



Alpha Bank Group
Pillar III Disclosures of the year 2016
(In accordance with Regulation (EU) 575/2013)



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1 General Information

1.1 Introduction

The Alpha Bank Group is one of the leading Groups of the financial sector in Greece, offering 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 operates under the approval of Greek Republic and is subject to the Greek banking and accounting law and the regulation and supervision by the Single Supervisory Mechanism (SSM).

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 with strong position in the Greek banking system and a wide Network in Greece has one of the highest capital ratios in Europe providing a substantial shield against the Greek Financial Crisis repercussions.

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

With consistency and credibility, Alpha Bank supports individual and business clients contributing to the country's economic recovery.

The Bank, as part of its Restructuring Plan commitments with regard to non-core assets deleveraging, concluded, during 2016, the sale of its Bulgarian branch, its stake on Ionian Hotel Enterprises S.A. as well as its participation in the Group's subsidiary, Alpha Bank Skopje A.D.

Furthermore on the 30th of January 2017 the Bank announced the sale of its 100% subsidiary Alpha Bank Srbija A.D. The transaction is expected to be completed within H1 2017.

1.2 Regulatory framework and developments

Alpha Bank Group, assessed as "Other Systemically Important Institution" (O-SII), is supervised by the Single Supervisory Mechanism (SSM) from November 2014 onwards. The European banking regulatory framework, applicable to all financial institutions in the Single Market, covers areas such as capital adequacy, recovery and resolution, internal governance, internal control system and supervisory reporting. The framework on prudential requirements and prudential supervision is effective from 1st January 2014 and includes EU directive 2013/36 (CRD), as transposed by the Greek law 4261/2014 and the EU Regulation 575/2013.

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

On top of the minimum own funds requirements, capital buffers will be gradually implemented from 1.1.2016 until 31.12.2019.

In particular:

- Capital Conservation buffer from 0.625% to 2.5%
- O-SII buffer from 1% to 3%
- Countercyclical buffer from 0% to 2.5%

For 2016, the Bank of Greece, as National Competent Authority, set both the O-SII and the Countercyclical buffers at zero per cent (0%).

Furthermore, Law 4335/2015, which transposed the European Directive 2014/59 (BRRD), is applicable in relation to recovery and resolution of credit institutions and investment firms. The Directive established a set of rules to deal with banking crises across the EU and the orderly recovery and resolution of financial institutions, with the aim to avoid significant adverse effects on financial stability and to ensure that shareholders and creditors (including unsecured depositors) will share the burden in case of a potential recapitalization and/or liquidation.

In accordance with the above Law:

- The Single Resolution Board (SRB) and the National Resolution Authorities (NRAs), are responsible for the design of the specific resolution strategy for each institution which, among others, includes the resolution actions that could be executed following adequate preparation.
- The Bank of Greece (BoG) is designated as the National Resolution Authority (NRA) and has the power to apply resolution tools and exercise resolution powers, including setting the level of the Minimum Requirement of “Own Funds and Eligible Liabilities”(MREL) to ensure resolvability).
- The Group provides to the Authorities information on the Group’s structure, the material legal entities and the core business lines as well as its Recovery Plan (“RCP”) including, among others, corresponding management actions that will be implemented in the event of adverse conditions.

On 24.7.2014, the International Accounting Standards Board completed the issuance of the final text of IFRS 9, which is effective from 1.1.2018. IFRS9 specifies the accounting standards for the Classification & Measurement of Financial instruments, impairment methodology and hedge accounting.

Regarding credit risk, the IFRS9 standard completely redesigns the approach for impairment of financial assets, moving from the current incurred loss model to an expected credit loss model. The expected credit loss model provides for lifetime expected credit loss in cases of significant credit deterioration since initial recognition, resulting in earlier recognition of credit losses and increased sensitivity to credit risk parameters and assumptions about future conditions. In this context, the European Commission proposed an amendment to article 473a of the CRR 575/2013, to address the gradual potential impact of IFRS 9 provisions on the capital adequacy ratios of the European Banks.

Following the provisions of the 3rd Memorandum of Understanding (M.O.U) signed on August 11th 2015, the Directorate General for Competition of the European Commission approved the revised Restructuring Plan of Alpha Bank on 26 November 2016. The Restructuring Plan provides for a continuation of restructuring and rationalization measures that the Group has already undertaken. These measures include, among others, the rationalization of operational expenses and cost of deposits in Greece, balance sheet strengthening, de-leveraging of foreign activities and strengthening of monitoring and risk management framework. The European

Commission has found the revised Restructuring Plan of Alpha Bank to be in line with EU state aid rules. It is therefore concluded that the combination of the already implemented actions and the additionally proposed restructuring measures are sufficient to restore the Bank's long-term viability.

Finally, the Monitoring Trustee (Mazars LLP), appointed on January 16th 2013, continues to ensure, among others, the compliance of the Bank with the corporate governance provisions and monitors the implementation of the Restructuring Plan, as well as the efficient operation of its internal audit and risk management independent departments.

1.3 Compliance with the disclosure requirements of CRR / CRD IV

The Bank considers that effective governance structure, transparency and disclosure of data are essential for the purposes of promoting market discipline and enhancing financial stability. In this context, the Bank has set a robust internal governance framework, including adequate, efficient and strong internal control and risk management systems.

The internal control system includes a number of policies, among which "the internal disclosures policy", which has been designed and implemented in order to ensure consistent and continuous compliance with the Pillar 3 disclosure requirements of the regulatory framework (CRR 575/2013, article 431(3)) and best practices.

The adopted policy, aiming at providing investors and depositors with accurate information about the Bank's financial status, depicted as well in the regulatory ratios, sets the minimum content of public disclosures (on a consolidated basis), which:

- Provide information on capital structure, capital adequacy, the overall risk management framework of the Group, as well as the processes and policies in place to assess and manage these risks.
- Explain the calculation framework and the technical criteria relating to capital adequacy figures.
- Provide also an accurate view of the remuneration policy of the Bank and its subsidiaries.

It is noted that 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 3 disclosures, complement market participants' information and enhance transparency.

Furthermore, the disclosures policy aims to:

- Define roles and responsibilities for the management of the Pillar 3 process.
- Adopt best practices for regulatory disclosures.
- Assure prompt and accurate disclosures.
- Set the principles to identify information that is material, confidential and proprietary.
- Define the means and frequency of the disclosures.

Based on the above policy, the Bank publishes the Pillar 3 report via its website annually, within the applicable deadlines for the publication of the annual financial statements.

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.

1.4 Corporate Governance

The Board of Directors (BoD) has the overall responsibility for the continuous and uninterrupted operations of the Bank and the Group entities. The overall Governance framework is included in the Board of Directors Annual Management Report as at 31.12.2016.

In 2016, two new international banking experts, with significant banking experience, joined the BoD as independent non-executive members, further strengthening the BoD's collective expertise in Risk and NPL management and increasing its capacity to challenge and oversee the day to day management of the business.

The Board of Directors of the Bank has thirteen (13) Members with the following breakdown:

- Four (4) Executive members, which include the Managing Director and three General Managers of the Bank.
- Four (4) Non-Executive Members.
- Five (5) Non-Executive Independent Members.

The Members of the Board of Directors have as a whole specialized knowledge in finance, audit and risk management.

The committees of the Board of Directors are the following:

- Audit Committee.
- Board Risk Committee.
- Remuneration Committee.
- Corporate Governance and Nominations Committee.

The composition of the Corporate Governance and Nominations Committee is determined by the Board of Directors. Currently, the Corporate Governance and Nominations Committee comprises four Members, of which two (2) are Non-Executive Independent Members. One of the Independent Members is appointed as Chairman. The Members of the Committee have the required expertise and experience.

The Corporate Governance and Nominations Committee ensures that the composition, structure and operation of the Board of Directors meet all the requirements of the legal and regulatory frameworks, pursues the application of international corporate governance best practices, formulates the nomination policy regarding candidate Members of the Board of Directors and submits relevant recommendations to the Board of Directors. It ensures the nomination of candidate Members of the Board of Directors, through an effective and transparent procedure, establishes the conditions required for securing smooth succession and continuity, through the appropriate composition and supervises the application of the above policies and practices as well as their implementation procedures.

In particular, according to the Nomination Policy, the candidate Members of the Board of Directors should:

- Be acknowledged for their character and integrity,
- Have experience in leadership and management, preferably in an upper management position in a reputable company, organization or educational institution,
- Possess financial knowledge or other professional or business experience, related to the activities of the Bank and the Group,
- Have demonstrated ability of thought and constructive collective operation in a team environment, and
- Especially:
 - The Non-Executive Members of the Board of Directors should ensure upon their appointment that they have sufficient time to perform their duties,
 - The Independent Non-Executive Members should meet the requirements of independence provided for by law and the Corporate Governance Code of Alpha Bank.

The Board of Directors, through the Corporate Governance and Nominations Committee:

- Reviews the current composition of the Board in light of the different business sectors and geographical areas served by the Bank and the Group and the interaction of the candidate with them.
- Assesses the different individual experiences, education, skills, background and other attributes and characteristics of the candidate Member and compares them with those of the other Board Members, along with other factors.
- Assesses the balance of knowledge, qualifications, experience, skills, views, as well as gender within the Board of Directors, so as to rule with perspicuity on the role and skills that the candidate Members must have, aiming at the proper and effective functioning of the Board of Directors and of the Bank.

The Committee ascertained that the composition, structure and operation of the Board of Directors meet all the requirements of the relevant legal and regulatory frameworks and are aligned with the corporate governance principles and the provisions of the Articles of Incorporation of the Bank.

The Board Risk Committee (BRC) was established in 2006. The composition of the Board Risk Committee is determined by the Board of Directors. Currently, the BRC comprises five (5) Members, out of who four (4) are Non-Executive Independent Members. One of the Members is appointed Chairman. All the Members of the Committee have knowledge of the financial sector and possess experience in the banking sector, especially in risk undertaking and management and in equity management.

The Board Risk Committee recommends to the Board of Directors the risk undertaking and capital management strategy, which corresponds to the business objectives of the Bank and the Group while it monitors and checks its implementation.

It assesses the adequacy and effectiveness of the risk management policy and procedures of the Bank and the Group, in terms of the:

- Undertaking, monitoring, and management of risks (market, credit, interest rate, liquidity, operational, other substantial risks) per category of transactions and customers per risk level (i.e. country, profession, and activity).
- Determination of the applicable maximum risk appetite on an aggregate basis for each type of risk and further allocation of each of these limits per country, sector, currency, business unit, etc.
- Effective and timely proposal to the Board of Directors of the formulation and execution of the NPLs/NPEs strategy, taking into account their paramount importance as the single largest asset source where a multitude of risk factors is combined.
- Establishment of stop-loss limits or of other corrective actions.

The Committee ensures communication among the Internal Auditor, the External Auditors, the Supervisory Authorities and the Board of Directors on risk management issues.

The Committee keeps minutes and informs in writing the Board of Directors on the results of its work. The Chairman of the Committee also informs the Board of Directors on the work of the Committee, in the context of the Board of Directors meetings.

The Chairman of the Board Risk Committee submits to the Board of Directors a report on the operations, recommendations and findings of the Committee, once a year or more frequently if, in the opinion of the Committee, arise issues that require the acknowledgement and actions of the Board of Directors.

The Board Risk Committee (BRC) convened twelve (12) times during the year 2016.

2 Accounting and Regulatory consolidation

2.1 Consolidation for financial reporting purposes

The consolidated financial statements include the parent company Alpha Bank, its subsidiaries, associates and joint ventures. The financial statements of the entities that are used to prepare the consolidated financial statements have been prepared as at 31.12.2016 and the accounting policies applied in their preparation, when necessary, were adjusted to ensure consistency with the Group accounting policies.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group takes into account the following factors, in assessing control:

- power over the investee,
- exposure or rights to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect the amount of the investor's return.

In cases of structured entities where the voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements (i.e. securitization vehicles or mutual funds), the Group assesses the existence of control based on the following:

- The purpose of the entity and the contractual rights of the parties involved,
- The risks to which the investee was designed to be exposed, the risks it was designed to pass on to the parties involved with the investee and the degree of exposure of the Group to those risks,
- Indication of a special relationship with the entity, which suggests that the Group has more than a passive interest in the investee.

Furthermore, regarding the structured entities that are managed by the Group, the Group assesses if it acts as principal or an agent based on the extent of its decision – making authority over the entity's activities, the rights of third parties and the degree of its exposure to variability of returns due to its involvement with the entity.

The Group, based on the above criteria, controls structured entities established for the securitization of loan portfolios.

Associates

Associates are entities over which the Group has significant influence but not control.

Significant influence is generally presumed to exist when the Group holds, directly or indirectly, more than 20% of the share capital of the company concerned without having control or joint control, unless the ownership of more than 20% does not ensure significant influence, e.g. due to lack of representation of the Group in the company's Board of Directors or due to the Group's non-participation in the policy making process.

Investments in associates are accounted for by the equity method of accounting consolidation.

Joint Ventures

The Group applies IFRS 11 which deals with the accounting treatment of interests in joint arrangements. All joint arrangements in which the Group participates and has joint control are joint ventures, which are accounted for by using the equity method.

A more detailed description of the financial principles applied for consolidation is mentioned in the Group Annual Financial Reports, whereas a detailed list of all Group subsidiaries, associates and joint ventures, as well as the Group's ownership interest in them is provided in note 38 of the Group Annual Financial Report as of 31.12.2016.

2.2 Consolidation for regulatory purposes

Consolidation for regulatory purposes follows the principles set by the law 4261/2014 and the regulatory framework (CRR 575/2013).

The regulatory consolidation is conducted in accordance with the accounting consolidation, with the exception of the following cases:

- Hotels and other companies that do not belong to the financial sector are consolidated through the equity method.
- Insurance and reinsurance companies that are not deducted from Common Equity Tier 1 are risk weighted at 250%.
- Investments in financial sector entities where participation exceeds 10% and are not deducted from Common Equity Tier 1 are risk weighted at 250%.

Apart from the cash withdrawals and free capital flows restrictions imposed by Legislative Act of 18/7/2015 and any ministerial or other decision issued accordingly, interbank activities and settlement of obligations for the Group's liquidity management are excepted. The same holds for partial or full repayment of any contractual obligation arising from the issuance of capital instruments by the parent undertaking and its subsidiaries. However, group's significant restrictions regarding the use of assets or the settlement of obligations, are those imposed by the regulatory framework in which foreign subsidiaries, supervised for their capital adequacy and liquidity, mainly operate. In particular, the regulatory authorities request, where appropriate and depending on the nature of the company, the compliance with specific thresholds, as for example the maintenance of a specific level of capital buffers and liquid assets, the limitation of exposure to other Group companies and the compliance with specific ratios.

A full list of Alpha Bank Group's subsidiaries and associates is included in Appendix 1.

3 Capital Adequacy

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.

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 Board has enhanced the Group's Risk and Capital Strategy, reflecting its prudent risk appetite. The updated Risk Appetite Framework (RAF) contains, among other improvements, a number of Key Risk Indicators (KRIs) pertaining to all material risks. KRIs are reported quarterly to the Board Risk Committee, providing a holistic and detailed overview of the organization's risk profile and facilitating detailed oversight, management and mitigation.

The Capital Management and Banking Supervision Division is the responsible Unit for the preparation of all regulatory reports and is the point of contact for the communication with the SSM and the Resolution Authorities.

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

The Capital Adequacy Ratio is calculated as the result of the Group's regulatory capital (own funds) to its risk-weighted assets. Regulatory capital includes Common Equity Tier 1 (CET1) capital (share capital, reserves, and minority interests), additional Tier 1 capital (hybrid securities) and Tier 2 capital (subordinated debt). Risk-weighted assets 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.

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.

The calculation of the credit risk weighted assets and capital requirements of the Bank and the Group is performed in accordance with the current regulatory framework, and is supported by a specialized centralized IT system (ACM), which processes the granular data of the Bank and its Subsidiaries. The system is also used for the calculation of credit risk capital requirements of the Subsidiaries according to their local regulatory framework. It also supports the production of various regulatory reports on solo and consolidated basis (e.g. large obligors, country risk).

With respect to the infrastructure required for the Basel III environment and the possible adoption of an advanced approach for capital calculation, Alpha Bank has upgraded the ACM system for credit RWA calculation.

3.1 Alpha Bank's approach to Pillar I

Alpha Bank Group calculates Capital Requirements using the following approaches:

- Credit Risk: The Group follows the Standardized Approach (STA). The Comprehensive method is used for the valuation of financial collaterals. The calculations on a solo and consolidated basis are performed using the ACM system of SUNGARD.
- 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.

3.2 Pillar II

The Pillar II assessment consists of two internal (conducted by the credit institution) processes, the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) and the Supervisory Review and Evaluation Process (SREP) conducted by the competent regulatory authority.

The ICAAP / ILAAP processes are integral parts of the Internal Control System (ICS) of the Group. They are aligned with the best practices and the general principles and requirements set by the regulatory Framework, including the guidelines provided by SSM and/ or EBA, mainly aiming to:

- The identification, analysis, monitoring and the overall assessment of risks.
- The improvement of various systems/ procedures/ policies related to the assessment and management of risks.
- The estimation of the necessary level of Internal Capital required for the coverage of all risks and for Capital planning purposes taking also into consideration the Group's Risk appetite.
- The estimation of the funding sustainability and resilience of its liquidity buffer under normal and stressed conditions.

The level of internal capital required to cover the risks which the Group is willing to undertake in three year's horizon, as well as the adequacy of funding sources, are assessed according to the business and funding plan (base case scenario). Additionally, the Group's resilience to extreme systemic or market stress scenarios is assessed by applying severe but plausible shocks, should these occur. The results of the processes are, among others, used for capital and funding planning purposes.

The ICAAP / ILAAP frameworks are based on key principles such as responsibility, proportionality, risks' materiality and forward looking stance.

The main risks addressed in the ICAAP / ILAAP are the following:

- Business/ Strategic risk
- Credit risk including concentration risk (name, sector) and residual risk
- Market risk

- Operational risk, including ICT risk, conduct risk, reputational risk, compliance risk, legal and outsourcing risk
- Interest rate risk in the banking book
- Liquidity risk, funding risk (including cost of funding), funding sustainability
- Other risks (such as real estate own risk, counterparty risk, issuer risk in the AFS portfolio, leverage risk, CVA risk)

The Group's ICAAP and ILAAP are used in order to assess the adequacy of its capital and Liquidity in a three years forward looking horizon considering the following elements:

- The Group's macro overview and recent market developments.
- The business plan/ model
- The funding plan
- The ICAAP and ILAAP framework and procedures.
- The analysis of risks and respective controls (including definition, identification, assessment, measurement, monitoring, reviewing, reporting, capital and/or liquidity impacts).
- The internal capital overview
- The assessment of liquidity buffers to cover the required funding sustainability
- The capital planning and allocation
- Stress testing assumptions and approaches for various balance sheet and profitability components

The Board, following its Board Risk Committee endorsement, regarding the forward looking assessment on risk undertaking and capital planning, approves the results of the Internal Capital and Liquidity Adequacy Assessment processes (ICAAP and ILAAP) and signs the Group's Capital and Liquidity Adequacy Statements (CAS and LAS), compliant with the SSM's requirements.

3.3 Main developments impacting Asset Quality, Capital and Liquidity Adequacy

Following the November 2015 successful recapitalization, which was fully covered by private investors, Alpha Bank has adequate and high quality capital to cover its risk profile, both under the three-year base and the adverse, but plausible, scenarios. The Group has a clear share capital structure, without CoCos or preference shares, with private sector holding at 89% and HFSF ownership at 11%.

At the end of December 2016 the common equity tier I ratio (CET 1) stands at 17.1% on a consolidated basis, and the tangible book value at Euro 8.7 billion, the highest among greek banks. The Group's high Risk Weighted Assets' density, its low leverage and the already restored profitability, expected to continue overtime, are additional strengths further enhancing its high capital ratios. Positive internal capital generation is supported by the sustainable business model, further operational cost containment, resilient net interest margin and declining cost of credit risk.

The Group has fully embedded a robust Non Performing Exposures (NPEs) management framework which takes into account ongoing external and internal environment developments to

support close monitoring, tight control and course adjustment. The NPE Strategy Action Plan aims to provide a detailed overview of the operational measures currently undertaken by the Bank to meet the NPE targets submitted to SSM on 30 September 2016. Moreover, NPL servicing platforms to manage parts of retail and wholesale portfolios are under development.

In 2016, the Greek economy showed signs of resilience as the capital control imposition in the summer of 2015 had a milder negative effect than initially envisaged. The Group remains focused on reducing its reliance to Eurosystem funding and the efficient implementation of its NPE strategy.

Through its three year Funding Plan, the Bank forecasts further deposit replenishment and additional funding through repo transactions, securitization and issuance of covered and senior bonds. The anticipated improvement in the Bank's funding is highly correlated with the stabilization of the economic conditions and the restoration of confidence in the Greek banking system.

The financial performance of the Group is summarised as follows:

- Group deposits stood at Euro 32.9 billion recording inflows of Euro 1.9 billion y-o-y adjusted for the sale of Serbian operations. Loan to Deposit Ratio, at the end of December 2016 at 135% and at 136% for the Group and Greece respectively.
- NPLs decreased by Euro 225 million in Q4 2016, compared to Euro 77 million formation in the previous quarter. NPL ratio stood at 38.1% at the end of December 2016 vs. 38.3% in Q3 2016, while NPEs stood at 53.7% vs. 53.2% in the previous quarter.
- Loan loss provisions for FY 2016 at Euro 1.2 billion vs. Euro 3 billion for FY 2015 (including AQR impact of Euro 1.6 billion). The NPL coverage ratio at 69% at the end of December 2016. Accumulated provisions at Euro 15.9 billion, corresponding to 26.4% of gross loans.
- Net Interest Income in 2016 at Euro 1,924.1 million, up by 1.4% y-o-y, mainly due to lower wholesale funding costs, supported by a decreased Central Banks reliance, down by Euro 6.1 billion y-o-y, the repayment of Euro 8.2 billion of Pillar II bonds and the consistent repricing of the deposit base.
- Net fee and commission income at Euro 317.9 million, up by 3% y-o-y, mainly due to increased card usage and a higher contribution from bancassurance, advisory and foreign exchange transactions.
- Recurring operating expenses (excluding extraordinary items and integration costs) decreased by 2.3% y-o-y to Euro 1,108.3 million. Cost to Income ratio at 48.2% for FY 2016.
- Profit after Tax of Euro 42.3 million for FY 2016, supported by deferred income tax on tax deductible losses and the gains from discontinued operations.
- Eurosystem funding further reduced in Q4 2016 to Euro 18.3 billion, down by Euro 2.5 billion q-o-q, on the back of deposit inflows, securities disposal and the SME Securitisation transaction of Euro 320 million completed successfully on December 21, 2016 by placing the Senior notes to European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD) and an International Investment Bank. The transaction serves Alpha Bank's strategic plan to diversify its funding sources and improve its liquidity as well as restore its presence in the market to achieve consistent access to medium-term financing.

3.4 Own Funds

3.4.1 Own Funds structure

The Group has high quality capital since 99.6% of the total capital as of 31.12.2016 is Common Equity Tier 1 (CET1).

On 31.12.2016 the Bank's share capital amounts to Euro 461,064,360.00 divided to 1,536,881,200 ordinary, registered, with voting rights shares with nominal value of Euro 0.30 and a share premium of Euro 10,790,869,872.46. Further analysis on the share capital and share premium is provided in notes 32 and 33 of the Annual Financial Report of 2016, respectively.

Additional Tier I capital mainly consists of hybrid securities. Following the tender offers of 2012, 2013 and 2015, the remaining amount is very limited standing at Euro 15.2 million.

Tier II capital consists of:

- Subordinated loan, which is amortized according to the transitional provisions of CRR 575/2013.
- The portion of hybrid instruments deducted from CET1 is included in Tier II, according to transitional provisions.

Further details of the characteristics consisting Tier I and Tier II capital are provided in note 27vii and 36 of the Group Annual Financial Report of 2016.

Furthermore, for the full implementation of the provisions of the CRR 575/2013, depending on the different type of adjustments concerned, a transitional period of five (5) to ten (10) years is applicable. The impact of these provisions is estimated to c. 57 bps on the CET1 capital base.

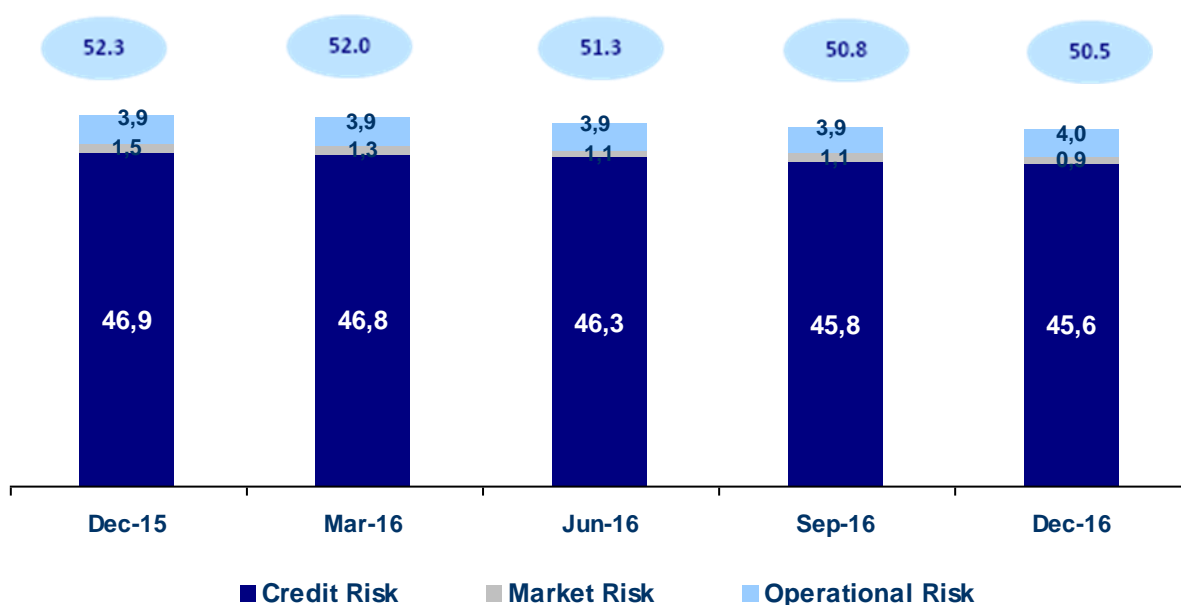
The following table presents the analysis of Own funds structure, as defined in CRR 575/2013:

Table 1: Own funds structure		(In thousands of Euro)	
Type	31.12.2016	31.12.2015	
Share capital	461,064	461,064	
Share premium	10,790,870	10,790,870	
Accumulated other comprehensive income (and other reserves)	-2,070,158	-704,461	
Reserves & Retained Earnings	-2,114,854	-723,340	
AFS reserves	44,696	18,879	
Minority interest	301	281	
Minority interest (transitional)	8,066	12,046	
Preference shares	0	0	
PVA	-7,205	0	
Common equity tier 1 capital before regulatory adjustments	9,182,938	10,559,800	
Period Profit	53,006	-1,369,963	
Intangible assets	-202,578	-121,821	
DTA amortization	-276,190	-195,401	
Other deductible items	0	0	
Regulatory adjustments applied to common equity tier 1 due to insufficient additional tier 1 and tier 2 to cover deductions	-125,973	-172,069	
Total regulatory adjustments to common equity tier 1	-551,734	-1,859,254	
Common equity tier 1 capital (CET1)	8,631,203	8,700,546	
Hybrid instruments (limit 25 % of Tier I)	15,131	15,231	
Additional Tier I before regulatory adjustments	15,131	15,231	
Hybrid instruments transitional	-6,052	-4,569	
(-) Goodwill/Intangible investments	-135,052	-182,731	
of which deductible from Additional Tier I	-9,079	-10,662	
of which deductible from CET1	-125,973	-172,069	
Total regulatory adjustments to additional Tier I	15,131	15,231	
Additional Tier I	0	0	
Tier I Capital (CET1 + AT1)	8,631,203	8,700,546	
Core Tier II instruments	0	0	
Subordinated loan	42,016	85,362	
Hybrid instruments (transitional)	6,052	4,569	
Other deductible items			
Tier II capital before regulatory adjustments	48,069	89,932	
Total regulatory adjustments to Tier II	-16,806	-25,609	
Tier II capital	31,262	64,323	
Total Capital (TC = Tier I + Tier II)	8,662,466	8,764,869	
Total RWA	50,535,305	52,270,383	
Common equity tier 1 Ratio	17.1%	16.6%	
Tier I Ratio	17.1%	16.6%	
Capital Adequacy Ratio (Tier I + Tier II)	17.1%	16.8%	

3.4.2 Group's Capital requirements

As mentioned above, Alpha Bank has undertaken several actions in order to enhance its balance-sheet and financial performance. These actions have also contributed to the reduction of the RWAs and the strengthening of the capital adequacy ratios.

The total risk-weighted assets of Alpha Bank Group amounted to Euro 50,535 million on 31.12.2016. Out of this amount, Euro 45,584 million is related to Credit risk, Euro 965 million to Market risk and Euro 3,986 million to Operational risk. The following diagram shows the quarterly evolution of the risk weighted assets of the Group during 2016.



The following table presents the minimum total capital requirements (8% over the RWAs) for Credit, Market and Operational Risk, including those derived from Credit Valuation Adjustment.

Exposure type	31.12.2016	31.12.2015
Central governments and central banks / Regional governments and local authorities	442,177	406,481
International organizations	0	0
Financial Institutions	27,168	43,497
Corporate customers	703,661	913,450
Retail customers	217,089	343,899
Secured by mortgages on immovable property	604,137	393,063
Securitization Positions	7,504	7,660
Collective Investment Organization Units	572	575
Exposures in default	1,423,944	1,397,144
Other items	220,500	244,557
Total Capital Requirements for Credit Risk	3,646,752	3,750,328
Specific risks of equities and traded debt instruments	217	93
Foreign Exchange Risk	7,675	27,116
General risks of equities and traded debt instruments - VaR	11,851	21,742
General risks of equities and traded debt instruments -Stressed VaR	51,666	50,390
Total Capital Requirements for Market Risk	71,409	99,341
Total Capital Requirements for Operational Risk	318,896	310,580
Total Capital Requirements for Credit Valuation Adjustment	5,768	21,382
Total Capital Requirements	4,042,824	4,181,631

3.4.3 Capital ratios

At the end of December 2016, Alpha Bank's CET1 stood at Euro 8.6 billion; RWAs amounted to Euro 50.5 billion resulting in a CET1 ratio of 17.1%, up by 31bps y-o-y, impacted positively by the lower level of RWA mainly on the back of lower loan contribution. Deferred Tax Assets at the end of December 2016 stood at Euro 4.5 billion with the eligible amount to be converted to tax credit claims at Euro 3.4 billion.

On January 30, 2017 Alpha Bank announced the sale of 100% of its subsidiary Alpha Bank Srbija A.D. to the Serbian MK Group of companies, subject to receipt of all applicable regulatory

approvals. Conclusion of the transaction is expected within H1 2017. Taking into account the impact from the aforementioned sale, the pro-forma CET1 is calculated at 17.3%, up by 20bps.

Capital Type	31.12.2016	31.12.2015
CET1	8,631,203	8,700,546
Tier 1 Capital	8,631,203	8,700,546
Tier 2 Capital	31,262	64,323
Total Regulatory Capital for C.A.R. calculation	8,662,466	8,764,869
Risk Weighted Assets	50,535,305	52,270,383
Capital Ratios		
CET1 Ratio	17.1%	16.6%
Tier 1 Ratio	17.1%	16.6%
Capital Adequacy Ratio (Tier 2 + Tier 2)	17.1%	16.6%

The minimum regulatory ratios for Common Equity, Tier I and Total Capital ratios are 4.5%, 6% and 8% respectively, according to article 92(1) of the CRR. Moreover, credit institutions shall maintain, on top of CET1 minimum capital, additional combined capital buffers, according to article 128(6) of the Directive 2013/36/EU. Depending on the type and level of the buffer this requirement is gradually applicable from 1.1.2016 until 31.12.2019.

In particular:

- From 1.1.2016 and onwards a capital conservation buffer of 0.625% exists which will gradually rise to 2.5% on 31.12.2019.
- The Bank of Greece, through the following acts issued by the Executive Committee, set the following capital buffers:
 - Countercyclical capital buffer at "zero percent" for the first nine months of 2016 (Act 55/18.12.2015, 83/18.3.2016 & 97/16.6.2016)
 - Other systemically important institutions (O-SII) buffer at "zero percent" for 2016 (Act 56/18.12.2015)

Furthermore, on 8 December 2016, the ECB informed Alpha Bank that according to its SREP assessment the Overall Capital Requirement (OCR) for 2017 is set at 12.25%. 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.

4 Risk Management

4.1 Risk Management Framework and Principles

The Group has established a comprehensive risk management framework, which has evolved over time and takes into account the common European legislation and banking system rules, the regulatory principles and supervisory guidance and the best international practices. This risk management framework is implemented in the course of day-to-day business enabling corporate governance to remain effective.

The Group's focus throughout 2016 was to maintain the highest operating standards, ensure compliance with regulatory risk rules and retain confidence in the conduct of its business activities through sound provision of sustainable financial services.

The Group strengthens the internal governance and strategy of risk management and redefines its business model, in order to achieve full compliance with the increased regulatory requirements. In this context it proceeds to the implementation of the guidelines relating to the data governance, including the verification of data quality and integrity used as input for incorporation in the required reports towards the management and supervisory authorities.

Specifically, the Group, taking into account the nature, the scale and the complexity of its business as well as its risk profile, develops the risk management strategy and governance around the following three lines of defense, which constitute a critical factor of its efficient operation:

- The business line; the first line of defense with "ownership" of risk whereby it acknowledges and manages the risk that it incurs in conducting its activities.
- The risk management function and the compliance function, independent from each other as well as from the first line of defense; the second line of defense and their function is complementary in conducting banking business of the first line of defense in order to ensure objectivity in decision making, measuring the effectiveness of these decisions in terms of risk conditions and compliance with the existing legislative and regulatory framework involving internal regulations and ethical standards and the total view and evaluation of the total risk exposure of the Bank and the Group.
- The internal audit function independent from the first and second lines of defense; the third line of defense that conducts risk-based and general audits and reviews to provide assurance to the board that the overall governance framework, including the risk governance framework, is effective and that policies and processes are in place and consistently applied.

The Group Risk Management Framework, as a structural part of the Group's corporate and risk governance framework, is based upon the following guiding principles:

- Development of a sound Group risk culture, that incorporates risk awareness, risk taking and risk management and control in the decisions of management and employees during the day-to-day activities taking into account their impact on the risks they assume.
- Definition of the Group's risk appetite framework (RAF), which is articulated via the risk appetite statement (RAS) and establishes the individual and aggregate levels and types of risk that the Bank is willing to assume in advance of and in order to achieve its strategic business activities within its risk capacity.

- Definition of the Group risk policy that is adherent to the RAS and is supported by appropriate control procedures and processes.
- Development of the processes to ensure that all material risks and associated risk concentrations are identified, measured, limited, controlled, mitigated and reported on a timely and comprehensive basis.
- Monitoring of risk limits with alignment to the Group business goals.
- Transparency promoted through clear communication lines.
- Active role of contributing staff in Risk Management. The staff is equipped with all the necessary skills and means which are necessary for effective Risk Management and understands its roles and responsibilities related to the Group Risk Management Framework.
- Full documentation of all processes related to risk identification, measurement, monitoring, reporting and control/mitigation.
- Providing adequate information to Group and Business Unit Management.

4.1.1 Risk Governance Structure

The Board of Directors of the Bank as well as the Executive Management and the Committees of the Bank have separate and distinct roles in providing the final and ultimate levels of defense, ensuring the effective implementation of the group-wide risk management Framework and policies within the Group.

The Board has the overall responsibility for the Bank's business strategy and financial soundness, internal organization and overall corporate governance structure and practices as well as the oversight of the Risk Management framework and the compliance with the regulatory requirements.

To this end, it ensures that the executive management carries out appropriately and effectively the Bank's activities in a manner consistent with the business strategy, the risk profile and the risk appetite, while at the same time it oversees that the management is escalating risk issues and involves the appropriate board committees in a timely manner.

The Group Risk Management Unit has been assigned with the responsibility of implementing the Group Risk Management Framework, according to the directions of the Board Risk Committee and operates independently from any executing processes.

The Board Risk Committee which convenes on a monthly and/or an ad hoc basis recommends to the Board of Directors the risk undertaking and capital management strategy and defines the principles of managing risk with regard to identifying, forecasting, measuring, monitoring and controlling risk. It ensures the development of an in-house risk management system and evaluates reports submitted by the Chief Risk Officer. It provides for the conduct of at least annual stress tests and is informed of the sections of the report prepared by the external auditors pertaining to risk management as provided by the supervisory authorities.

The Board Risk Committee evaluates the adequacy and effectiveness of the risk management policy and procedures of the Bank and the Group, in terms of:

- Undertaking, monitoring, and management of risks (market, credit, interest rate, liquidity, operational, other risks) per category of transactions and customers per risk level (e.g. country, profession and activity)

- Determination of the applicable maximum risk appetite on an aggregate basis for each type of risk and further allocation of each of these limits per country, sector, currency, Business Unit, etc. and
- Establishment of stop-loss limits or of other corrective actions.

The Board Risk Committee ensures communication among the internal auditor, the external auditors, the supervisory authorities and the Board of Directors on risk management issues.

Furthermore, the risk management functions that provide an overarching risk control Framework for a more comprehensive and effective identification and handling of all risk types linked to the Group's risk appetite are supported by the following Committees: the Assets-Liabilities Committee, the Credit Risk Committee and the Operational Risk Committee.

Under the supervision of the General Manager – Group Chief Risk Officer the following Risk Management Divisions operate within the Group and have been assigned with the responsibility of implementing the risk management framework, according to the directions of the Board Risk Committee:

- Market and Operational Risk Division
- Credit Control Division
 - Credit Risk Policy and Control Division
 - Credit Risk Methodologies Division
- Credit Risk Data and Analysis Division
 - Credit Risk Data Management Division
 - Credit Risk Analysis Division
- Wholesale Credit Division-Greece
- Wholesale Credit Division- International
- Retail Credit Division

4.1.2 Firm-wide Risk Management Framework

The risk management programs of the Group subsidiaries conform in all material respects to the Bank's risk management Framework.

Within this firm-wide risk governance and management Framework, each Risk and Credit Unit of the International Network adapts its risk management Framework and policy to the local regulatory and legal requirements while, at the same time, being coherent with those of the Bank, as established in the risk governance framework.

The Group Credit Policies and Procedures take into account the prevailing institutional framework set by legislation, regulations, ministerial decrees/decisions, etc. and along with the internally defined and established key risk principles and guidelines they ensure that credit facilities are granted soundly and managed properly and that they promote a unified approach on how business financing should be conducted.

To this end, dedicated regional Risk and Credit Division Managers of the International Network have been appointed to establish the enterprise risk management coverage and have a direct reporting line into the Group Chief Risk Officer.

During 2015, in the light of the ongoing developments in the domestic and international macroeconomic environment and the effectively adjusted regulatory framework, the Group enhanced the special risk framework for the management of loans in arrears and non-performing exposures (NPEs), which has been developed pursuant to the Implementing Regulation (EU) 2015/227/09.01.2015 and the Bank of Greece Executive Committee Acts No 42/30.05.2014 and 47/09.02.2015 as modified accordingly by Act 102/30.08.2016 and established an independent arrears and NPEs management (ANPEM) function as well as the independent monitoring bodies represented by the Arrears and Troubled Assets Committees.

4.2 Risk Profile

The Group, based on its strong reputation, its excellent organization, its well trained staff, its longstanding relationships with its customer base and its conservative Risk Policy, is successfully operating up to date adjusting itself to the prevailing circumstances.

The Group's critical focus throughout 2016 was to maintain its risk profile in line with its risk strategy, ensuring the safe and sound functioning of the daily business operations and supporting the strategic management initiatives with a view on a balanced risk-return approach.

During 2016 the "Environmental and Social Risk Management Policy on Legal Entities Lending" has been incorporated in the credit approval process, supplementary to the credit risk assessment. The main purpose is the management of potentially risk arising from the operations of obligors that may be associated with damage to the environment or the society or with any direct threat of such a damage having as a result a negative impact on the business operations and financial results of the Bank and the Group.

4.3 Risk Management Policies

The Group Risk Strategy is based on the Risk Policies & Procedures defined by the Board Risk Committee and approved by Alpha Bank S.A. Board of Directors. These Policies & Procedures are applied –or will be applied- by all members of the Group, taking into account the local regulatory requirements.

- Risk Policies & Procedures include all central rules of conduct for handling risks and are set out in specific Manuals for each risk. These are reviewed regularly and adapted whenever necessary by the RMU of the Group and approved by the Group Board Risk Committee.
- The guiding principles are effectively communicated to all organizational levels in order to build a uniform understanding of risk management objectives.
- Internal Audit is responsible for providing an independent review of the integrity of the overall risk management processes and ensuring the appropriateness and effectiveness of the controls applied.

5 Credit Risk

5.1 General information

Credit risk is the risk that a borrower or counterparty fails to meet their contractual obligations in a timely manner, thus resulting to a financial loss for the Group.

The definition of assets and other exposures a) past due and b) non-performing are described in note 41.1 of the Group annual financial report as of 31.12.2016.

According to the CRR 575/2013 definition, any of the following events triggers a default status:

- The institution considers that the obligor is unlikely to pay its credit obligations to the institution.
- The obligor is past due more than 90 days on any material credit obligation to the institution.

The Bank constantly assesses whether there is evidence of impairment in accordance with the general principles and methodology set out in IAS 39 and the relevant implementation guidance.

Moreover, assets categorized as retail, could be further assigned to buckets according to the following criteria:

- Borrower risk characteristics.
- Transaction characteristics, including product and collateral type.
- Exposure associated risks.

Wholesale Banking Portfolio

The Group has defined as “significant for individual assessment” all loans to obligors that are managed by the Wholesale Banking Unit.

The individual assessment for impairment is performed by the Wholesale Banking Unit and is approved by the Wholesale Banking Credit Division.

Significant Loans are assessed individually if one of the following conditions is met:

- Clients with financial difficulty: A client that is experiencing or about to experience difficulties in meeting its financial commitments and credit obligations.
- Clients with rating D, D0, D1, D2 and E (default zone).
- Clients with Rating CC- and C (high risk zone).
- Significant deterioration in the industry outlook in which the borrower operates (taking into account the five sectors that have had the worst deterioration on an annual basis, according to the high risk sectors' segmentation).
- Derogatory items (including but not limited to payment orders, bounced cheques, auctions, bankruptcies, overdue payments to the State, to Social Security Funds, or to employees work lien etc).
- Occurrence of unexpected, extreme events such as natural disasters, fraud, etc.

- Interventions and actions by regulatory bodies/local authorities against the borrower (e.g. Athens Stock Exchange, Hellenic Capital Market Commission).
- Breach of contractual terms and conditions.
- Adverse changes in the shareholders' structure or the management of the company or serious management issues/ problems.
- Significant adverse changes in cash flows potentially due to ceased cooperation with a key/major customer, significant reduction in demand of a main product or service, ceased cooperation with a key/major supplier or suppliers cut credit, etc.
- Significant deterioration in the debtor's key financial ratios (i.e. a decrease in own funds due to substantial operating losses, a deterioration in the debt service coverage ratio, etc.) as well as a deterioration in the value of its future expected cash flows.

The Group assesses whether objective evidence for individual assessment for impairment exists.

A collective assessment should be performed for exposures as follows:

- Exposures that have been individually assessed and were found not to be impaired on an individual basis- the impairment allowance was zero, are subsequently assessed for impairment on a collective basis, after they are grouped in pools based on common credit risk characteristics.
- Exposures with no impairment triggers events and therefore, are assessed collectively in pools formed based on similar credit risk characteristics. The future cash flows of a group of exposures that are collectively evaluated for impairment are calculated on the basis of the estimated contractual cash flows for the exposures in the group and historical loss experience for exposures with credit risk characteristics similar to those in the group. Indicatively, some categories in terms of credit risk characteristics are the estimated default probabilities or credit ratings, the collateral coverage and type of coverage, days in arrears, etc.

The pre-condition that there must be a need for objective evidence in order for the loss to be recognized and effectively the impairment loss to be indicated on individual loans, may lead to a delay in the recognition of a loan's impairment, which has already occurred. Within this context and in accordance with IAS39, it is appropriate to recognize impairment losses for those losses "which have been incurred but have not yet been reported" (Incurred but Not Reported - IBNR).

Retail Portfolio

For the Retail Banking portfolios, loans are assessed per portfolio on an individual basis if they have a trigger event, as described below, and they also meet the following limits:

- Consumer Loans exposures, on a customer level with total exposure more than Euro 500 thousand.
- Mortgage Loans exposures, on a customer level with total exposure more than Euro 2 million.
- Business Loans exposures, on a customer level, with total exposure more than Euro 850 thousand.

Individuals (Trigger Events)

- Customers over 90 days in arrears.



- Customers 30-89 days delinquent.
- Customers with forbore products.
- Unemployed Customers.
- Deceased Customers.
- Unforeseen, extreme events such as fraud, natural disasters, etc.
- Customers who are freelancers or personal company holders and stop their business activity due to retirement.
- Customers who are freelancers or personal company holders and have suffered a significant deterioration of their financial situation, either due to poor management or because of bad reputation, either due to termination of important business partnerships or because of a deterioration in the industry in which they operate.
- Customers who are representatives of the company and their business have filled for inclusion in Article 99.
- Customers who are representatives of the company and their business are over 90 days in arrears (rating D, D0 or D1 or D2 or E) or CC- or C rating.
- Customers who are representatives of the company and their business have detrimental (e.g. payment orders, denounced checks, auctions, bankruptcies, overdue amounts to the State, overdue amounts to Social Security or employees - work lien).
- Customers who are representatives of the company and there are interventions and actions from the regulatory authorities over their companies (e.g. ASE, HCMC).
- Customers who are representatives of the company and in their companies are observed significant negative changes in the cash flows, which may be due to e.g. termination of cooperation with key customers, a significant reduction in demand of commodities or services, discontinuation of credit from suppliers, etc.
- Customers who are representatives of the company and their companies operate in industries where there is observed significant deterioration in the prospects of the industry (considering the five sectors with the most significant annual deterioration according to the risk sector classification from the Risk Analyst).
- Customers with impairment in the previous control, for whom none of the above criteria applies.
- Customers with detrimental (e.g. payment orders, denounced checks, auctions, bankruptcies, overdue amounts to the State, overdue amounts Social Security or employees - work lien).

Legal Entities (Trigger Events)

- Customers who are over 90 days in arrears or their rating is D, D0 or D1 or D2 or E.
- Customers 30-89 days delinquent.
- Customers rated CC- and C.
- Significant deteriorating prospects of the borrower industry (considering the five sectors with the most significant annual deterioration according to the risk sector classification from the Risk Analyst).
- Customers with impairment in the previous control, for whom none of the above criteria applies.

- Customers with detrimental (e.g. payment orders, denounced checks, auctions, bankruptcies, overdue amounts to the State, overdue amounts Social Security or employees - work lien).
- Unforeseen, extreme events such as fraud, natural disasters, etc.
- Interventions and actions from the regulatory authorities against the borrower (e.g. ASE, HCMC).
- Breach of contract or credit terms and conditions.
- Adverse changes in the ownership structure or management of the business or serious administrative problems.
- Negative changes in the cash flows, which may be due to e.g. termination of cooperation with key customers, a significant reduction in demand of commodities or services, discontinuation of credit from suppliers, etc.

The specific trigger events for the collective assessment for the Retail Banking are the following:

- Accounts that are up to 89 days past due with or without signs of unlikeliness to pay.
- Accounts over 90 days in arrears.
- Accounts of borrowers who experience financial difficulty and whose contractual terms have been modified (forborne exposures).
- Accounts with partial write-off.

Collective Impairment Assessment is applied to loans which do not meet the conditions for individual assessment once they are classified based on similar credit risk characteristics. In addition, exposures for which there has not been calculated any loss during the individual assessment, are assessed on a collective basis, once they are incorporated into groups based on similar credit risk characteristics.

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 Credit Risk Committee assesses the adequacy and the efficiency of the credit risk management policy and procedures at Bank and Group level as regards undertaking, monitoring and management of credit risk per business line (Wholesale Banking, Retail Banking, and Wealth Management/Private Banking), geographic area, product, activity, sector, etc., and resolves on the planning of the required corrective actions. The Credit Risk Committee convenes regularly every quarter or earlier if needed.

Preparation for the Internal Ratings Based (IRB) approach

The Group is preparing its operational and system infrastructure in line with the requirements of the Internal Ratings Based approach for credit risk. The credit risk management framework currently in place consists of a set of governance rules, policies and procedures, as well as rating/scoring systems, covering the whole range of the Group's portfolio, which are under continuous review and enhancement so as to:

- Include any updates issued by the regulatory authorities.

- Reflect the risk that is embedded during current economic recession.
- Facilitate the portfolio management and the decision making processes.
- Contribute in the prevention from any potential negative effect in the Group's financial results.

During 2016 further progress has been achieved in the main risk areas: Models & methodologies and Data & IT infrastructure. More analytically the following actions have been completed.

- Review and ongoing validation of rating models: the Wholesale Banking credit rating models as well as the Retail Banking models are regularly reviewed and validated against the most recent regulatory requirements. Based on the validation results, the Bank updates and redevelops its Rating/Scoring systems.
- Rating/ scoring systems update: regarding the area of Specialized Lending three new models have been developed regarding Shipping, Project Finance and Income Producing Real Estate portfolios. The models are methodologically aligned with the Slotting Criteria requirements. The New SL models will be operationally activated within H1 2017 – currently are in a system deployment phase.
- Data-warehouse development: Following the Wholesale Banking Data Warehouse development, the respective Retail Banking IT infrastructure is under implementation, in order to collect and maintain key data for risk management and risk modeling purposes.

The key priorities for the current year include the following:

- Continuation of the efforts for the development and improvement of the necessary data infrastructure of the Bank and the Group.
- Further advancement in the development and validation processes for the Wholesale Banking credit risk rating models, as well as the Retail Banking scoring models.
- Re-development of rating models for the Small Business portfolio and deployment of risk parameter models.
- Enhancement of capital calculation engine for the calculation of capital requirements for Pillar 1.
- Review and compliance of the credit risk management framework with the abovementioned changes and updates.

5.2 Disclosures with respect to Credit Risk and Asset Quality of Bank's exposures

The tables below (4-7) show the geographical break down of the Group's credit exposures, impairment losses and non-performing loans that are over 90 days past-due per portfolio, as disclosed for IFRS purposes as well as the average balances:



Table 4a: Loans and Advances to Customers, Impaired Loans and Impairment Allowance by Product Line, Industry and Geographical Region (In thousands of Euro)						
31.12.2016	Greece			Rest of Europe		
	Gross Amount	Impaired Amount	Accumulated Impairment Allowance	Gross Amount	Impaired Amount	Accumulated Impairment Allowance
Retail Lending	30,167,325	17,678,812	7,733,753	4,156,502	2,089,191	1,037,204
Mortgage	16,717,187	7,657,124	2,397,157	3,543,294	1,793,163	887,503
Consumer	5,238,674	3,843,038	2,128,814	508,417	238,675	122,828
Credit Card	1,638,525	495,429	349,801	37,896	10,488	7,575
Other (incl. SBL)	6,572,939	5,683,221	2,857,981	66,895	46,865	19,298
Corporate Lending	20,025,110	9,674,883	5,551,606	4,762,479	2,656,144	1,533,067
Financial Institutions	440,185	190,752	144,595	78,939	6,953	4,431
Manufacturing	5,440,618	2,319,978	1,421,369	360,467	176,215	90,362
Construction and Real Estate Development	3,127,672	1,830,293	1,074,375	3,088,430	1,963,457	1,138,090
Wholesale and retail trade	4,862,657	2,872,434	1,795,036	545,972	223,647	130,728
Transportation	646,383	121,481	72,685	80,813	19,586	5,462
Shipping	1,537,945	412,590	137,186	720	0	9
Hotels / Tourism	1,655,037	741,905	259,360	256,295	117,428	41,205
Services and Other sectors	2,314,613	1,185,450	647,000	350,843	148,858	122,780
Public Sector	1,111,952	41,924	49,133	92,644	0	2,489
Total	51,304,387	27,395,619	13,334,492	9,011,625	4,745,335	2,572,760

Table 4b: Loans and Advances to Customers, Impaired Loans and Impairment Allowance by Product Line, Industry and Geographical Region (In thousands of Euro)						
31.12.2015	Greece			Rest of Europe		
	Gross Amount	Impaired Amount	Accumulated Impairment Allowance	Gross Amount	Impaired Amount	Accumulated Impairment Allowance
Retail Lending	30,410,431	17,203,511	7,939,908	4,454,304	2,092,923	983,642
Mortgage	17,152,831	7,638,418	2,536,564	3,686,925	1,730,714	770,048
Consumer	5,228,208	3,605,993	2,134,921	644,481	300,347	180,791
Credit Card	1,373,287	496,290	367,283	52,034	16,016	12,864
Other (incl. SBL)	6,656,105	5,462,810	2,901,140	70,864	45,846	19,938
Corporate Lending	20,698,289	9,293,941	5,472,439	5,038,887	2,637,925	1,388,811
Financial Institutions	127,279	42,541	40,724	103,332	21,298	19,282
Manufacturing	5,549,886	2,268,877	1,386,501	388,216	192,157	112,345
Construction and Real Estate Development	3,240,735	1,952,745	1,049,997	3,149,523	1,914,941	964,878
Wholesale and retail trade	4,751,358	2,634,396	1,719,212	602,477	219,640	120,401
Transportation	279,881	137,611	74,973	91,969	26,911	14,180
Shipping	1,835,080	279,881	97,988	830	0	3
Hotels / Tourism	1,600,774	567,477	269,353	267,865	119,354	37,174
Services and Other sectors	3,313,296	1,410,413	833,691	434,675	143,624	120,548
Public Sector	1,297,581	43,775	42,127	115,423	0	1,872
Total	52,406,301	26,541,227	13,454,474	9,608,614	4,730,848	2,374,325

Table 5a: Impaired and Past-due Loans and Advances to Customers by Business Line (In thousands of Euro)					
31.12.2016	Not impaired Loans and Advances		Impaired Loans and Advances		Total gross amount
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed	
Retail Lending	11,530,952	3,024,872	980,454	18,787,549	34,323,827
Corporate Lending	11,845,804	610,758	12,028,567	302,460	24,787,589
Public Sector	1,159,315	3,357	41,924	0	1,204,596
Total	24,536,071	3,638,987	13,050,945	19,090,009	60,316,012

Table 5b: Impaired and Past-due Loans and Advances to Customers by Business Line (In thousands of Euro)					
31.12.2015	Not impaired Loans and Advances		Impaired Loans and Advances		Total gross amount
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed	
Retail Lending	12,330,901	3,237,400	908,770	18,387,664	34,864,735
Corporate Lending	12,505,883	1,299,427	11,429,594	502,272	25,737,176
Public Sector	1,367,302	1,927	42,574	1201	1,413,004
Total	26,204,086	4,538,754	12,380,938	18,891,137	62,014,915

Table 6a: Geographical break down of credit exposures, impairment losses and non-performing loans (In thousands of Euro)			
31.12.2016	Cyprus	Romania	Albania
Gross Loans	5,306,786	2,751,604	368,324
Mortgages	2,471,606	993,649	69,055
Consumer Credit	262,094	243,656	24,746
Businesses	2,573,086	1,514,299	274,523
NPL Ratio	55.58%	14.05%	15.81%
Impairment Losses	225,275	34,292	14,222

Table 6a: Geographical break down of credit exposures, impairment losses and non-performing loans (In thousands of Euro)				
31.12.2015	Cyprus	Romania	Serbia	Albania
Gross Loans	5,284,729	2,814,087	708,338	368,454
Mortgages	2,469,216	956,326	181,052	66,929
Consumer Credit	278,185	269,108	113,013	20,157
Businesses	2,537,328	1,588,653	414,274	281,369
NPL Ratio	45.56%	16.42%	22.33%	18.16%
Impairment Losses	267,284	45,978	41,017	7,710



Table 7a: Geographical breakdown of average balances (In thousands of Euro)

01.01.2016 - 31.12.2016	Greece	Other countries	Total
Housing	16.932.000	3.618.119	20.550.119
Consumer/Credit cards/Other retail	6.709.746	651.502	7.361.248
Corporate	28.397.245	4.856.851	33.254.096
Total Loans	52.038.991	9.126.471	61.165.462

Table 7b: Geographical breakdown of average balances (In thousands of Euro)

01.01.2015 - 31.12.2015	Greece	Other countries	Total
Housing	17,217,949	3,695,018	20,912,967
Consumer/Credit cards/Other retail	6,480,294	757,524	7,237,818
Corporate	28,861,073	5,246,270	34,107,343
Total Loans	52,559,315	9,698,813	62,258,128

The following table shows the allocation into time bands of the cash flows arising from all Alpha Bank assets, as disclosed for IFRS purposes.

Table 8: Allocation into time bands of the cash flows arising from all Group's assets							(In thousands of Euro)
31.12.2016							
Assets	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Total	
Cash and balances with Central banks	1,514,607	0	0	0	0	1,514,607	
Due from banks	1,339,217	405,623	26,536	44	197,861	1,969,281	
Trading securities	4,701	0	0	0	0	4,701	
Derivative financial assets	634,323	0	0	0	0	634,323	
Loans and advances to customers	3,501,282	2,178,064	1,554,192	3,857,891	33,317,331	44,408,760	
Investment Securities	0	0	0	0	0	0	
- Available-for-sale	4,964,609	0	0	0	252,444	5,217,053	
- Held to maturity	0	0	11,496	3,403	30,100	44,999	
-Loans and receivables	0	0	0	0	2,682,655	2,682,655	
Investments in associates and joint ventures	0	0	0	0	21,792	21,792	
Investment property	0	0	0	0	614,092	614,092	
Property, plant and equipment	0	0	0	0	793,968	793,968	
Goodwill and other intangible assets	0	0	0	0	371,314	371,314	
Deferred tax assets	0	0	0	0	4,519,046	4,519,046	
Other assets	59,924	121,660	179,773	362,893	726,209	1,450,459	
Non current assets held for sale	0	0	517,847	107,369	0	625,216	
Total Assets	12,018,663	2,705,347	2,289,844	4,331,600	43,526,812	64,872,266	
31.12.2015							
Assets	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Total	
Cash and balances with Central banks	1.730.327	0	0	0	0	1.730.327	
Due from banks	1.420.989	331.911	4.636	24	218.713	1.976.273	
Trading securities	1.888	0	0	0	891	2.779	
Derivative financial assets	793.015	0	0	0	0	793.015	
Loans and advances to customers	2.886.348	2.039.558	1.799.782	2.854.971	36.605.457	46.186.116	
Investment Securities	0	0	0	0	0	0	
- Available-for-sale	4.816.465	0	0	0	978.019	5.794.484	
- Held to maturity	0	0	6.112	0	73.597	79.709	
-Loans and receivables	0	0	0	0	4.289.482	4.289.482	
Investments in associates and joint ventures	0	0	0	0	45.771	45.771	
Investment property	0	0	0	0	623.662	623.662	
Property, plant and equipment	0	0	0	0	860.901	860.901	
Goodwill and other intangible assets	0	0	0	0	345.151	345.151	
Deferred tax assets	0	0	0	0	4.398.176	4.398.176	
Other assets	61.986	125.854	185.959	375.394	759.440	1.508.633	
Non current assets held for sale	0	390.862	272.201	0	0	663.063	
Total Assets	11.711.018	2.888.185	2.268.690	3.230.389	49.199.260	69.297.542	

The following table presents the allowance for impairment losses:

Table 9: Allowance for impairment losses		(In thousands of Euro)
Balance 1.1.2015		<u>8.830.277</u>
Changes for the period 1.1 - 31.12.2015		
Impairment losses for the year from continuing operations		3.015.027
Impairment losses for the year from discontinued operations		32.814
Transfer of accumulated provisions to assets held for sale		(111.912)
Change in present value of the impairment losses from continuing operations		547.996
Change in present value of the impairment losses from discontinued operation		1.435
Foreign exchange differences		54.781
Loans written-off during the year		(348.663)
Balance 31.12.2015		<u>12.021.755</u>
Changes for the period 1.1 - 31.12.2016		
Transfer of accumulated provisions to assets held for sale		(171.580)
Utilization of accumulated provisions for other movements		(16.425)
Sales of impaired loans		(17.795)
Impairment losses for the year from continuing operations		1.193.748
Change in present value of impairment losses from continuing operations		413.835
Foreign exchange differences		7.893
Loans written-off during the year		(873.178)
Balance 31.12.2016		<u>12.558.253</u>

The following table presents impairment losses and provisions to cover credit risk.

Table 10: Impairment losses and provisions to cover credit risk			(In thousands of Euro)
	From 1.1 to 31.12.2016	From 1.1 to 31.12.2015	
Impairment losses on loans and advances to customers	1,193,748	3,015,027	
Impairment losses with credit institutions	0	2,552	
Impairment losses on other receivables	4,191	0	
Provisions to cover credit risk relating to off-balance sheet items	(1,357)	(10,806)	
Recoveries	(28,629)	(19,127)	
Total	1,167,953	2,987,646	

5.3 Disclosures for portfolios subject to Standardized Approach

Alpha Bank Group uses the available credit ratings from Moody's Investors Service, Standard & Poor's Ratings Services and Fitch Ratings, which have been approved from Bank of Greece as eligible External Credit Assessment Institutions (ECAIs) for the use of their credit ratings in regulatory capital calculation (Decision 250 / 25.9.2007). Credit ratings of the above rating agencies are used, where available, for all Group portfolios.

Credit ratings are assigned to credit quality bands. Then, credit quality bands are assigned to the corresponding risk weights per portfolio type, as described in detail in CRR 575/2013.

Table 11: Assignment of the credit ratings of the eligible ECAI's to credit quality steps

Credit Quality Band	Standard & Poor's Ratings Service	Moody's Investor Services	Fitch Ratings
1	AAA to AA-	Aaa to Aa3	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
5	B+ to B-	B1 to B3	B+ to B-
6	CCC+ and below	Caa1 and below	CCC+ and below

The asset classes for which ECAIs ratings are used are the following:

- Exposures to Central Governments and Central Banks.
- Exposures to Financial Institutions.
- Exposures to Multilateral Development Banks.

For all other asset classes, credit quality bands are assigned to the corresponding risk weights per exposure type, as described in detail in CRR 575/2013.

If for a specific exposure there are two available ratings then the rating leading to the higher risk weight is selected. In case, that there are more than two available ratings, initially the two ratings leading to the lower risk weights are chosen and then from the aforesaid two choices is selected the one corresponding to the higher risk weight.

Since June 2012, Alpha Bank applies the Standardized Comprehensive Method in order to improve Risk Weighted Assets, resulting, for this purpose, additional financial collaterals are recognized.

The following table shows the Group's credit exposures, after subtracting impairment, before any credit risk mitigation, for regulatory purposes.

Credit exposures for regulatory purposes before any credit risk mitigation are differentiated from equivalent balances presented in IFRS balance sheet, due to the following:

- Different basis of consolidation.
- Integration of the off-balance sheet exposures (e.g. non-utilized, uncommitted undrawn facilities) and potential future exposures for derivative financial instruments, as well as inclusion of repos' collaterals.

Table 12: Credit exposures (on and off balance sheet) net of impairment for regulatory purposes before any credit risk mitigation		
		(In thousands of Euro)
Exposure type	31.12.2016	31.12.2015
Central governments and central banks / Regional governments and local authorities	10,781,867	10,936,451
International organisations	2,691,852	4,298,767
Financial Institutions	2,165,123	1,828,725
Corporate customers	11,225,806	13,978,529
Retail customers	4,940,672	7,427,933
Secured by mortgages on immovable property	15,853,554	12,716,336
Securitization Positions	7,504	7,660
Collective Investment Organisation Units	7,152	7,190
Exposures in default	17,745,422	17,475,147
Other items	4,613,166	5,466,765
Total	70,032,118	74,143,503

Table 13 below presents the net Exposure at default (EAD) i.e. net of impairments on and off balance sheet credit exposures, after credit risk mitigation, where the respective risk weights of the standardized approach are applied, broken down by supervisory risk weights (according to CRR 575/2013).

The credit exposures shown in the table below do not include intangible assets and participations in insurance companies that are deducted from regulatory own funds.

Table 13: On and off balance sheet Exposures net of impairments, after CRM and CCF, broken down by supervisory risk weighs according to credit quality steps

								(In thousands of Euro)
31.12.2016								
Exposure Type	0%	10-20%	35%	50%	75%	100%	> 150%	Total
Central governments and central banks / Regional governments and local authorities	6,934,715	70,726	0	0	0	3,833,059	672,001	11,510,501
International organisations	2,691,852	0	0	0	0	0	0	2,691,852
Financial Institutions	242,403	915,571	0	189,582	0	46,601	10,067	1,404,224
Corporate customers	2,296	0	0	300	0	8,314,748	348,547	8,665,891
Retail customers	0	0	0	0	3,797,326	0	0	3,797,326
Secured by mortgages on immovable property	0	0	7,922,956	4,293,832	1,610,108	1,576,579	0	15,403,475
Securitization Positions	0	0	0	0	0	0	7,504	7,504
Collective Investment Organisation Units	0	0	0	0	0	7,152	0	7,152
Exposures in default	0	0	0	0	0	15,676,980	1,414,881	17,091,862
Other items	1,872,915	4,853	0	0	0	2,719,994	14,113	4,611,875
Total	11,744,181	991,151	7,922,956	4,483,714	5,407,434	32,175,113	2,467,113	65,191,661
31.12.2015								
Exposure Type	0%	10-20%	35%	50%	75%	100%	> 150%	Total
Central governments and central banks / Regional governments and local authorities	7,286,948	62,501	0	0	0	3,870,923	479,035	11,699,406
International organisations	4,298,767	0	0	0	0	0	0	4,298,767
Financial Institutions	231,121	802,565	0	279,627	0	195,042	32,232	1,540,586
Corporate customers	0	0	0	267	0	10,905,183	373,518	11,278,968
Retail customers	0	0	0	0	5,988,562	0	0	5,988,562
Secured by real estate property	0	0	8,399,043	4,191,037	0	0	0	12,590,080
Securitization Positions	0	0	0	0	0	0	7,660	7,660
Collective Investment Organisation Units	0	0	0	0	0	7,190	0	7,190
Past Due Items	0	0	0	0	0	15,123,025	1,560,847	16,683,872
Other items	2,386,447	43,318	0	0	0	3,027,800	8,200	5,465,765
Total	14,203,283	908,383	8,399,043	4,470,930	5,988,562	33,129,163	2,461,492	69,560,856

6 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.

6.1 Collateral valuation and management policies and procedures

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 held for retail customers are mortgages, cash, mutual funds and sovereign securities (repos, bonds). Additionally, in case of real estate loans maximum Loan to Value (LTV: loan amount to property commercial value) limits have been set, depending upon loan purpose and collateral. The amount the customer contributes to the asset being financed is a very important factor during the loan approval process since it directly affects customer's repayment ability.

As far as wholesale customers are concerned, loan repayment depends upon the viability and growth perspectives of the company, the servicing ability of the company and its owners, the circumstances prevailing at the sectors and markets they are active in, as well as unexpected factors, positively or negatively affecting their operation.

In case the debtor is a private individual, the Group seeks to have her/him insured against death and severe injuries.

As far as on and off balance sheet netting is concerned, this is conducted only in case there are ISDA agreements.

The Bank estimates collateral value based upon the potential cash flows which will be received in case of liquidation.

During the estimation process the following are taken into consideration:

- Asset quality.
- Commercial / market value.
- Potential difficulties in liquidation.
- Time required for liquidation.
- Liquidation associated costs.
- Existing weights on real estate properties (mortgages, foreclosures).
- Potential senior claims which might occur during the liquidations of corporate assets (government, state organizations, and employees).

The above parameters are taken into consideration while estimating collateral value factors, expressed as a percentage of the market, nominal or weighted collateral value, depending upon collateral type.

Real estate property and equipment valuation is carried out through Alpha Astika Akinita A.E., a Group company.

Valuation of collaterals which cannot be performed through a Group company is assigned to other, approved, companies.

Regarding the rest of the companies of Alpha Bank Group, apart from the general principles applying to the Group as a whole, additional clauses also exist. To specify, as far as leasing contracts are concerned, apart from the leased property, Alpha Leasing might request additional collateral. Moreover, Factoring customers are subject to collateral limits depending upon debtor's creditworthiness and reexamined according to the Bank's Policy regarding loans to corporate customers.

6.2 Description of the main collateral types eligible for Pillar I calculations

There are two broad categories of collateral: guarantees / credit derivatives and physical 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 guarantors are: private individuals, companies, financial institutions, Hellenic State and Credit Guarantee Fund for Small and Very Small Enterprises (KYA & ETEAN).

The most common types of physical collateral are: mortgages on real estate properties and collaterals on commodities and cheques or claims and receivables.

Physical collateral value is estimated on a regular basis; in case of exceptional/unforeseen events, additional valuation can take place. In case of significant negative changes at collateral values, the Bank seeks to restore the loan to collateral value ratio to the desired levels.

To further improve the effect of credit risk mitigation, the Bank requests that all mortgages are insured and the compensation is assigned to the Bank. The same might apply, on a case by case basis, on other physical collaterals as well.

The following table presents the exposure value covered through eligible financial collateral and guarantees / credit derivatives for each asset class, based on regulatory standards:



Table 14a: Market Value of eligible physical collateral and guarantees / credit derivatives (In thousands of Euro)			
31/12/2016 Exposure type	Covered through financial collateral	Covered through Real Estate Property	Covered through guarantees / credit derivatives
Central governments and central banks / Regional governments and local authorities	0	0	0
Financial Institutions	415,968	0	0
Corporate customers	335,928	0	123,626
Retail customers	150,031	0	82,156
Secured by real estate property	77,081	12,213,024	238,816
Securitization Positions	0	0	0
Collective Investment Organisation Units	0	0	0
Exposures in default	96,122	9,518,805	287,659
Other items	104	0	143
Total	1,075,234	21,731,828	732,400

Table 14b: Market Value of eligible physical collateral and guarantees / credit derivatives (In thousands of Euro)			
31/12/2015 Exposure type	Covered through financial collateral	Covered through Real Estate Property	Covered through guarantees / credit derivatives
Central governments and central banks / Regional governments and local authorities	0	0	0
Financial Institutions	264,555	0	0
Corporate customers	395,314	0	252,827
Retail customers	173,293	0	290,890
Secured by real estate property	0	12,783,760	0
Securitization Positions	0	0	0
Collective Investment Organisation Units	0	0	0
Exposures in default	180,480	9,301,658	230,664
Other items	9	0	229
Total	1,013,651	22,085,418	774,611

Details regarding credit risk mitigation and specifically the periodic revaluation of physical collateral are included in Note 41.1 of the Annual Report 2016.

7 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 only 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 two types of bilateral contracts as far as financial products transactions of financial institutions are concerned, which are:

- ISDA (International Swap and Derivatives Association): defines the general terms governing the conduct of bilateral contracts on derivatives, such as FX Swaps, Interest Rate Swaps, Cross Currency Swaps, etc. CSA (Credit Support Annex), which is an annex to ISDA, defines the conditions under which collateral is exchanged in the context of these derivatives transactions.
- GMRA (Global Master Repurchase Agreement): defines the terms for conducting transactions of interbank lending backed by securities and defines the conditions under which collateral is exchanged in the context of these transactions e.g. Repurchase Agreement, Securities Lending, Collateralized Loan.

Under these contracts (ISDA & CSA, GMRA) contracting parties are obliged to exchange any negative valuation that concerns the sum of all the underlying transactions. Consequently Alpha Bank Group exchanges required collateral as mentioned in the contracts and therefore the existing counterparty credit risk is minimized.

The amount of collateral required is calculated on a regular basis and agreed between counterparties. For transactions that are governed by these contracts, the risk of loss for the Alpha Bank Group is the potential difference between the current value of the collateral and the market value of transactions. As a result, frequent settlement of any difference with collateral exchange eliminates the risk of losses due to counterparty credit risk.

As far as repos and reverse repos are concerned, where Alpha Bank Group exchanges securities for cash for a specific period of time, they are included in counterparty limits as they involve counterparty credit risk. The maximum potential loss of the Group is capped by the difference between the market value of securities held (or assigned) and the respective interbank transaction. Through GMRA Contracts, the aforementioned risk is minimized with the exchange of required collateral.

As far as the derivative transactions with other (non-financial institution) counterparties are concerned, the resulting risk exposure is taken into account as part of the Credit exposure against the customer according to the Credit Policy in force.

The table below exhibits the gross exposure, the netting effect, the collateral received and the net total exposure in derivative instruments.

Table 15: Counterparty credit risk exposure before and after the application of netting and risk mitigation (In thousands of Euro)					
31.12.2016					
	Gross exposure	Netting effect	Current exposure after netting	Collateral received	Total exposure after netting and CSA application
OTC-products & Repos - Reverse Repos ¹	1,234,853	-302,817	932,036	-22,922	909,114
31.12.2015					
	Gross exposure	Netting effect	Current exposure after netting	Collateral received	Total exposure after netting and CSA application
OTC-products & Repos - Reverse Repos ¹	1,295,171	-666,887	628,284	-35,452	592,832

¹ As far as repo – reverse repo products are concerned, the interbank transaction and the underlying bond market value have been taken into consideration.

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.

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 but excluding credit derivatives. CVA risk capital requirements are cited in paragraph 3.4.2.

8 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.

The Group Board Risk Committee is responsible for supporting and supervising the Market Risk management framework and ensuring the application of all the necessary measures to identify, estimate, monitor and control this type of risk. Group ALCO is responsible for approving the guidelines, the strategy and the organizational structure as far as Market Risk is concerned. The Treasury and Balance Sheet Management Committee is responsible for structuring proposals for decisions on Treasury and Asset Liability Management issues to be made by the Group ALCO, or exceptionally by the Group Executive Committee, if immediate decision-making is required.

Market Risk is controlled through the establishment and implementation of a well-structured set of limits, according to the Group Market Risk Tolerance while satisfying the relevant customer needs.

The Value at Risk (VaR) approach, which is approved by the regulatory authorities and is used by the bank for the calculation of market risk regulatory capital, is based on the historical simulation methodology (market risk capital requirements are cited paragraph 3.4.2). Depending upon the time required for portfolio liquidation, a holding period of 1 to 10 days is used. To calculate the VaR estimate an observation period of 2 years and a 99% confidence level are used.

In order to investigate any extreme market situations, market risk stress tests are performed on the Available for Sale (AFS) and Trading (TRD) portfolios. Stress Tests are performed by creating scenarios ('what if' hypothesis) to estimate the losses that may occur on the positions from potential unfavorable substantial movements/shocks in the market and in order to identify potential concentration risk within the portfolios.

Stress Tests may be carried out at any time on any position; however they are carried out on a regular basis at the end of every month on the AFS and TRD portfolios as well as in the context of ICAAP and the results are reported to the Board Risk Committee, ALCO, and Treasury and Balance Sheet Management Committees.

Typical stress scenarios consider the following changes in risk factors:

Interest rates:

+/-200bp (up/down) parallel movement

+50bp (0 to 1 year); +150bp (1 to 5 years); + 300bp (5-10 years); (up – steepening)

-0bp (0 to 1 year); -100bp (1 to 5 years); -200bp (5-10 years); (down – flattening)

FX rates:

+/- 30% against EUR (worst case - depending on the overall position of the portfolio)

Prices (e.g. equities and indices):

+/-30% (depending on the portfolio position)

Volatilities:

-/+ 50% (depending on the portfolio position)

The VaR estimated during 2016 for the Bank trading portfolio, including the FX position due to participations, is given in the following table:

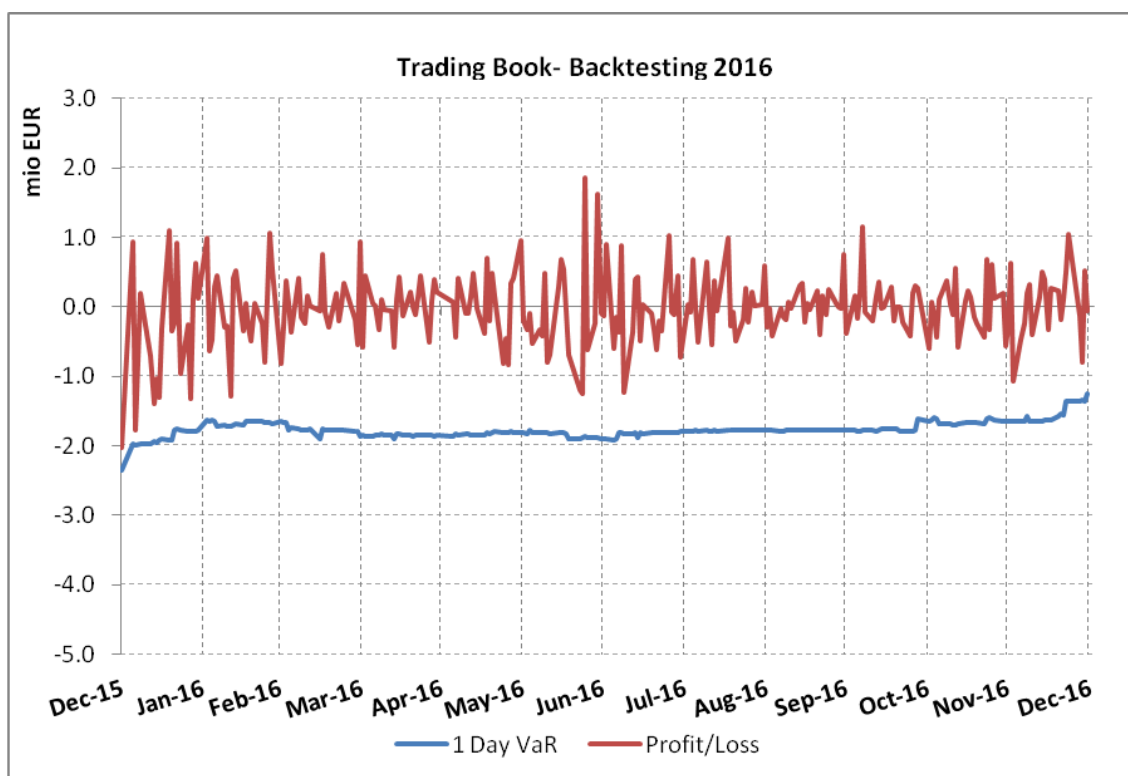
Table 16: VaR		(In thousands of Euro)	
10 Day VaR		VaR	Stressed VaR
31.12.2016		3.1	12.5
Average VaR		3.7	13.9
Maximum VaR		5.6	19.8
Minimum VaR		3.0	9.0

The Bank is exposed to interest rate risk, foreign exchange risk and price risk. The trading portfolio VaR allocated to the above risk factors during 2016 is given in the following table:

Table 17: Allocated VaR		(In thousands of Euro)		
	Interest Rate	Foreign Exchange	Price	
31.12.2016	0.4	2.9	0.21	
Average VaR	0.3	3.7	0.08	
Maximum VaR	1.1	5.7	0.2	
Minimum VaR	0.1	2.9	0.04	

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. In terms of the hypothetical back testing process the daily VaR at a 99% confidence level is compared to the buy-and-hold profit and loss, i.e. the profit and loss impact if the trading portfolio is held constant at the end of the day and re-priced the following day considering the daily change in the underlying risk factors, excluding realized trading revenue, net interest, fees and commissions. Moreover, actual back testing is performed by comparing the daily VaR at 99% confidence interval with the actual daily profit/loss of the Bank's trading portfolio excluding net interest, fees and commissions. In both tests, based on a 99% confidence level of the VaR model, the losses would be expected to exceed the VaR of the portfolio two to three days in any one year. Periods of unstable market conditions could increase the number of back testing exceptions.

The evolution of daily VaR vs daily buy-and-hold profit and loss for the trading portfolio during 2016 is given below, with no exceptions identified during the period:



In 2008, the Bank of Greece validated the Bank's internal model for VaR and approved its application in order to calculate the 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.

8.1 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 of all its subsidiaries. The following table summarizes the capital requirements for market risk per risk factor based on Standardized approach at December 2016 and 2015.

Table 18: Capital requirements for Market Risk with Standardized approach	(In thousands of Euro)	
	31.12.2016	31.12.2015
Specific risk of traded debt instruments	0	0
Shares	217	93
CVA	5,768	21,390
Foreign exchange risk	7,675	27,116
Total	13,660	48,600

9 Operational Risk

The Group acknowledges the need for managing the operational risk that stems from its business activities, as well as the need for holding adequate capital, in order to absorb potential losses related with this risk type.

The calculation of capital requirements for operational risk is performed in accordance with the Standardized Approach of the Capital Requirements Regulation of 27.6.2013. Specifically, the Group's gross operating income for 2014, 2015 and 2016 is split into eight business lines. The capital requirements for operational risk are average, over these three years, of the risk-weighted gross income. The risk weighted gross income is calculated each year across the business lines by using specific beta factors.

In particular, the respective capital charges on a Group basis are presented in the following table:

Table 19: Capital Charges for Operational Risk			
(In thousands of Euro)			
	Avg 2014-2016	Business line beta	Capital Requirements
Capital Requirements for Operational Risk			318,896
Basic Approach Indicator	5,377	0.15	807
Standardised Approach			318,089
<i>For the Standardised Approach:</i>			
Corporate Finance	6,699	0.18	1,206
Trading & Sales	58,614	0.18	10,551
Retail Brokerage	32,396	0.12	3,888
Commercial Banking	1,118,661	0.15	167,799
Retail Banking	1,079,279	0.12	129,513
Payments and Settlement	7,995	0.18	1,439
Agency Services	6,736	0.15	1,010
Asset Management	22,358	0.12	2,683

Additionally, the Group complies with the qualitative criteria required for this approach. Within this context and in order to achieve effective operational risk management, the Group has adopted and implemented an Operational Risk Framework which focuses on the following areas:

- Operational risk events management and collection, including management of Lawsuits filed against the Group.
- Operational risk identification and assessment, through a risk and control self assessment process as well as other assessment techniques.
- Definition and monitoring of Key Risk Indicators.
- Operational Risk Reporting.
- Operational risk mitigation approaches, including both the implementation of Action Plans that improve the existing internal control environment as well as Insurance Policies covering specific types of events and impacts.

The Framework is continuously reviewed and various initiatives have been introduced in order to improve it. It is supported by an appropriate organizational structure with clear roles and responsibilities under the core assumption that the prime responsibility for operational risk

management remains with the organizational units throughout the Group. In particular the Group's Operational Risk Management Policy adheres to the following principles:

- **Applicability:** The Operational Risk Management Policy is applied to all levels within the Group. Certain modifications may be required at country level in compliance with the local regulatory environment.
- **Accountability:** The Bank and Group Company Units are responsible for managing their operational risk in line with the operational risk management policy. To this extent, they are the owners of the operational risks associated with their activities and they are supported by the Operational Risk Units in the identification, assessment, monitoring and mitigation of their risks.
- **Compliance:** The Group Operational Risk Unit ensures that the Group adheres to the regulatory requirements set by the Group's Regulators. The Operational Risk Units of the Group Companies ensure compliance with the regulatory requirements applicable in their jurisdiction.
- **Transparency and Information Dissemination:** Operational Risk Management is an integral part of the Group's activities. Identification and management of operational risk are performed so as to maintain a constant flow of information and enhance the decision-making process. Transparency and information dissemination is supported by appropriate tools so that Operational Risk Units can generate and provide adequate reports.
- **Risk Mitigation and Transfer:** The Group's primary defenses against operational risk are its policies, procedures and internal controls. The Group provides its Employees with training on operational risk issues, in order to increase their awareness and understanding of operational risks. In addition, insurance policies are used for the partial transfer of certain types of operational risk.

The Group has introduced specific committees and roles that ensure proper implementation of the above mentioned policy.

- **Operational Risk Committee**, which is delegated by the Board Risk Committee to supervise operational risk management activities. Operational Risk Committees are also established in the Group Companies.
- **Group Operational Risk Unit and Operational Risk Units in the Group Companies.** The Group Operational Risk Unit develops the appropriate tools, processes, procedures and techniques relevant to operational risk management, monitors the implementation of appropriate action plans for its mitigation at Group level and submits reports to the relevant Committees and Senior Management of the Group. The Group Companies' Operational Risk Units implement the operational risk framework at the Company and local level and ensure its compliance with the national laws and regulations. In addition to the above, the Risk Units of the Banking Entities have the responsibility to co-ordinate and support the implementation of the operational risk framework by the other Group Companies of the same jurisdiction, in accordance with the guidelines provided by the Group Operational Risk Unit.
- **Bank Units and Group Company Units**, which manage their operational risks and are responsible for the implementation of the Operational Risk Policy. In addition to their own operational risks, some Units may be delegated to manage or have an oversight role in specific areas of operational risk (e.g. Compliance Units, Information Security Units, Physical Security Units, and Business Continuity Plan Units). All Units appoint an Operational Risk Coordinator i.e. an Officer with experience and knowledge of the Unit's operations and activities and has the seniority to work closely with other Officers of the Unit. The coordinator is appointed by the Manager and is mainly responsible for providing

information and support, raising awareness among the Delegates of the Unit on operational risk issues and participating actively in the implementation of the operational risk management processes/actions within the Unit.

- Internal Audit Unit, which provides an independent review of the integrity, appropriateness and effectiveness of the overall risk management process. In addition, it provides assurance that the internal controls and operational risk mitigation practices implemented by the Units are sufficient and appropriate for the type and complexity of risk-taking activities.

Currently the Group is working towards the gradual implementation of more Advanced Measurement Approaches (AMA) for Operational Risk Management as well as for Pillar II purposes. This will require the development of a robust internal calculation model as well as the enhancement of the policies, procedures and systems for operational risk management. Within this context the Group has scheduled specific initiatives under the general “AMA Compliant” project. The main objectives for the years 2017-2018 are as follows:

- Finalize the development of an AMA oriented internal statistical model for capital calculation. Due to the proposed replacement of all current approaches regarding the calculation of operational risk capital requirements by the Standard Measurement Approach (SMA), the model will be used for benchmarking purposes, in order to assess the adequacy operational risk capital calculated under the currently used standardized approach, as well as a means of introducing a more advanced approach for sensitivity analysis, stress testing of the various types of operational risks and for evaluating the contribution of the Group’s insurance policies to the management operational risk.
- Ongoing improvement of the processes implemented for operational risk events’ management, collection and accounting treatment.
- Redesign of the operational risk assessment approach in order to enhance the current methods and introduce adequate procedures for specific categories of operational risk such as Conduct risk, Information and Communication Technology (ICT) Risk and Model risk. The Group has already enhanced the assessment approach for Outsourcing Risk.
- Enhancement of the Group’s operational control framework by introducing specific metrics like Key Risk Indicators (KRIs) or similar methods of monitoring the Internal Control Factors in the core banking activities. A process for the monthly production and monitoring of Key Risk Indicators (KRIs) regarding the Bank’s Branches and specific Divisions has been initiated.

Additionally, the Group focuses on the continuous improvement of the fraud risk management procedures. To this end, the Fraud risk management policy and procedures were revised and further enhanced during 2016.

Finally, the Group has established a Business Continuity Management System (BCMS) Framework, which ensures that the business processes continue in the event of a disaster or serious incident. BCMS was certified in 2012 with BS25999 at the Bank level, and in 2013 with ISO22301, expanding also the certification scope to specific Group Companies. Apart from the procedures that have been developed, which require the system to be internally audited at least twice per year, the BCMS is subject to regular external audits by the several delegated authorities and bodies.

10 Equity exposures not included in the trading book

Alpha Bank Group equity exposures that are not included in the trading book are equity exposures of the Available for Sale portfolio (AFS).

This category is measured at fair value. Changes in fair value are recognized directly in equity until the financial asset is sold, where upon, the cumulative gains and losses previously recognized in equity are recognized in profit or loss.

The financial assets included in this category are reviewed at each balance sheet date to determine whether there is any indication of impairment. For investments in shares in particular a significant or prolonged decline in their fair value below their acquisition cost is considered as an objective evidence of impairment. Alpha Bank Group considers as “significant” a decrease of over 20% compared to the cost of the investment. Respectively, “prolonged” is a decrease in the fair value below amortized cost for a continuous period exceeding one year. The above criteria are assessed in conjunction to the general market conditions. In case of impairment, the cumulative loss already recognized in equity is reclassified in profit or loss.

The fair value of AFS investments in shares that are quoted in active markets is determined on the basis of the quoted prices. For those not quoted in an active market, fair value is determined, where possible, using valuation techniques and taking into consideration the particular facts and circumstances of the shares’ issuers.

Type	Book value 31.12.2016	Book value 31.12.2015
Listed	78,748	149,482
Non-listed	54,571	37,670
Total	133,319	187,152

The total amount of realized gains/losses from the disposal of AFS equity instruments for the year 2016 is Euro 74.4 million gains. The net amount of unrealized losses in the Group’s equity as at 31 December 2016 is Euro 9.7 million. During the year 2016, the Group has recognized impairment amounting to Euro 1.8 million which is allocated to Euro 0.7 million relating to listed shares and Euro 1.1 million to non-listed.

11 Interest Rate Risk in the Banking Book

11.1 Interest Rate Risk Definition

The interest rate risk in the banking book is the risk to earnings and/or economic value arising from adverse movements in interest rates. There are four main sources of interest rate risk:

- Repricing risk that arises from timing differences in the maturity and repricing of Alpha Group's assets, liabilities and off balance sheet.
- Yield curve risk that arises when unexpected shifts of the yield curve have adverse effects on Alpha Group's earnings and underlying economic value.
- Basis risk that arises from imperfect correlation in the adjustment of the interest rates earned or paid on different instruments with otherwise similar repricing characteristics.
- Optionality that arises from embedded options in Alpha Group's assets and liabilities or off balance sheet portfolios.

11.2 Interest Rate Risk Framework

Alpha Group aims to maximize its profitability in line with its risk appetite and business objectives. Therefore, it recognizes the need to provide a sound framework for the identification, estimation, monitoring, controlling and reporting of interest rate and foreign exchange risks in the Banking Book, in a consistent manner across the Group. In 2016, Alpha Bank has been self assessed as Level 3 bank in the classification set out by EBA on Interest Rate Risk in the Banking Book (IRRBB).

Interest rate risk management for the Banking Book is performed on a monthly basis and according to Asset and Liability Management Policies & Procedures which have been adopted at Group level.

Interest rate and Foreign Exchange risk management for the Banking Book is performed through effective and timely identification and the estimation of their effects on Alpha Group's earnings and economic value.

11.3 Interest Rate Risk Identification and Assessment

For interest rate risk assessment and monitoring the following estimation techniques are used in line with EBA guidelines:

- Static Gap analysis for each currency.
- Scenario analysis for each currency.

When performing Interest Rate Static Gap Analysis, Group assets and liabilities are allocated into time buckets according to their repricing date for variable interest rate instruments, or according to their maturity date for fixed rate instruments. Assets or Liabilities with no specific repricing schedule (such as revolving loans or savings and sight deposits), are allocated into time buckets according to a specific statistical model, as well as qualitative and quantitative business analysis and respective criteria. Alpha Group Interest Rate Gap Analysis results at 31.12.2016 and 31.12.2015 are presented in Tables 21a and 21b respectively:



Table 21a: Interest Rate Gap Analysis								(In thousands of Euro)
31.12.2016								
	< 1 Month	1 to 3 Months	3 to 6 months	6 to 12 months	1 to 5 Years	> 5 Years	Non-Interest bearing	Total
Assets	26,785,602	7,587,884	6,075,872	1,645,326	7,919,046	6,195,017	8,663,519	64,872,266
Liabilities	25,592,557	5,340,332	6,991,338	2,884,014	9,094,389	4,500,130	1,356,093	55,758,853
Equity	0	0	0	0	0	0	9,113,413	9,113,413
Total Liabilities and Equity	25,592,557	5,340,332	6,991,338	2,884,014	9,094,389	4,500,130	10,469,506	64,872,266
Gap	1,193,045	2,247,552	-915,466	-1,238,688	-1,175,343	1,694,887	-1,805,987	0
Cumulative Gap	1,193,045	3,440,597	2,525,131	1,286,443	111,100	1,805,987	0	0

Table 21b: Interest Rate Gap Analysis								(In thousands of Euro)
31.12.2015								
	< 1 Month	1 to 3 Months	3 to 6 months	6 to 12 months	1 to 5 Years	> 5 Years	Non-Interest bearing	Total
Assets	26,758,416	8,727,141	8,071,476	1,485,855	9,158,194	5,854,547	9,240,605	69,296,234
Liabilities	31,248,704	5,396,163	5,866,767	2,284,717	9,476,137	4,224,596	1,744,814	60,241,898
Equity	0	0	0	0	0	0	9,054,336	9,054,336
Total Liabilities and Equity	31,248,704	5,396,163	5,866,767	2,284,717	9,476,137	4,224,596	10,799,150	69,296,234
Gap	-4,490,288	3,330,978	2,204,709	-798,862	-317,943	1,629,951	-1,558,545	0
Cumulative Gap	-4,490,288	-1,159,310	1,045,399	246,537	-71,406	1,558,545	0	0

Based on the Interest Rate Gap, a sensitivity analysis under stress test conditions with regards to the Net Interest Income (NII) is examined on a monthly basis. During 2016, Alpha Bank in line with new regulatory requirements set up a set of stress scenarios based on the EBA guidelines on the management of interest rate risk arising from non-trading activities and the Bank of International Settlements (BIS) instructions regarding Interest Rate in the banking book.

The typical stress scenario assumes a 100 bps parallel shift on interest rates for exposures not included in the trading book. For the 100 bps reduction scenarios, the change applied is up to -100bps, wherever the relevant interest rate permits this downwards movement (interest rate level should be up to zero). The corresponding results are the following:

Table 22: Sensitivity Analysis - Group Alpha Bank		(In thousands of Euro)
Interest rate changes scenarios (yield curve parallel shift)	Net interest income sensitivity (1 year period)	
-100	-61.2	
100	+69.9	

11.4 Interest Rate Risk Monitoring

- Alpha Bank Group has adopted an adequate, timely and accurate information system in order to monitor and report risk in line with its policies and regulatory requirements.



- Group ALM and countries' local Treasury Units are responsible for managing Alpha Group's positions in compliance with any established limits and escalating any significant issues with respect to the Group's interest rate and foreign exchange positions to Group ALCO and local ALCOs respectively. In addition, the Group ALM Unit provides support and input to Group ALCO, regarding Alpha Group's balance sheet management issues.
- The Group Risk Management Unit /Asset Liability Risk Management consolidate the information received from countries' local Risk Management Units and communicate a summary report to Group ALCO.

12 Liquidity Risk

Definition

Liquidity is the risk arising from the Group's inability to meet its obligations as they become due, or fund new business, without incurring substantial losses as well as the inability to manage unplanned contraction or changes in funding sources. Liquidity risk also arises from the Group's failure to recognize or address changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value. Liquidity risk is also a Balance Sheet risk, since it may arise primarily from maturity and cash flow timing mismatches between assets and liabilities.

Structure

Alpha Bank has set a well-defined organizational structure for the Bank and the Group, with clear roles and responsibilities for the relevant staff and Business Units, concerning all types of ALM activities, including liquidity risk management.

The Board Risk Committee has assigned the overall responsibility for liquidity risk management to the Group ALCO, which oversees the operations of the relevant business units.

Liquidity Management

Liquidity management is performed through the timely identification of liquidity needs, identification of all available sources to cover these needs, and obtaining liquidity through the most cost-effective way for the Group. Details regarding liquidity risk and funding structure of the Group are included in note 41.3 of the Group Annual Financial Report 2016.

The most important areas under constant monitoring are static liquidity gap, funding structure, evolution and relevant cost, loan-to-deposits ratio, loan disbursements, collateral status, evolution of maturity mismatches and funding needs under stress test conditions.

Both Bank and Subsidiaries monitor closely the evolution of short and long term funding. Respective reports are produced on a daily basis. Furthermore, special attention is given to the monitoring of Liquidity assets and other balance sheet assets that can be used for additional funding.

Under the new requirements of the Regulatory Environment (Basel III) for liquidity, the stability, cost and the diversification of liquidity sources are systematically monitored. Consequently, Alpha Bank calculates and monitors Liquidity Coverage Ratio (LCR) on a monthly basis. However, LCR is not considered an appropriate ratio to address liquidity risk especially for Greek banks as they are experiencing a system wide crisis for an extended period. During 2016, the detailed conditions for both liquidity and the analysis of financing sources of the Group are given on a quarterly basis in the Single Supervisory Mechanism (SSM). Additionally, starting from April 2016 the Bank submits to the Single Supervisory Mechanism (SSM) monthly reports for the additional liquidity monitoring metrics on solo and consolidated basis.

Alpha Bank performs a Static Liquidity Gap analysis per currency at a solo and consolidated level on a monthly basis. According to Liquidity Gap analysis, cash flows arising from all assets and liabilities are estimated and allocated into time buckets based on their maturity date, with the exception of accounts without contractual maturity (e.g. demand customer deposits, rollover working capital loans, etc.) which are allocated to time bands according to a designated statistical model, as well as qualitative and quantitative business analysis.

Group Liquidity Gap Analysis results at 31.12.2016 and 31.12.2015 are presented in Tables 23a and 23b respectively:

Table 23a: Liquidity Gap Analysis							(In thousands of Euro)
31.12.2016							
	Total	<1 month	1 to 3 months	3 to 6 months	6 to 12 months	>1 year	
Assets	64,872,266	12,018,663	2,705,347	2,289,844	4,331,600	43,526,812	
Liabilities	55,758,853	25,077,017	4,680,370	4,246,850	3,118,943	18,635,673	
Equity	9,113,413					9,113,413	
Total Liabilities and Equity	64,872,266	25,077,017	4,680,370	4,246,850	3,118,943	27,749,086	
Liquidity Gap		-13,058,354	-1,975,023	-1,957,006	1,212,657	15,777,726	

Table 23b: Liquidity Gap Analysis							(In thousands of Euro)
31.12.2015							
	Total	<1 month	1 to 3 months	3 to 6 months	6 to 12 months	>1 year	
Assets	69,296,234	11,711,018	2,888,185	2,268,690	3,230,389	49,197,952	
Liabilities	60,241,898	31,146,675	4,911,023	3,309,356	2,553,447	18,321,397	
Equity	9,054,336					9,054,336	
Total Liabilities and Equity	69,296,234	31,146,675	4,911,023	3,309,356	2,553,447	27,375,733	
Liquidity Gap		-19,435,657	-2,022,838	-1,040,666	676,942	21,822,219	

The Group has also developed a Contingency Funding Plan as well as a Recovery Plan along with a respective Early Warning Indicators scheme and its corresponding limits, in order to identify liquidity issues and monitor liquidity or funding risk. The Group Risk Management Unit and the countries' local Risk Management Units monitor these indicators against their established limits and report any limit breaches to the appropriate levels of management.

In addition to that, stress tests are performed on a weekly basis for the monitoring of liquidity risk, in particular to evaluate the impact of potential adverse market conditions on Bank's and Subsidiaries' Liquidity. These stress tests are performed according to the approved Group's policy for "Liquidity Buffer and Liquidity Stress Scenarios".

13 Encumbered and Unencumbered Assets

Information on Group Asset Encumbrance

The Group is funded through unsecured and secured funding lines. Secured funding lines may involve encumbrance of (a) the assets of the Group, (b) any collateral received by the Group and (c) own debt instruments issued and held by the Group.

The overall Group's encumbrance through 2016 has decreased mainly due to deposit inflow and a shift has been observed from Central Bank funding to other secured financing transactions, such as interbank repos and securitization transactions.

Given the nature and source of funding or transaction that requires Group's assets to be encumbered, the Group utilises collateral agreements with the respective counterparties, where the terms and conditions clearly stipulate the Group's and the counterparty's rights and obligations on collateral posted. Where relevant, widely accepted market standardised agreements are utilized, such as GMRAs, ISDAs and CSAs in the relevant transactions that these apply.

Throughout 2016, Central Bank funding has decreased, while repo transactions of the Group have increased. Derivative transactions have remained fairly stable, while funding stemming from securitization has increased due to the completion of a new securitization transaction within December of 2016. Moreover, during 2016, the Group's retained Law 3723/2008 Pillar 2 Bonds used for liquidity purposes have decreased from nominal amount of Euro 9.2 billion as of December 2015 to Euro 1 billion as of December 2016. As of 31.03.2017, a further decrease has been realized; the nominal amount of Pillar II Bonds amounts to Euro 0.3 billion.

Main sources of encumbrance as of 31.12.2016, prioritized by matching liability amount, are the following:

- Central Bank funding
- Derivative transactions
- Securitizations
- Repo transactions
- Collateralized Deposits

The main asset categories that were encumbered as of 31.12.2016, prioritized by carrying amount, are the following:

- Credit claims
- Debt securities issued by general governments
- Loans on demand
- Retained Law 3723/2008 Pillar 2 bonds
- Debt securities issued by non-financial corporations

The majority of asset encumbrance is coming from the assets of the Bank. The level of secured funding in subsidiaries is immaterial.

Assets that are not considered eligible for encumbrance as of 31.12.2016 amounted to 12.9% of the Group Assets and mainly include investment property, intangibles, tax assets, non-current assets and disposal groups classified as held for sale. The relevant percentage for 31.12.2015 amounted to 12.6%.

As of 31.12.2016 the Group used as collateral debt securities issued by the Hellenic Republic received through reverse repos of around € 56 million, whereas own securities issued and held by the Group of around Euro 729 million were encumbered.

As of 31.12.2016, the overall overcollateralization of secured liabilities of the Group is at the level of 44.5%, with average haircut of around 30.8%. The respective percentages for 31.12.2015 were 48% and 32.5% respectively.

Further details regarding asset pledged can be found in note 37 “Contingent Liabilities and Commitments” par. e “Assets Pledged” of the published annual report of the Group for the period from 1.1 to 31.12.2016.



Table 24a – Data as of 31.12.2016				(In thousands of Euro)
A. Assets				
	Carrying amount of encumbered assets	Fair Value of encumbered assets	Carrying amount of unencumbered assets	Fair Value of unencumbered assets
Group Assets	29,060,971		35,615,645	
Equity Instruments	-	-	149,872	149,872
Debt Instruments	6,119,263	6,173,898	1,419,775	1,422,945
Other Assets	-		9,446,879	
B. Collateral Received				
	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance		
Collateral received	55,935	416		
Equity Instruments	0	0		
Debt Instruments	55,935	416		
Other Collateral Received	0	0		
Own debt securities issued other than own covered bonds or ABS	729,208	0		
Table 24b – Data as of 31.12.2015				
A. Assets				
	Carrying amount of encumbered assets	Fair Value of encumbered assets	Carrying amount of unencumbered assets	Fair Value of unencumbered assets
Group Assets	30,074,896		38,212,149	
Equity Instruments	0	0	203,225	203,225
Debt Instruments	7,558,286	7,633,519	2,222,012	2,221,236
Other Assets	0		8,753,672	
B. Collateral Received				
	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance		
Collateral received	0	0		
Equity Instruments	0	0		
Debt Instruments	0	0		
Other Collateral Received	0	0		
Own debt securities issued other than own covered bonds or ABS	5,072,430	0		
Table 4c				
C. Encumbered Assets / Collateral Received and matching liabilities				
		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered	
Carrying amount of selected financial liabilities	31.12.2016	20,837,311	29,846,115	(1)
	31.12.2015	26,526,933	35,147,326	(2)

(1) (3) As of 31.12.2015, €7.3 billion corresponds to Group assets pledged but not used. Those assets are included in the “Carrying amount of unencumbered assets”.

(2) As of 31.12.2015, the fair value of Own Debt Securities issued of nominal amount of €9.22 billion amounted to €5.07 billion.

14 Leverage

The new regulatory framework has introduced a supplementary non-risk based measure to contain the build-up of leverage in the banking system.

The leverage ratio is defined as Tier 1 capital divided by the total exposure measure and will be a binding requirement at the beginning of 2018. The 'risk of excessive leverage' means the risk resulting 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 bank submits to the regulatory authorities the leverage ratio on quarterly basis and monitors the level and the factors that affect the ratio.

The level of the leverage ratio with reference date 31.12.2016 on consolidated basis was at 13.1%, according to the transitional definition of Tier 1 capital, while at 2015 year the ratio was 12.3%, significantly over the 3% minimum threshold applied by the competent authorities, implying that the Bank is not taking on excessive leverage risk.

In table below, there are disclosures on the Group's leverage ratio with reference date 31.12.2016:

Table 25a: Summary reconciliation of accounting assets and leverage ratio exposures		(In thousands of Euro)
Total assets as per published financial statements		64,872,266
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation		-195,650
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)		-
Adjustments for derivative financial instruments 5		-72,282
Adjustment for securities financing transactions (SFTs)		652,375
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)		1,193,867
(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)		-
(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)		-
Other adjustments		-634,849
Leverage ratio total exposure measure		65,815,727



Table 25b: Leverage ratio common disclosure		(In thousands of Euro)
On-balance sheet exposures (excluding derivatives and SFTs)		
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)		63,681,107
(Asset amounts deducted in determining Tier 1 capital)		-324,138
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)		63,356,969
Derivative exposures		
Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)		410,905
Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)		151,136
Exposure determined under Original Exposure Method		-
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework		-
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)		-
(Exempted CCP leg of client-cleared trade exposures)		-
Adjusted effective notional amount of written credit derivatives		-
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		-
Total derivatives exposures (sum of lines 4 to 10)		562,041
SFT exposures		
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions		415,048
(Netted amounts of cash payables and cash receivables of gross SFT assets)		-
Counterparty credit risk exposure for SFT assets		287,803
Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013		-
Agent transaction exposures		-
(Exempted CCP leg of client-cleared SFT exposure)		-
Total securities financing transaction exposures (sum of lines 12 to 15a)		702,850
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional amount		4,916,414
(Adjustments for conversion to credit equivalent amounts)		(3,722,547)
Other off-balance sheet exposures (sum of lines 17 and 18)		1,193,867
Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)		
(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))		-
Capital and total exposure measure		
Tier 1 Capital		8,631,203
Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)		65,815,727
Leverage ratio		
Leverage ratio		13,1%
Choice on transitional arrangements and amount of derecognised fiduciary items		
Choice on transitional arrangements for the definition of the capital measure		Transitional
Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013		-

Table 25c: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	
	(In thousands of Euro)
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	63,681,108
Trading book exposures	0
Banking book exposures, of which:	63,681,108
Covered bonds	0
Exposures treated as sovereigns	11,113,051
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	3,100,798
Institutions	880,702
Secured by mortgages of immovable properties	15,392,339
Retail exposures	3,838,584
Corporate	8,017,781
Exposures in default	17,072,620
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	4,265,233

15 Remuneration Policy

Alpha Bank has established a remuneration policy, which is applied within the Bank and the Group, and is in accordance with the Corporate Governance principles. The policy complies with the regulatory framework and is designed taking into account each unit's size, internal structure, nature and complexity of activities.

The remuneration policy:

- Complies with the values, the business strategy and targets and with the long-term best interest of the Group.
- Motivates personnel for exceptional results within the framework of the performance management system, and at the same time discourages excessive assumption of risk and minimizes situations that do not comply with the sound and consistent risk management.
- Associates Bank's and Group Companies' Human Resources compensation with the risks that they undertake and manage.

15.1 Principles of Remuneration Structuring

The remuneration system fully complies with the labor legislation, the Collective Labor Agreements (National, Sector, Corporate) as well as with the Supervisory and Regulatory Authorities, and consists of the following components:

- Fixed remuneration.
- Variable remuneration. The variable part of the total compensation is optional and provided through bonuses or other financial incentives formats that may differ on a year to year basis. Personal efficiency, according to specific assessment criteria and achievement of goals of the Unit and of the Bank as a whole, is taken into account in order to proceed to the aforementioned reward payment.

The balance between fixed and variable remuneration is a major priority in order to assure not only market competitiveness but also the minimization of risk assumption.

The ratio between the fixed and variable remuneration components is aimed to be:

- Motivating, towards goals' achievement.
- Flexible, adjusting to market's trends.
- Insightful, reckoning present and future risks. The principle of non-excessive assumption of risk in particular, is assured through the existing Committees / Approval Echelons which are legislated bodies that operate on the basis of specific procedures.
- Proactive, having the options of deferring a substantial portion of the variable remuneration component over an appropriate period of time, readjusting and future non-payment or/and clawback.

Due to recent years' financial and regulatory events, the Bank has not awarded variable remuneration since 2008.

15.2 Remuneration Committee

The Bank has established the Management Remuneration Committee since 1995, under the Board of Directors' decision of 23.11.1995.

Broadening of the responsibilities of the Committee was ratified under the Board of Directors' decision of 31.5.2012 in accordance with Bank of Greece Governor's Act 2650/2012.

The Remuneration Committee operates within a regulatory framework, and expresses specialized and independent opinion by making recommendations to the Board of Directors for:

- The compensation and benefits policies.
- The compensation of specific positions holders.
- Their implementation within the Bank and the Group Companies.

The Board of Directors approves the remuneration policy.

The Remuneration Committee consists of four Non Executive Members of the Board of Directors. Two of the members, including the Chairman, are Independent. The following table presents the composition of the Committee:

Remuneration Committee (2016)	
Chairman	Pavlos A. Apostolides (1.1.2016 - 15.12.2016)
	Ibrahim S. Dabdoub (15.12.2016 - 31.12.2016)
Members	Ioannis K. Lyras (1.1.2016 - 30.11.2016)
	Ibrahim S. Dabdoub (1.1.2016 – 15.12.2016)
	Panagiota S. Iplixian (1.1.2016 - 31.12.2016)
	Richard R. Gildea (28.7.2016 - 31.12.2016)
	Efthimios O. Vidalis (15.12.2016 - 31.12.2016)

In 2016, the Remuneration Committee convened five (5) times.

15.3 Other relevant Stakeholders/Parties

The Human Resources Division, the Compliance Division and the Internal Audit Division are also involved in the development, implementation, review and control of the Remuneration Policy, depending on their responsibilities. Certain issues related to the Remuneration Policy may be outsourced to Consultants, specialized in the HR compensation field.

15.4 Quantitative – Qualitative Remuneration data

Having regard to Law 4261/2014 provisions and Commission Delegated Regulation (EU) No 604/2014, which defines regulatory technical standards, the staff whose professional activities have a material impact on the institution's risk profile has been identified, in collaboration with a consulting firm, with respect to qualitative and appropriate quantitative criteria.

The remuneration data of the Personnel in total, as well as according to its risk profile categorisation, are submitted to BoG yearly, within the set deadline, in the form of the IB18-IB24 templates.

16 Appendices

16.1 Appendix I – Group’s subsidiaries and associates

The following tables list Alpha Bank Group’s subsidiaries and associates, according to the consolidation method followed for regulatory purposes.

Group subsidiaries and associates which are fully consolidated for regulatory purposes			
Company	Country of incorporation	31.12.2016 (%)	31.12.2015 (%)
Banks			
Alpha Bank London LTD	U.K.	100.00	100.00
Alpha Bank Cyprus LTD	Cyprus	100.00	100.00
Alpha Bank Romania S.A.	Romania	99.92	99.92
Alpha Bank AD Skopje	F.Y.R.O.M.		100.00
Alpha Bank Srbija A.D.	Serbia	100.00	100.00
Alpha Bank Albania SH.A.	Jersey	100.00	100.00
Leasing Companies			
Alpha Leasing A.E.	Greece	100.00	100.00
Alpha Leasing Romania INF S.A.	Romania	100.00	100.00
ABC Factors A.E.	Greece	100.00	100.00
Investment Banking			
Alpha Finance A.E.P.E.Y.	Greece	100.00	100.00
SSIF Alpha Finance Romania S.A.	Romania	100.00	100.00
Alpha A.E. Ventures	Greece	100.00	100.00
Alpha A.E. Ventures Capital Management - AKES	Greece	100.00	100.00
Emporiki Ventures Capital Developed Markets Ltd	Cyprus	100.00	100.00
Emporiki Ventures Capital Emerging Markets Ltd	Cyprus	100.00	100.00
Asset Management			
Alpha Asset Management A.E.D.A.K.	Greece	100.00	100.00
Special Purpose and Holding Entities			
Alpha Credit Group Plc	U.K.	100.00	100.00

Group subsidiaries and associates which are fully consolidated for regulatory purposes			
Company	Country of incorporation	31.12.2016 (%)	31.12.2015 (%)
Alpha Group Investments Ltd	Cyprus	100.00	100.00
Ionian Holdings A.E.	Greece	100.00	100.00
Ionian Equity Participations Ltd	Cyprus	100.00	100.00
Emporiki Group Finance Plc	U.K.	100.00	100.00
AGI – BRE Participations 1 Ltd	Cyprus	100.00	100.00
AGI – RRE Participations 1 Ltd	Cyprus	100.00	100.00
Katanalotika Plc	U.K.		
Epihiro Plc	U.K.		
Irida Plc	U.K.		
Pisti 2010-1 Plc	U.K.		
Alpha Shipping Finance Ltd	U.K.		
Alpha Proodos DAC	Ireland		
AGI – RRE Athena Ltd	Cyprus	100.00	100.00
AGI – RRE Poseidon Ltd	Cyprus	100.00	100.00
AGI – RRE Hera Ltd	Cyprus	100.00	100.00
Umera Ltd	Cyprus	100.00	100.00
AGI-BRE Participations 2 Ltd	Cyprus	100.00	100.00
AGI-BRE Participations 3 Ltd	Cyprus	100.00	100.00
AGI-BRE Participations 4 Ltd	Cyprus	100.00	100.00
Alpha Real Estate Services LLC	Cyprus	93,17	100.00
AGI-RRE Ares Ltd	Cyprus	100.00	100.00
AGI-RRE Venus Ltd	Cyprus	100.00	100.00
AGI-RRE Artemis Ltd	Cyprus	100.00	100.00
AGI-BRE Participations 5 Ltd	Cyprus	100.00	100.00
AGI-RRE Cleopatra Ltd	Cyprus	100.00	100.00
AGI-RRE Hermes Ltd	Cyprus	100.00	100.00

Group subsidiaries and associates which are fully consolidated for regulatory purposes			
Company	Country of incorporation	31.12.2016 (%)	31.12.2015 (%)
AGI-RRE Arsinoe Ltd	Cyprus	100.00	100.00
AGI-SRE Ariadni Ltd	Cyprus	100.00	100.00
Zerelda Ltd	Cyprus	100.00	100.00
AGI-Cypre Alaminos Ltd	Cyprus	100.00	100.00
AGI-Cypre Tochini Ltd	Cyprus	100.00	100.00
AGI-Cypre Evagoras Ltd	Cyprus	100.00	100.00
AGI-Cypre Tersefanou Ltd	Cyprus	100.00	100.00
AGI-Cypre Mazotos Ltd	Cyprus	100.00	100.00
AGI-Cypre Ermis Ltd	Cyprus	100.00	100.00
AGI-SRE Participations 1 Ltd	Cyprus	100.00	
Other Companies			
Alpha Trustees Ltd	Cyprus	100.00	100.00
Emporiki Management A.E.	Greece	100.00	100.00
Real Estate and Hotel			
Alpha Astika Akinita A.E.	Greece	93.17	93.17
Emporiki Development and Real Estate Management A.E.	Greece	100.00	100.00
Alpha Real Estate D.O.O. Beograd	Serbia	93.17	93.17
Alpha Astika Akinita D.O.O.E.L. SKOPJE	F.Y.R.O.M.		93.17
Alpha Real Estate Bulgaria E.O.O.D.	Bulgaria	93.17	93.17
Alpha Astika Real Estate Services S.R.L	Romania	93.17	93.17
Chardash Trading E.O.O.D.	Bulgaria	93.17	93.17
Alpha Investment Property Chalandriou A.E.	Greece	100.00	100.00
Alpha Investment Property Attikis A.E.	Greece	100.00	100.00
Alpha Investment Property Attikis II A.E.	Greece	100.00	100.00
Alpha Investment Property Amarousion I A.E.	Greece	100.00	100.00
Alpha Investment Property Amarousion II A.E.	Greece	100.00	100.00

Group subsidiaries and associates which are fully consolidated for regulatory purposes			
Company	Country of incorporation	31.12.2016 (%)	31.12.2015 (%)
AGI-RRE Participations 1 S.R.L.	Romania	100.00	100.00
AGI-BRE Participations 1 E.O.O.D.	Bulgaria	100.00	100.00
Stockfort Ltd	Cyprus	100.00	100.00
Romfelt Real Estate S.A.	Romania	98.86	95.89
AGI-RRE Zeus S.R.L.	Romania	100.00	100.00
AGI – RRE Athena S.R.L.	Romania	100.00	100.00
AGI – RRE Poseidon S.R.L.	Romania	100.00	100.00
AGI – RRE Hera S.R.L.	Romania	100.00	100.00
AGI-BRE Participations 2 E.O.O.D.	Bulgaria	100.00	100.00
AGI-BRE Participations 2BG E.O.O.D.	Bulgaria	100.00	100.00
AGI-BRE Participations 3 E.O.O.D.	Bulgaria	100.00	100.00
AGI-BRE Participations 4 E.O.O.D.	Bulgaria	100.00	100.00
SC Cordia Residence S.R.L.	Romania	100.00	100.00
HT-1 E.O.O.D.	Bulgaria	100.00	100.00
A.P.E. Fixed Assets A.E.	Greece	72.20	72.20
AGI-RRE Venus S.R.L.	Romania	100.00	100.00
AGI-RRE Cleopatra S.R.L.	Romania	100.00	100.00
AGI-RRE Hermes S.R.L.	Romania	100.00	100.00
SC Carmel Residential S.R.L.	Romania	100.00	100.00
Alpha Investment Property Neas Kifisias A.E.	Greece	100.00	100.00
Alpha Investment Property Kallirois A.E.	Greece	100.00	100.00
Alpha Investment Property Livadias A.E.	Greece	100.00	100.00
AGI-SRE Ariadni DOO	Serbia	100.00	100.00
Asmita Gardens SRL	Romania	100.00	100.00
Alpha Investment Property Kefalariou A.E.	Greece	100.00	100.00
Ashtrom Residents S.R.L.	Romania	100.00	100.00

Group subsidiaries and associates which are fully consolidated for regulatory purposes			
Company	Country of incorporation	31.12.2016 (%)	31.12.2015 (%)
AGI-BRE Participations 5 E.O.O.D.	Bulgaria	100.00	100.00
Cubic Center Development S.A.	Romania	100.00	100.00
Alpha Investment Property Neas Erythraias A.E.	Greece	100.00	100.00
Alpha Investment Property Chanion A.E. (former Anaplasti Plagias A.E.)	Greece	100.00	100.00
AGI SRE Participations 1 DOO	Serbia	100.00	

Group associates non consolidated for regulatory purposes and their participation is weighted at 250%			
Company	Country of incorporation	31.12.2016(%)	31.12.2015 (%)
Insurance			
Alphalife A.A.E.Z.	Greece	100.00	100.00
Other Companies			
Alpha Bank London Nominees Ltd	U.K.	100.00	100.00
Flagbright Ltd	U.K.	100.00	100.00
Asset Management			
ABL Independent Financial Advisers Ltd	U.K.	100.00	100.00
Investment Banking			
ALC Nouvelle Investments Ltd	Cyprus	33.33	33.33

Group associates consolidated in equity for regulatory purposes			
Company	Country of incorporation	31.12.2016 (%)	31.12.2015 (%)
Insurance			
Alpha Insurance Agents A.E.	Greece	100.00	100.00
Alpha Insurance Brokers S.R.L.	Romania	100.00	100.00
Other Companies			
Alpha Supporting Services A.E.	Greece	100.00	100.00
Kafe Alpha A.E.	Greece	100.00	100.00
Evisak A.E.	Greece	85.71	85.71
Real Car Rental A.E.	Greece	100.00	100.00
Alpha Bank Notification services A.E.	Greece	100.00	100.00
Associates			
AEDEP Thessalias and Stereas Ellados	Greece	50.00	50.00
Bank Information Systems S.A.	Greece	23.77	23.77
Propindex A.E.Δ.A.	Greece	35.58	35.58
OLGANOS A.E.	Greece	30.44	30.44
Alpha Group Investment Eleonas A.E.	Greece	50.00	
Selonda A.E.G.E.	Greece	21,97	23,01
Nireus A.E.	Greece	20,65	20,72
Real Estate and Hotel			
Ionian Hotel Enterprises A.E.	Greece		97.27
Oceanos A.T.O.E.E.	Greece	100.00	100.00
Joint Ventures			
Alpha -TANEO A.K.E.S.	Greece	51.00	51.00
A.P.E. Commercial Property A.E.	Greece	72.20	72.20
A.P.E. Investment Property A.E.	Greece	72.80	72.80
Rosequeens Properties Ltd	Cyprus	33.33	33.33
Aktua Hellas Holdings A.E.	Greece	45.00	

Group subsidiaries consolidated through solo consolidation			
Company	Country of incorporation	31.12.2016 (%)	31.12.2015 (%)
Special Purpose and Holding Entities			
Alpha Group Jersey Ltd	Jersey	100.00	100.00
Alpha Group Ltd	Cyprus	100.00	100.00