	-	-	-	-	-	-	-	-	-	-	-	-	-	340	-
Institutions	9	-	-	-	727	-	-	342	-	-	57	1	-	-	-	1,136	466
Corporates	0	-	-	-	-	-	-	24	-	-	9,740	44	-	-	-	9,808	9,445
Retail	0	-	-	-	-	-	-	-	-	3,168	-	-	-	-	-	3,168	3,168
Secured by mortgages on immovable property	-	-	-	-	-	-	7,251	4,215	-	1,277	1,261	-	-	-	-	14,004	14,004
Exposures in default	-	-	-	-	-	-	-	-	-	-	10,913	1,302	-	-	-	12,215	12,215
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	204	-	-	-	204	204
Covered bonds	-	-	-	-	170	-	-	-	-	-	-	-	-	-	-	170	-
Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	6	-	-	-	-	6	6
Equity	-	-	-	-	-	-	-	-	-	-	197	-	58	-	-	255	255
Other items	369	-	-	-	-	-	-	-	-	-	3,755	-	-	-	-	4,124	4,124
<b>Total</b>	<b>15,145</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,268</b>	<b>-</b>	<b>7,251</b>	<b>4,581</b>	<b>-</b>	<b>4,444</b>	<b>29,471</b>	<b>1,551</b>	<b>851</b>	<b>-</b>	<b>-</b>	<b>64,563</b>	<b>54,941</b>

**Table 16a: EU CR5 - Standardized approach as of 31.12.2019**
**(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	8,902	-	-	-	19	499	-	0	-	-	3,293	-	803	-	-	13,516	6,402
Regional government or local authorities	-	-	-	-	32	-	-	-	-	-	-	-	-	-	-	32	32
Public sector entities	-	-	-	-	338	-	-	-	-	-	297	-	-	-	-	635	635
Multilateral development banks	453	-	-	-	-	-	-	-	-	-	-	-	-	-	-	453	204
International organisations	304	-	-	-	-	-	-	-	-	-	-	-	-	-	-	304	-
Institutions	13	-	-	-	661	-	-	227	-	-	100	5	-	-	-	1,007	391
Corporates	0	-	-	-	-	-	-	62	-	-	9,050	65	-	-	-	9,177	8,860
Retail	0	-	-	-	-	-	-	-	-	3,238	-	-	-	-	-	3,238	3,238
Secured by mortgages on immovable property	-	-	-	-	-	-	7,113	4,068	-	1,343	1,277	-	-	-	-	13,801	13,801
Exposures in default	-	-	-	-	-	-	-	-	-	-	11,938	1,647	-	-	-	13,585	13,585
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	212	-	-	-	212	212
Covered bonds	-	-	-	-	171	-	-	-	-	-	-	-	-	-	-	171	-
Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	8	-	-	-	-	8	8
Equity	-	-	-	-	-	-	-	-	-	-	689	-	55	-	-	744	744
Other items	419	-	-	-	-	-	-	-	-	-	2,073	-	-	-	-	2,493	2,493
<b>Total</b>	<b>10,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,221</b>	<b>499</b>	<b>7,113</b>	<b>4,356</b>	<b>-</b>	<b>4,582</b>	<b>28,725</b>	<b>1,930</b>	<b>858</b>	<b>-</b>	<b>-</b>	<b>59,375</b>	<b>50,605</b>



## 5.1 Credit risk mitigation

Credit risk mitigation techniques reduce exposure value and expected loss. According to CRR 575/2013, only specific types of credit risk mitigation are eligible for capital adequacy calculation purposes.

Moreover, the Bank of Greece sets additional criteria which should be satisfied during the collateral management process (market value monitoring, insurance, legal validity) and the terms and conditions of the relevant agreements.

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 applied are 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	11,820	27,616	19,643	792	-
Total debt securities	9,219	-	-	-	-
<b>Total exposures</b>	<b>21,039</b>	<b>27,616</b>	<b>19,643</b>	<b>792</b>	<b>-</b>
of which defaulted	2,122	10,272	7,696	197	-

	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total Loans	12,328	27,903	19,693	800	-
Total debt securities	8,042	-	-	-	-
<b>Total exposures</b>	<b>20,370</b>	<b>27,903</b>	<b>19,693</b>	<b>800</b>	<b>-</b>
of which defaulted	2,666	11,104	8,042	207	-

The tables below present Standardised exposures before Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM) and after CCF and CRM at 30.6.2020 and 31.12.2019, 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	17,449	191	18,008	0	5,229	29.0%
Regional government or local authorities	30	1	29	0	6	20.0%
Public sector entities	636	0	636	0	365	57.5%
Multilateral development banks	234	-	461	0	-	0.0%
International organisations	340	-	340	-	-	0.0%
Institutions	2,940	615	1,124	12	375	33.0%
Corporates	9,500	4,037	9,096	712	8,979	91.5%
Retail	3,476	2,376	3,073	94	2,223	70.2%
Secured by mortgages on immovable property	14,237	85	13,984	20	6,368	45.5%
Exposures in default	12,394	260	12,146	69	12,866	105.3%
Items associated with particularly high risk	227	-	204	-	306	150.0%
Covered bonds	170	-	170	-	34	20.0%
Collective investment undertakings	6	-	6	-	6	100.0%
Equity	255	-	255	-	342	134.0%
Other items	4,124	-	4,124	-	3,755	91.1%
<b>Total</b>	<b>66,016</b>	<b>7,565</b>	<b>63,657</b>	<b>906</b>	<b>40,854</b>	<b>63.3%</b>

**Table 18b: EU CR4 - Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects as of 31.12.2019 (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	12,932	192	13,516	0	5,430	40.2%
Regional government or local authorities	32	1	32	0	6	20.0%
Public sector entities	635	0	635	0	365	57.5%
Multilateral development banks	249	0	453	-	-	0.0%
International organisations	304	-	304	-	-	0.0%
Institutions	2,542	659	993	14	353	35.1%
Corporates	8,889	3,854	8,526	650	9,137	99.6%
Retail	3,549	2,264	3,161	78	2,299	71.0%
Secured by mortgages on immovable property	14,056	133	13,756	45	6,620	48.0%
Exposures in default	13,770	284	13,509	76	14,409	106.1%
Items associated with particularly high risk	235	-	212	-	319	150.0%
Covered bonds	171	-	171	-	34	20.0%
Collective investment undertakings	8	-	8	-	8	100.0%
Equity	744	-	744	-	826	111.1%
Other items	2,493	-	2,493	-	2,073	83.2%
<b>Total</b>	<b>60,608</b>	<b>7,386</b>	<b>58,513</b>	<b>862</b>	<b>41,878</b>	<b>70.5%</b>

The tables below provide information on the instruments that were cancelled in exchange for the collateral obtained by taking possession and on the value of the collateral obtained by taking possession as of 30.6.2020 and 31.12.2019.

<b>Table 19a: Collateral obtained by taking possession and execution processes as of 30.6.2020</b> (in Euro million)		
	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
Property, plant and equipment (PP&E)	44	10
Other than PP&E	1,063	199
Residential immovable property	317	23
Commercial immovable property	742	176
Movable property (auto, shipping, etc.)	0	-
Equity and debt instruments	4	0
Other	-	-
<b>Total</b>	<b>1,107</b>	<b>209</b>

<b>Table 19b: Collateral obtained by taking possession and execution processes as of 31.12.2019</b> (in Euro million)		
	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
Property, plant and equipment (PP&E)	47	11
Other than PP&E	992	206
Residential immovable property	271	22
Commercial immovable property	716	184
Movable property (auto, shipping, etc.)	1	0
Equity and debt instruments	4	-
Other	-	-
<b>Total</b>	<b>1,038</b>	<b>217</b>

## 5.2 Additional Credit Risk reporting due to COVID-19

In response to the need to address negative economic consequences of COVID-19 pandemic, the European Union (EU) and Member States have introduced a wide range of mitigating measures to support the real economy and the financial sector.

On 2 April 2020, the EBA published Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis which clarifies a set of criteria and conditions under which such measures do not trigger forbearance classification of loans and advances, and sets out their further prudential treatment in this context.

The table below provides an overview of the credit quality of loans and advances subject to moratoria on loan repayments applied in the light of the COVID-19 crisis, in accordance with EBA/GL/2020/02:

Table 20: Information on loans and advances subject to legislative and non-legislative moratoria (in Euro million)																
	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount	
	Performing				Non performing			Performing				Non performing				Inflows to non-performing exposures
		Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days		Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days				
Loans and advances subject to moratorium	7,768	5,334	2,131	3,050	2,434	2,370	2,431	692	222	152	209	471	462	470	13	
<i>of which: Households</i>	4,502	2,900	1,530	2,091	1,602	1,593	1,601	446	157	108	153	289	288	289	4	
<i>of which: Collateralised by residential immovable property</i>	3,623	2,436	1,283	1,723	1,187	1,179	1,186	195	69	56	67	127	126	127	3	
<i>of which: Non-financial corporations</i>	3,234	2,405	601	954	829	773	826	246	65	44	56	181	173	181	10	
<i>of which: Small and Medium-sized Enterprises</i>	2,127	1,482	492	658	646	597	643	168	54	42	50	113	106	113	10	
<i>of which: Collateralised by commercial immovable property</i>	2,069	1,499	314	537	570	542	568	154	30	20	26	124	121	124	7	

The following table provides an overview of the volume of loans and advances subject to legislative and non-legislative moratoria in accordance with EBA/GL/2020/02 by residual maturity of these moratoria:

<b>Table 21: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria (in Euro million)</b>									
	Number of obligors	Gross carrying amount	Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
<i>Loans and advances for which moratorium was offered</i>	185,051	10,862							
Loans and advances subject to moratorium (granted)	142,254	8,358	1,196	590	6,521	919	328	0	0
<i>of which: Households</i>		4,844	519	343	4,026	363	112	0	0
<i>of which: Collateralised by residential immovable property</i>		3,874	447	251	3,208	319	96	0	0
<i>of which: Non-financial corporations</i>		3,480	661	247	2,479	555	200	0	0
<i>of which: Small and Medium-sized Enterprises</i>		2,213	70	86	1,963	141	24	0	0
<i>of which: Collateralised by commercial immovable property</i>		2,151	561	82	1,460	441	168	0	0

The table provides an overview of the stock of newly originated loans and advances subject to public guarantee schemes introduced in response to COVID-19 crisis:

<b>Table 22: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis (in Euro million)</b>				
	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
		of which: forborne	Public guarantees received	Inflows to non-performing exposures
<b>Newly originated loans and advances subject to public guarantee schemes</b>	0.48	0.00	0.46	0.00
of which: Households	0.00			0.00
of which: Collateralised by residential immovable property	0.00			0.00
of which: Non-financial corporations	0.48	0.00	0.46	0.00
of which: Small and Medium-sized Enterprises	0.31			0.00
of which: Collateralised by commercial immovable property	0.00			0.00



## 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 present 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		- 490	381			1,081	197
Financial collateral comprehensive method (for SFTs)						186	37

Table 23b: EU CCR1 - Analysis of CCR exposure by approach as of 31.12.2019							(in Euro million)
Approach	Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
Mark to market		- 437	243			943	209
Financial collateral comprehensive method (for SFTs)						750	150

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.

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 tables present the CVA calculation of Alpha Bank Group:

Table 24: EU CCR2 - CVA capital charge				(in Euro million)
	30.6.2020		31.12.2019	
	Exposure value	RWAs	Exposure value	RWAs
All portfolios subject to the standardised method	52	55	38	27
<b>Total subject to the CVA capital charge</b>	<b>52</b>	<b>55</b>	<b>38</b>	<b>27</b>

Table 25: EU CCR8 - Exposures to CCPs					(in Euro million)
	30.6.2020		31.12.2019		
	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	50	1	28	1	
(iv) Netting sets where cross-product netting has been approved	50	1	28	1	



The tables below show the CCR exposures by regulatory portfolio and risk as of 30.6.2020 and 31.12.2019.

**Table 26a: EU CCR3 - Standardized approach – CCR exposures by regulatory portfolio and risk as of 30.6.2020 (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	767	-	-	-	-	-	-	-	-	-	767	-
Institutions	-	50	-	-	199	33	-	-	-	6	288	44
Corporates	-	-	-	-	-	-	-	-	212	-	212	212
Retail	-	-	-	-	-	-	-	0	-	-	0	0
<b>Total</b>	<b>767</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>33</b>	<b>-</b>	<b>0</b>	<b>212</b>	<b>6</b>	<b>1,268</b>	<b>256</b>

**Table 26b: EU CCR3 - Standardized approach – CCR exposures by regulatory portfolio and risk as of 31.12.2019 (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	684	-	-	-	-	-	-	-	-	-	684	-
Institutions	-	28	-	-	765	23	-	-	-	-	816	18
Corporates	-	-	-	-	-	-	-	-	194	-	194	194
Retail	-	-	-	-	-	-	-	0	-	-	0	0
<b>Total</b>	<b>684</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>765</b>	<b>23</b>	<b>-</b>	<b>0</b>	<b>194</b>	<b>-</b>	<b>1,693</b>	<b>213</b>

The following tables show the impact of collateral and netting on exposure values as well as the composition of the respective collateral as of 30.6.2020 and 31.12.2019.

**Table 27a: EU CCR5-A - Impact of netting and collateral held on exposure values as of 30.6.2020 (in Euro million)**

	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
Derivatives	1,280	410	871	171	1,081
SFTs	1,899	-	1,899	1,897	186
Cross-product netting	1,279	410	870	171	1,078
<b>Total</b>	<b>3,179</b>	<b>410</b>	<b>2,770</b>	<b>2,067</b>	<b>1,268</b>

**Table 27b: EU CCR5-A - Impact of netting and collateral held on exposure values as of 31.12.2019 (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>1,008</b>	<b>297</b>	<b>711</b>	<b>10</b>	<b>943</b>
<b>SFTs</b>	<b>7,440</b>	<b>-</b>	<b>7,440</b>	<b>7,440</b>	<b>750</b>
Cross-product netting	921	297	624	10	849
<b>Total</b>	<b>8,448</b>	<b>297</b>	<b>8,151</b>	<b>7,451</b>	<b>1,693</b>

**Table 28a: EU CCR5-B - Composition of collateral for exposures to CCR as of 30.6.2020 (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	0	171	198	1,416	1,897	-
Sovereign debt	-	860	-	-	-	-
<b>Total</b>	<b>0</b>	<b>1,031</b>	<b>198</b>	<b>1,416</b>	<b>1,897</b>	<b>-</b>

**Table 28b: EU CCR5-B - Composition of collateral for exposures to CCR as of 31.12.2019 (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	-	10	156	1,189	7,440	-
Sovereign debt	-	870	-	-	-	-
<b>Total</b>	<b>-</b>	<b>880</b>	<b>156</b>	<b>1,189</b>	<b>7,440</b>	<b>-</b>

As of 30.6.2020, 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 2016 – December 2016. 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 30/06/20 are displayed in the following table:

Table 29: EU MR2-A – Market risk under the IMA			(in Euro million)	
	30.6.2020		31.12.2019	
	RWAs	Capital requirements	RWAs	Capital requirements
<b>VaR (higher of values a and b)</b>	<b>399</b>	<b>32</b>	<b>307</b>	<b>25</b>
Previous day's VaR (Article 365(1) of the CRR (VaRt-1))	138	11	85	7
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	399	32	307	25
<b>SVaR (higher of values a and b)</b>	<b>935</b>	<b>75</b>	<b>1,192</b>	<b>95</b>
Latest SVaR (Article 365(2) of the CRR (SVaRt-1))	285	23	280	22
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)	935	75	1,192	95
<b>Total</b>	<b>1,334</b>	<b>107</b>	<b>1,499</b>	<b>120</b>

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

Table 30a: 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 31.3.2020</b>	<b>309</b>	<b>959</b>	<b>1,268</b>	<b>101</b>
<i>Regulatory adjustment (1)</i>	192	690	882	71
<b>RWAs at the previous quarter-end (end of the day)</b>	<b>118</b>	<b>269</b>	<b>386</b>	<b>31</b>
Movement in risk levels	14	6	20	2
Bond Prices Movements	6	11	17	1
Other (2)	-	-	-	-
<b>RWAs at 30.6.2020 (end of the day)</b>	<b>138</b>	<b>285</b>	<b>423</b>	<b>34</b>
<i>Regulatory adjustment</i>	261	650	911	73
<b>RWAs at 30.6.2020</b>	<b>399</b>	<b>935</b>	<b>1,334</b>	<b>107</b>

Table 30b: 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 31.12.2019</b>	<b>307</b>	<b>1,192</b>	<b>1,499</b>	<b>120</b>
<i>Regulatory adjustment (1)</i>	222	912	1,134	91
<b>RWAs at the previous quarter-end (end of the day)</b>	<b>85</b>	<b>280</b>	<b>365</b>	<b>29</b>
Movement in risk levels	- 2	- 2	- 5	- 0
Bond Prices Movements	- 3	- 9	- 12	- 1
Other (2)	38	-	38	3
<b>RWAs at 31.3.2020 (end of the day)</b>	<b>118</b>	<b>269</b>	<b>386</b>	<b>31</b>
<i>Regulatory adjustment</i>	192	690	882	71
<b>RWAs at 31.3.2020</b>	<b>309</b>	<b>959</b>	<b>1,268</b>	<b>101</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.

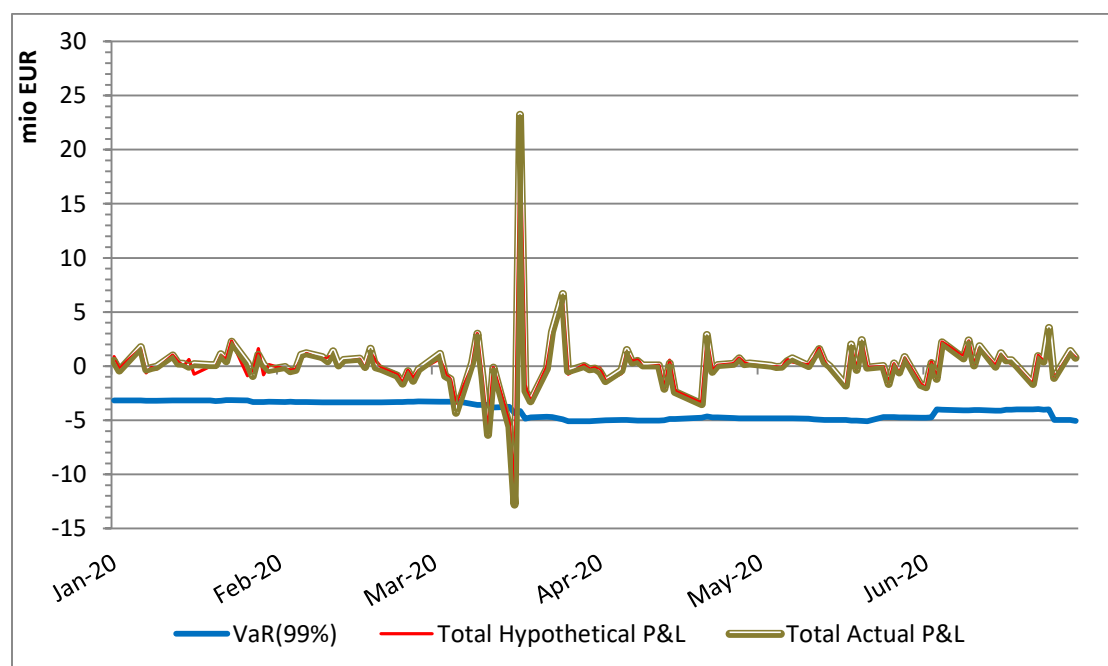
VaR and SVaR values as estimated during the first semester of 2020 for the Bank trading portfolio, including the FX position due to participations, are given in the following table:

Table 31: EU MR3 – IMA values for trading portfolios		(in Euro million)	
	30.6.2020	31.12.2019	
<b>VaR (10 day 99%)</b>	<b>Value</b>	<b>Value</b>	
Maximum value	11	7	
Average value	8	7	
Minimum value	6	4	
Period end	11	7	
<b>SVaR (10 day 99%)</b>	<b>Value</b>	<b>Value</b>	
Maximum value	23	29	
Average value	22	20	
Minimum value	19	14	
Period end	23	22	

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

Four overshootings were observed on both actual and hypothetical backtesting (06/03/20, 12/03/20, 16/03/20 and 17/03/20) and the authorities were notified accordingly. There was no impact on capital requirements for Market Risk.



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 Group's capital requirements for market risk per risk factor based on Standardized approach at 30.6.2020.

Table 33: EU MR1 – Market risk under the standardized approach			(in Euro million)	
	30.6.2020		31.12.2019	
	RWAs	Capital requirements	RWAs	Capital requirements
<b>Outright products</b>				
Interest rate risk (general and specific)	-	-	0	0
Equity risk (general and specific)	0	0	1	0
Foreign exchange risk	4	0	9	1
Commodity risk	123	10	3	0
<b>Options</b>				
Simplified approach	-	-	1	0
Delta-plus method	-	-	-	-
Scenario approach	-	-	-	-
Securitisation (specific risk)	-	-	-	-
<b>Total</b>	<b>127</b>	<b>10</b>	<b>14</b>	<b>1</b>