

Alpha Bank Group

Pillar III Disclosures Report for 2017



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1 Introduction

1.1 General Information

Alpha Bank is one of the leading banks of the Greek privately owned banking sector and constitutes a consistent point of reference for over 130 years. The Bank offers a wide range of high-quality financial products and services, including retail banking, SMEs and corporate banking, asset management and private banking, distribution of insurance products, investment banking, brokerage and real estate management.

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

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

The corporate events of strategic importance for the Group in 2017 were the following:

- The successful completion of the bank's second shipping securitization transaction through which USD 250 million were raised, further enhancing and diversifying the bank's liquidity position. As this is the only shipping securitization transaction placed by a Greek bank, it reflects the confidence of the market in Alpha Bank and its shipping clientele and proves the ability of both counterparties to design and execute complex transactions.
- The EUR 200 million funding to SMEs with the extension of the agreement of Alpha Bank with the European Investment Fund (E.I.F.) through "COSME – Loan Guarantee Facility" Program. Through its participation in the "COSME" program, Alpha Bank confirms its commitment to the support of the Greek entrepreneurship, by quadrupling the funds for the SMEs, aiming at the enhancement of their competitiveness in the Greek and international market.
- The completion of the sale of its 100.0% stake in the share capital of "Alpha Bank Srbija A.D." to AIK Banka A.D. Beograd, following the provision of the relevant regulatory approvals. The transaction contributes towards, and was fully consistent with, the execution of the Bank's Restructuring Plan.
- The sale of two Non-Performing loan portfolios by Alpha Bank Romania with accumulated nominal value of EUR 410 million. The transaction (named «Mars») included a Non-Performing Retail Loans Portfolio with a total outstanding balance of EUR 50 million which was acquired by Norwegian group B2Holding and a Non-Performing Wholesale Loans Portfolio with total outstanding balance of EUR 360 million for which the Bank has entered into a definitive agreement for its sale. These transactions complete the sale of a significant part of the Romanian Non – Performing Exposures and are fully consistent with the Bank's Restructuring Plan.

- The engagement of Alpha Bank with licensed independent servicers for the management of both retail and large corporate Non Performing Exposures. Cepal which is a joint venture/debt servicing platform between Alpha Bank and Centerbridge Partners (CP), the first of its kind in Greece since the financial crisis, and Alpha Bank has already been assigned EUR 1, 5 billion of Non - Performing Exposures while the intention is to further increase the assigned volumes, subject to the Servicer's performance. In addition Alpha Bank has also engaged with Pillarstone, a platform licensed in May 2017 by the Bank of Greece in order for the latter to manage a portfolio of corporate Non –Performing Exposures on behalf of Greek banks. Pillarstone stands ready to engage directly with a number of Greek companies to provide:
 - long-term capital co-funded by KKR & EBRD and optionally by the platform Banks
 - operational expertise, which will enable the companies to stabilize, recover and grow

Cases reviewed to include mainly large exposures and strategic SME's, which can be restructured both for the benefit of the Greek economy and the Bank's performance

Events after the balance sheet date:

- The successful completion of the bank's issuance of a Euro 500 million Reg S, Soft Bullet covered bond, with a 5-year tenor and 2.75% yield to maturity as part of its Euro 8 billion direct issuance Covered Bond Programme I. The transaction, following a successful roadshow in London, Frankfurt and Milan, attracted strong investor interest. The Order Book was almost 5 times over-subscribed, with the vast majority of the issuance being covered by international institutional investors (93%).
- Disposal to B2Holding group of a Portfolio of Retail Unsecured Non-Performing Loans of a total outstanding aggregate balance of Euro 3.7 billion and a total outstanding principal amount of Euro 2.0 billion as of 30.6.2017. The consideration of the transaction has been agreed at Euro 90 million or approximately 4.5% of the total outstanding principal amount. The transaction is expected to be concluded within the first quarter of 2018 and is fully consistent with the Bank's Business Plan to reduce Non-Performing Exposures and continue the restoration of its balance sheet.

2 Pillar III Disclosures Overview

2.1 Background on Pillar III Disclosures Structure of Pillar III Disclosures

Alpha Bank's Pillar III Report is prepared in accordance with disclosure requirements as laid down in Part Eight of the "Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms" (Capital Requirements Regulation, or "CRR") and the "Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms" (Capital Requirements Directive 4, or "CRD 4").

The present Report is structured under 15 chapters and 3 Appendices. The 1st chapter provides an overview of Group's performance for 2017. Chapter 2 describes the Alpha Bank Group background as well as the Pillar III Disclosures background, an overview of regulatory framework and significant developments within 2017 as well as an overview of the Group's Corporate Governance. The 3rd chapter provides information on the scope of application of the regulatory framework and the relevant differences with accounting scope of consolidation.

Chapters 4 & 5 provide full information on capital and leverage, including quantitative information on Alpha Bank Group capital base and capital requirements.

Chapters 6 - 14 describe the Group's risk management framework, and provide detailed information on credit risk, market risk, counterparty credit risk, operational risk, liquidity risk, as well as asset encumbrance and leverage ratio.

Chapter 15 contains information on Group's remuneration policy.

The appendices include a listing of BoD Committees' composition and terms of reference, the CVs of the Members of the Board of Directors as well as the difference of scope of consolidation per entity of the Group.

Disclosures enhancements

In January 2015, the Basel Committee on Banking Supervision published the Revised Pillar 3 Disclosure Requirements, followed by the publication, in December 2016, of the EBA Final Guidelines on disclosure requirements. These Guidelines provide banks with guidance in attaining compliance with the CRR and with the Basel Committee, and are effective from 31 December 2017. Alpha Bank Group made an effort to incorporate the enhancements to the extent possible, for the 2017 report.

Approval and publication

In the context of the Group's robust internal governance framework, an "internal disclosures policy" 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 sets the minimum content of public disclosures presented.

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.

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.

Based on the above policy, the Bank publishes the Pillar 3 report via its website, within the applicable deadlines.

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

2.2 Supervision and Regulatory Framework

2.2.1 Supervision and regulation

Single Supervisory Mechanism (SSM)

The SSM is a system of financial supervision composed of the European Central Bank (ECB) and national competent authorities (NCAs). Since November 2014, Alpha Bank Group is supervised in accordance with the SSM framework and as such is directly supervised by the ECB, having been assessed as “Other Systemically Important Institution” (O-SII).

The applicable banking regulatory framework in the European Union, the Basel 3 capital framework, was implemented by the “Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms” (Capital Requirements Regulation, or “CRR”) published on June 27, 2013, in combination with the “Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms” (Capital Requirements Directive 4, or “CRD 4”) published on June 27, 2013 that has been transposed into the Greek legislative framework by the Law 4261/2014. The framework on prudential requirements and prudential supervision is effective from 1st January 2014.

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

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

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 (Other systemically important institutions buffer) from 1% to 3%
- Countercyclical buffer from 0% to 2.5%

Regarding O-SII buffer, Bank of Greece conducts a scoring process, yearly, based on the consolidated FINREP/COREP data. According to this process the Bank, should comply with a buffer of 1% by 2022, applying 0.25% phase-in percentages starting from 2019.

For 2017 and 2018 the Bank of Greece, as National Competent Authority, set both the O-SII and the countercyclical buffer at zero per cent (0%).

Recovery and Resolution

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, potentially triggering the activation of the RCP.

NPE Plan

On the 29th of September 2017 the Bank submitted to the SSM the updated NPE targets, which is the sequel to the Note submitted on the 30th of September 2016. The NPE Plan refers to the solo perimeter and covers the period until December 2019. It includes the review of the progress made in reducing NPEs and NPLs against the first year’s targets, as well as any changes to the Bank’s strategy aiming to facilitate achieving the targets for the remainder of the period. According to the Plan, the Bank will reduce its NPLs to Euro 10.6 billion and its NPEs to Euro 16.8 billion down by 43% and 37%, respectively.

Restructuring Plan

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.

Monitoring Trustee

Moreover, 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 functions.

Other Regulatory Restrictions

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/or liquid assets, the limitation of exposure to other Group companies and the compliance with specific ratios.

Cash withdrawals and free capital flows restrictions imposed by Legislative Act of 18/7/2015 and any ministerial or other decision issued accordingly (capital controls framework) does not apply to interbank activities and settlement of obligations for the Group's liquidity management are exempted. 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.

2.2.2 Significant Developments

Over the last few years the regulatory framework in which financial institutions act has become increasingly complex and stricter. This complexity, has been fed by the introduction of new financial regulations, some of them being still under discussion, and by the ECB's central role in the supervision of a large portion of the European banking system. A synopsis of the key regulatory developments that may impact on the Group's financial position and capital requirements is outlined below:

- Adoption of the IFRS 9 accounting standard, which envisages a new framework for provisioning computation based on expected loss rather than on incurred loss (as in the current accounting standard IAS 39). The quantification of the expected loss is based on forward looking indicators and macroeconomic factors, which ultimately leads to increased provisions as a first time adoption effect, in the beginning of 2018. European regulation envisages an optional five-year phase-in period, in order to smooth the impact of the IFRS9 implementation on capital.
- Entry into force of the leverage ratio, an additional regulatory requirement compared to the risk based indicators envisaged in the Basel III package. The leverage ratio aims to constrain the building up of financial leverage in the banking industry, as well as to reinforce the capital requirements with a supplementary measure not based on risk parameters.

- Entry into force of the liquidity requirements envisaged in Basel III: a short-term indicator (liquidity coverage ratio, “LCR”), with the goal to have banks maintain a liquidity buffer to survive a 30-days period of stress and a structural liquidity indicator (the net stable funding ratio, “NSFR”) referring to a time horizon over one year, introduced to ensure that assets and liabilities have a sustainable structure in terms of maturity.
- Revision of the Basel III framework set out by the Basel Committee that introduces significant changes in the calculation of risk weighted assets mainly for credit risk (standardized approach and IRB), market risk through the Fundamental Review of the Trading Book (FRTB), operational risk and counterparty credit risk, as well as capital floors application through a transitional 5-year period. The new Basel framework is expected to be effective from 1.1.2022.
- In October 2017 the ECB published a consultation on an Addendum to the Guidance on NPL, introducing “Prudential provisioning backstop for non performing exposure”. The Addendum supplements the ECB’s Guidance on NPLs management, by specifying quantitative supervisory expectations concerning the minimum levels of prudential provisions expected for new non-performing exposures (NPEs). More specifically, banks are expected to provide full provision coverage for the unsecured portion of new NPEs after 2 years at the latest and for the secured portion after 7 years at the latest.
- In June 2016 the United Kingdom (UK) voted to leave the European Union (EU). During early 2017, the formal process to leave the EU was triggered and the UK government has been negotiating with the EU since this date. Negotiations are ongoing and it is not expected that a final agreement will be completed until closer to the departure date, originally expected to be March 2019, although there may be a transitional period implemented beyond this date. The Bank is actively monitoring developments but at this time does not see any significant impacts on its business in the UK. Any longer term impacts cannot be foreseen or predicted with any certainty.

2.2.3 EBA 2018 Stress testing

For 2018 a European wide stress test is being carried out aiming to assess the resilience of the EU banks. The European Banking Authority (EBA) oversees the exercise for the largest European banks and the ECB coordinates the exercise for banks not included in the first category. Both exercises are performed at the highest level of consolidation and with a common methodology which was finalized on November 17, 2017. The results of the exercises will be taken into account in the 2018 SREP, while no pass/fail threshold is published.

Alpha Bank is participating in the stress testing exercise under the supervision of the ECB, along with the other Greek systemic banks. The timetable for the Greek banks is

more condensed in order for the exercise to be completed before the August 2018 review for the closure of the 3rd Economic Adjustment Program. The stress test results are expected to be announced in May 2018.

2.3 Overview of Alpha Bank Group 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 31.12.2017. In 2017 a new Non-Executive Independent Member of the Board of Directors with audit and risk experience was elected.

The Board of Directors of the Bank has twelve (12) Members with the following breakdown:

- Four (4) Executive members, which include the Managing Director-CEO and three (3) Deputy CEOs of the Bank
- Three (3) Non-Executive Members
- Five (5) Non-Executive Independent Members

The Members of the Board of Directors have as a whole specialized knowledge in banking, finance, audit procedures and risk management. An overview of the CVs of the Members of the BoD is presented in Appendix 2.

The Members of the Board of Directors do not hold more than one of the following combinations of directorships at the same time: (a) One Executive directorship and two Non-Executive directorships; (b) Four Non-Executive directorships, excluding directorships in organisations which do not pursue predominantly commercial objectives (e.g. non-profit, charities). Executive or Non-Executive directorships held within the same group are regarded as one directorship.

The Committees of the Board of Directors are the following:

- Audit Committee
- Risk Management Committee
- Remuneration Committee
- Corporate Governance and Nominations Committee

A more detailed analysis of the Committees and terms of reference as well as description of the diversity policy applied to management, administration and supervision bodies are presented in Appendix 1.

3 Accounting and Regulatory consolidation

3.1 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 31.12.2017 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
- 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 31.12.2017.

3.2 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%; and
- Significant investments in financial sector entities where participation does not exceed the 10% threshold are not deducted from Common Equity Tier 1 and are risk weighted at 250%.

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

3.3 Reconciliation between accounting and regulatory consolidation

The following table provides a reconciliation of the Group's consolidated balance sheet as at 31 December 2017 on an accounting basis (as presented on p.54 of the Group's Annual Report 31 December 2017) to the Group's consolidated balance sheet under the regulatory scope of consolidation.

Table 1: EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories (in Euro million)

	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Subject to credit risk framework	Subject to CCR framework	Subject to securitisation framework	Subject to market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with central banks	1,594	1,594	1,594	-	-	-	-
Due from banks	1,716	1,716	1,676	40	-	-	-
Trading securities	9	9	-	-	-	9	-
Derivative financial assets	623	627	-	610	-	583	-
Loans and advances to customers	43,317	43,317	43,317	-	-	-	-
Investment securities	5,885	5,551	5,542	-	9	-	-
Of which: available for sale	5,874	5,540	5,532	-	8	-	-
Of which: held to maturity	11	11	11	-	-	-	-
Investments in associates and joint ventures	19	132	132	-	-	-	-
Investment property	577	577	577	-	-	-	-
Property, plant and equipment	735	734	734	-	-	-	-
Goodwill and other intangible assets	390	357	-	-	-	-	357
Current tax assets	-	-	-	-	-	-	-
Deferred tax assets	4,331	4,329	4,329	-	-	-	325
Other assets	1,618	1,599	1,599	-	-	-	-
Total Assets	60,813	60,542	59,501	650	9	592	682
Liabilities							
Due to banks	13,142	13,136	-	2,297	-	-	10,839
Derivative financial liabilities	1,029	1,029	-	1,027	-	648	-
Due to customers (including debt securities in issue)	34,890	34,900	-	1	-	-	33,899
Debt securities in issue held by institutional investors and other borrowed funds	656	702	-	-	-	-	702
Liabilities for current income tax and other taxes	43	39	-	-	-	-	39
Deferred tax liabilities	25	10	-	-	-	-	10
Other liabilities	960	963	-	-	-	-	963
Provisions	441	179	-	-	-	-	179
Total liabilities	51,186	50,957	0	3,325	0	648	46,631

The following table provides a reconciliation between the consolidated regulatory balance sheet to the Exposure at Default (EAD) for items subject to the credit risk, CCR, securitisation and market risk frameworks. The assets carrying value amount is after the deduction of the intangible assets.

Table 2: EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements
(in Euro million)

	Total	Items subject to			
		Credit risk framework	CCR framework	Securitisation framework	Market risk framework
Assets carrying value amount under the scope of regulatory consolidation	60,185	59,501	650	9	592
Liabilities carrying value amount under the regulatory scope of consolidation	3,325	-	3,325	-	648
Total net amount under the regulatory scope of consolidation	56,860	59,501	-2,675	9	-56
Off-balance-sheet amounts	4,652	911	-	-	-
Differences in valuations	-	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	3,325	-	3,325	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to prudential filters	2,314	-	2,314	-	-
Exposure amounts considered for regulatory purposes	67,151	60,412	2,964	9	-56

4 Capital Management

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

The Group remains focused on reducing its reliance to Eurosystem funding and the efficient implementation of its NPE strategy.

The overall Group's Risk and Capital Strategy sets specific risk limits, based on management's risk appetite, as well as thresholds to monitor whether actual risk exposure deviates from the limits set.

Main elements impacting Asset Quality, Capital and Liquidity

- Deposit balances increased by Euro 1.9 billion in 2017, to Euro 34.9 billion. At the end of December 2017, the Loan to Deposit ratio for the Group stood at 124%.
- As of the end of December 2017, ELA reliance stood at Euro 7 billion, down by Euro 6.2 billion y-o-y while ECB funding reduced by Euro 2.0 billion y-o-y to Euro 3.2 billion. In March 2018, ELA reduced further to Euro 5 billion.
- In 2017, the Group has successfully managed to decrease its Eurosystem reliance by Euro 8.2 billion and by Euro 17.6 billion or 63% since the imposition of capital controls in September 2015 while at the same time continued to focus on diversifying its funding sources.
- In 2017, NPLs in Greece reduced by Euro 3.0 billion to Euro 16.6 billion and NPEs in Greece by Euro 2.6 billion to Euro 25.0 billion.
- At the end of December 2017, the NPL ratio of the Group stood at 34.9%, with a 67% cash coverage, while the Group NPE ratio stood at 51.7% with cash coverage of 45%.
- The accumulated provisions amounted to Euro 13.3 billion, corresponding to 23.5% of gross loans. Post IFRS 9 implementation, accumulated provisions as of December 2017 amount to Euro 14.4 billion.
- The net interest income stood at the end of December at Euro 1,942.6 million, while fee and commission income increased by 1.8% y-o-y to Euro 323.5 million, on loan generated fees stemming from the Bank's increased participation in project financing and also supported by a higher contribution of asset gathering.
- Recurring operating expenses for 2017 were down by 0.4% compared to the previous year, at Euro 1,104 million.
- The core pre-provision income was improved by 2% compared to the previous year, at Euro 1,214.8 million.
- The cost to income ratio improved to 47.6% vs. 48.2% a year ago.
- Loan loss provisions were Euro 1,005.4 million at December 31, 2017, compared to the amount Euro 1,168 million at December 31, 2016, implying a cost of risk of 172bps over gross loans vs. 191bps in 2016.
- The profit after tax for 2017 was Euro 21.1 million.

4.1 Capital Ratios

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.

At the end of December 2017, Alpha Bank's CET1 stood at approx. Euro 9.0 billion; RWAs amounted to Euro 49.1 billion resulting in a CET1 ratio of 18.3%, up by 125 bps y-o-y, impacted positively affected by the reduction of Credit risk and the higher prices on our AFS portfolio. Deferred Tax Assets (DTAs) at the end of December 2017 stood at Euro 4.3 billion with the eligible amount to be converted to tax credit claims at Euro 3.3 billion.

Table 3: Capital Adequacy Ratios (%) (in Euro million)		
Capital Type	31.12.2017	31.12.2016
CET1	8,994	8,631
Tier 1 Capital	8,994	8,631
Tier 2 Capital	10	31
Total Regulatory Capital for C.A.R. calculation	9,004	8,662
Risk Weighted Assets	49,060	50,535
Capital Ratios		
CET1 Ratio	18.3%	17.1%
Tier 1 Ratio	18.3%	17.1%
Capital Adequacy Ratio (Tier 1 + Tier 2)	18.4%	17.1%

On 8 December 2017, the ECB informed Alpha Bank that according to its Supervisory review and Evaluation Process (SREP) assessment the Overall Capital Requirement (OCR) for 2018 is set at 12.875% increased by 0.625% due to the gradual increase of the capital conservation buffer. OCR includes, in addition to the Total SREP Capital Requirements (TSCR), the combined buffers requirements (CBR) defined in point (6) of Article 128 of Directive 2013/36/EU as applicable.

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

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

IFRS 9 Capital Impact

Regarding the impact on regulatory capital from the adoption of IFRS 9, Alpha Bank has decided to make use of Article 473a of the EU Regulation (2017/2395) and apply the transitional provisions for the calculation of Capital Adequacy both solo and on a consolidated basis. On this basis, the CET1 ratio is expected to be affected by circa 0.1% and will reach 18.25% for the first year, while the impact of full implementation is estimated at circa 2.4% with the ratio reaching 15.9% at 31.12.2017, at a consolidated level. The Bank is adequately capitalized to meet the needs arising from the application of the new standard as the Group's CET1 ratio in IAS 39 amounts to 18.33% at 31.12.2017.

4.2 Capital Buffers

The countercyclical capital buffer (CCyB) is a CRD IV instrument, designed to help counter pro-cyclicality in the financial system. Credit institutions are required to set aside additional common equity tier 1 capital during periods of excessive credit growth. This will help maintain the supply of credit and dampen the downswing of the financial cycle. The main purpose of the CCyB is to increase the banks' resilience in good times to absorb potential losses that could arise in a downturn and to support the continued supply of credit to the real economy. According to Bank of Greece, as National Competent Authority, during 2017, the countercyclical buffer was set at 0%. CCyB is also currently 0% in all other countries in which Alpha Bank has significant exposures. Total Risk exposure amount in the following tables includes General Credit (excluding CCR) and Securitization.

Table 4: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer
(in Euro million)

	General credit exposures	Trading book exposures		Securiti-sation exposures	Own funds requirements				Own funds requirements weights	Counter-cyclical capital buffer rate
	Exposure value for SA	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for SA	of which: General credit exposures	of which: Trading book exposures	of which: Securitisation exposures	Total		
Hong Kong	1	0	0	0	0	0	0	0	0	1.25%
Sweden	4	0	0	0	0	0	0	0	0.004	2.00%
Norway	2	0	0	0	0	0	0	0	0.001	2.00%
Other	64,203	0	0	9	3,520	0	9	3,528	0	
Total	64,209	0	0	9	3,520	0	9	3,529	0.006	0

Table 5: Amount of institution-specific countercyclical capital buffer (in Euro million)

	Amount
Total risk exposure amount	44,111
Institution specific countercyclical capital buffer rate	0%
Institution specific countercyclical capital buffer requirement	0

4.3 Own Funds

The Group has high quality capital since 99.9% of the total capital as of 31.12.2017 is Common Equity Tier 1 (CET1).

The Bank's share capital on 31.12.2017 amounts to Euro 463,109,814 divided by 1,543,699,381 ordinary, registered, with voting rights shares with nominal value of Euro 0.30 and a share premium of Euro 10,801,028,962. Further analysis on the share capital and share premium is provided in notes 32 and 33 of the Annual Financial Report of 2017, 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 15.1 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 2017.

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.

4.3.1 Own Funds structure

The following table presents the analysis of Own funds structure:

Table 6: Own funds structure		(in Euro million)	
Type	31/12/2017	31/12/2016	
Share capital	463	461	
Share premium	10,801	10,791	
Accumulated other comprehensive income (and other reserves)	-1,695	-2,070	
Reserves & Retained Earnings	-2,015	-2,114	
AFS reserves	320	45	
Minority interest (transitional)	6	8	
PVA	-8	-7	
Common equity tier 1 capital before regulatory adjustments	9,567	9,183	
Period Profit	37	53	
Intangible assets	-285	-203	
DTA amortization	-260	-276	
Regulatory adjustments applied to common equity tier 1 due to insufficient additional tier 1 and tier 2 to cover deductions	-64	-126	
Total regulatory adjustments to common equity tier 1	-573	-552	
Common equity tier 1 capital (CET1) (1)	8,994	8,631	
Hybrid instruments	15	15	
Additional Tier I before regulatory adjustments	15	15	
Hybrid instruments transitional	-8	-6	
(-) Goodwill/Intangible investments	-71	-135	
<i>of which deductible from Additional Tier I</i>	-8	-9	
<i>of which deductible from CET1</i>	-63	-126	
Total regulatory adjustments to additional Tier I	15	15	
Additional Tier I	0	0	
Tier I Capital (CET1 + AT1)	8,994	8,631	
Core Tier II instruments	0	0	
Subordinated loan	5	42	
Hybrid instruments (transitional)	8	6	
Tier II capital before regulatory adjustments	13	48	
Total regulatory adjustments to Tier II	-3	-17	
Tier II capital	10	31	
Total Capital (TC = Tier I + Tier II)	9,004	8,662	
Total RWA	49,060	50,535	
Common equity tier 1 Ratio	18.3%	17.1%	
Tier I Ratio	18.3%	17.1%	
Capital Adequacy Ratio (Tier I + Tier II)	18.4%	17.1%	

4.4 Capital requirements under Pillar I

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

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

Capital Requirements are calculated using the following approaches:

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

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

The capital adequacy requirements set by the SSM / ECB and economic capital, are used by the Group as the basis for its capital management. The Group seeks to maintain sufficient capital to ensure that these requirements are met.

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

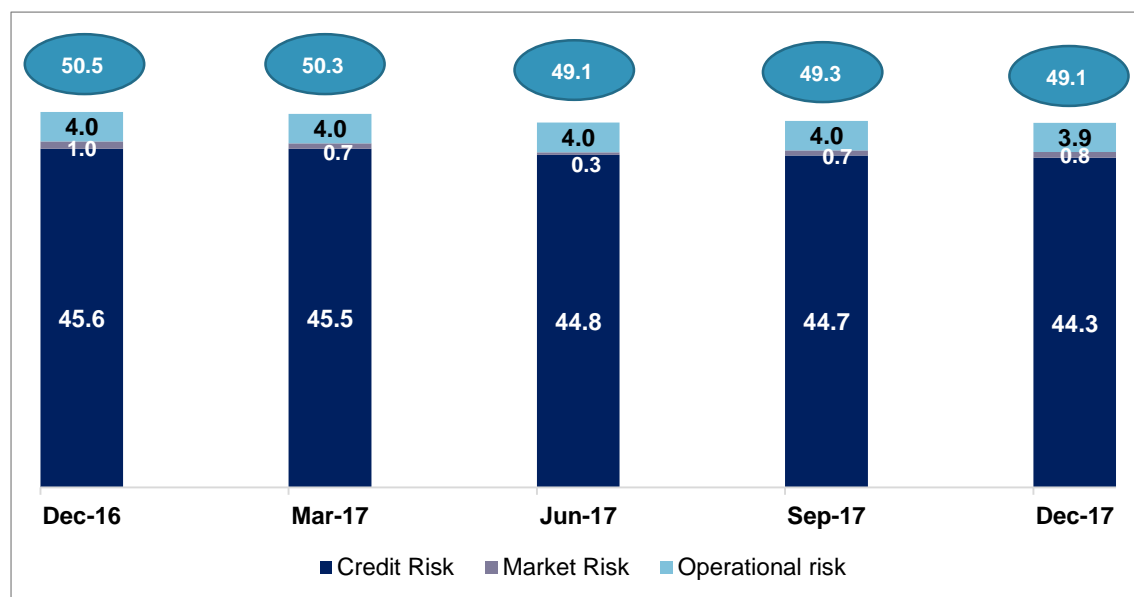
Table 7: EU OV1 – Overview of RWAs		(in Euro million)	
Risk Category	RWAs		Minimum capital requirements
	2017	2016	2017
Credit risk (excluding CCR)	43,955	45,204	3,516
Of which the standardised approach	43,955	45,204	3,516
CCR	291	324	23
Of which mark to market	145	152	12
Of which risk exposure amount for contributions to the default fund of a CCP	0	0	0
Of which CVA	56	72	5
Settlement risk	0	0	0
Securitisation exposures in the banking book (after the cap)	109	94	9
Of which standardised approach	109	94	9
Market risk	724	893	58
Of which the standardised approach	36	99	3
Of which IMA	688	794	0
Large exposures	0	0	0
Operational risk	3,935	3,986	315
Of which basic indicator approach	10	10	1
Of which standardised approach	3,925	3,976	314
Amounts below the thresholds for deduction (subject to 250% risk weight)	47	35	4
Total	49,060	50,535	3,925

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

Table 8: EU INS1 – Non-deducted participations in insurance undertakings		(in Euro million)
	Value	
Holdings of own funds instruments of a financial sector entity where the institution has a significant investment not deducted from own funds (before risk-weighting)	19	
Total RWAs	47	

In 2017 the total risk weighted assets were reduced by 2.8% compared to 2016 or Euro 1.4 billion, from Euro 50.5 billion to Euro 49.1 billion. Credit risk capital requirement represents approx. 90.4% of total capital requirements while RWAs are further adjusted due to impairments, DTA and market risk capital requirements shrinkage.

The following graph displays the evolution of the risk weighted assets of the Group during 2017.



4.5 Pillar II – ICAAP – ILAAP

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 and business plan
- 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 Risk Management 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.

5 Leverage

The leverage ratio, which is defined as Tier 1 capital divided by total exposure, is a binding requirement from the beginning of 2018. The 'risk of excessive leverage' means the risk that results from an institution's vulnerability due to leverage or contingent leverage that may require unintended corrective measures to its business plan, including distressed selling of assets which might result in losses or in valuation adjustments to its remaining assets.

The level of the leverage ratio with reference date 31.12.2017 on consolidated basis was 14.9%, according to the transitional definition of Tier 1 capital, while at 2016 the leverage ratio was 13.1%, significantly over the 3% minimum threshold applied by the competent authorities, implying that the Bank is not taking on excessive leverage risk. The increase of leverage ratio was mainly due to a reduction in the exposure measure resulting from the ongoing deleverage of the Group besides the positive trend of the Capital in 2017, as a result of Group's return to profitability.

In the table below, the Group's leverage ratio with reference date 31.12.2017 is presented:

Table 9a: Summary reconciliation of accounting assets and leverage ratio exposures (in Euro million)	
Total assets as per published financial statements	60,813
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-271
Adjustments for derivative financial instruments 5	-21
Adjustment for securities financing transactions (SFTs)	448
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1,072
Other adjustments	-1,859
Leverage ratio total exposure measure	60,182

Table 9b: Leverage ratio common disclosure		(in Euro million)
On-balance sheet exposures (excluding derivatives and SFTs)	CRR leverage ratio exposures	
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	59,557	
(Asset amounts deducted in determining Tier 1 capital)	-371	
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	59,186	
Derivative exposures		
Replacement cost associated with all derivatives transactions (i.e.: net of eligible cash variation margin)	461	
Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)	144	
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-1,170	
Total derivatives exposures (sum of lines 4 to 10)	-565	
SFT exposures		
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	40	
Counterparty credit risk exposure for SFT assets	448	
Total securities financing transaction exposures (sum of lines 12 to 15a)	488	
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional amount	4,573	
(Adjustments for conversion to credit equivalent amounts)	-3,501	
Other off-balance sheet exposures (sum of lines 17 and 18)	1,072	
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	8,994	
Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	60,182	
Leverage ratio		
Leverage ratio	14.95%	
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 9c: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	
	(in Euro million)
	CRR leverage ratio exposures
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	58,386
Banking book exposures, of which:	58,386
Exposures treated as sovereigns	10,107
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	894
Institutions	879
Secured by mortgages of immovable properties	14,664
Retail exposures	3,966
Corporate	8,132
Exposures in default	16,639
Other exposures (e.g.: equity, securitisations, and other non-credit obligation assets)	3,105

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

6 General Information on Risk Management

The Alpha Bank Group is fully committed to applying the best practices and achieving the highest standards of corporate governance in every aspect of its business, including risk management.

Risk management is essential to promoting the Group's strategic, business and financial objectives and forms an integral part of the business strategy-setting process, including the business planning process and the risk appetite policy, as it defines the maximum acceptable risk appetite regarding each type of risk.

The key risk categories for Alpha Bank include credit risk, market risk, liquidity risk, counterparty and country risk and operational risk. In order to ensure that the impact of the said risks on the Bank's and the Group's financial results, long-term strategic goals and reputation are minimized, the Group applies identification, forecasting, measurement, monitoring, control and mitigation practices for the highest as well as for emerging risks, through an internal governance process based on the use of credit tools and risk management processes.

The Group's strategy for risk management and risk undertaking, applied in all of the Bank Units' and Group Companies' activities, is strictly aligned with the best international practices, as well as with the current legislation and the regulatory and supervisory rules, while it evolves continuously through the development of a single risk management culture, which is shared across the Bank and the Group.

6.1 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 2017 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 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.

6.1.1 Risk Appetite Framework

The Risk Appetite Framework (RAF) constitutes a major component in the Bank's overall approach of the risk and capital strategy, including policies, processes, controls and systems through which risk appetite is established, communicated throughout the Bank and monitored. The RAF includes the risk appetite statement (RAS), risk limits and an outline of the roles and responsibilities of those overseeing the implementation and monitoring of the RAF, ensuring the alignment of the Bank's corporate and business strategy, the financial and capital planning and the risk management framework. The Risk Appetite concept is considerably more than a sophisticated Key Performance Indicator (KPI) system for risk management. It is the core tool for better aligning overall corporate strategy, capital allocation, and risk. The Senior Management of the Bank defines and recommends the Risk Appetite at Group level, taking into consideration the business strategy, business (restructuring) plan, risk management framework/culture and internal capital adequacy assessment. At this stage, strategic objectives are translated into risk appetite qualitative statements and risk appetite quantitative measures (Key Risk Indicators-KRIs), reported to the Board's Risk Management Committee which then presents them to the BoD for approval.

6.1.2 Risk Governance Structure

The Group has set a robust internal governance framework, which includes a transparent organizational structure, a management body that is responsible for proper risk management processes and for strong internal control system and ensures that the Group holds sufficient capital to meet both its own funds requirements and its internal capital targets.

The Group's risk strategy and risk management framework are organized according to the principles of three lines of defence, which have a decisive role in the Group's effective operation. They provide a clear set of rules and standards to be applied to a cohesive operating model, one that provides a framework for the articulation of accountabilities and responsibilities for managing risk across the Group.

In particular:

- The Business Units constitute the first line of defence and risk "ownership" which identify and manages the risks that arise when conducting banking business. This includes assessing and reporting of their exposures for identifying the relevant risks, taking into account the Bank's approved risk appetite, as well as its policies, procedures, controls and limits.
- The second line of defense consists of the Risk Management function and other relevant functions, independent from the first line of defense. These functions complement the business lines' risk activities through monitoring and reporting responsibilities. They are responsible for overseeing the Bank's and the Group's risk-taking activities for the individual risk assessment and the aggregation of risk. The second line of defense, also, includes the independent Compliance function. The Compliance function, among other things, monitors compliance with laws, corporate governance rules, regulations, codes and policies of the Bank and the Group. The BoD approves the compliance policies that are communicated internally. The function ensures compliance with the policies and reports to the senior management and the BoD on how the Bank and the Group manages its compliance risk.
- The Internal Audit functions, which are independent from the first and the second lines of defence, constitute the third line of defence. The Internal Audit functions use audit mechanisms and procedures to cover constantly all the activities of the Bank and the Group, ensure the consistent implementation of the business strategy, including the risk management strategy, by fully applying internal policies and procedures and contribute to the Bank's and the Group's effective and secure operation.

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.

Board of Directors

The Bank's Board of Directors ensures the proper operation and organization of the Group. In accordance with the Corporate Governance Code, the Board of Directors is responsible for the approval of the overall business model, the risk strategy and the risk profile of the Group through the appropriate risk management policy. Based on the risk

appetite that it defines, the Board of Directors ensures that the levels of risk are well understood and communicated throughout the Group.

The Board of Directors determines the risks that the Group may assume, the size of such risks, the limits on the Group's significant business operations and the basic principles for the calculation and measurement of these risks. The risk profile of the Group covers, among other substantial risks, the following risk types:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

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.

Risk Management Committee

The Risk Management 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 Risk Management 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 and other substantial 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

Furthermore, the Risk Management Committee reviews and assesses the methodologies and models applied pertaining to the measurement of undertaken risks and ensures communication among the Internal Auditor, the External Auditors, the Supervisory Authorities and the Board of Directors on risk management issues.

Management Committees

The Committees composed by Members of the Management of the Bank are the Executive Committee, the Assets-Liabilities Management Committee (ALCo), the Treasury and Balance Sheet Management Committee, the Operational Risk Committee, the Credit Risk Committee and the Troubled Assets Committee.

1. The Executive Committee is the senior executive body of the Bank. It convenes at least once a week under the chairmanship of the Managing Director - CEO and with the participation of the Deputy CEOs, the General Managers and the Secretary of the Committee. Depending on the subjects under discussion, other Executives or Members of the Management of Group Companies participate in the proceedings. The Executive Committee carries out a review of the domestic and international economy and market developments and examines issues of business planning and policy. Furthermore, the Committee deliberates on issues relating to the development of the Group and submits recommendations on the Rules and Regulations of the Bank as well as on the budget of each Business Unit. Finally, it submits recommendations on the Human Resources policy and the participation of the Bank or the Group Companies in other companies.

It is noted that as of 4.12.2017 the Operations Committee has ceased its operation, and its responsibilities have been transferred to the Executive Committee.

2. The Assets-Liabilities Management Committee (ALCo) convenes regularly every quarter under the chairmanship of the Managing Director - CEO. The General Managers, the Executive General Managers and the Managers of the Asset Liability Management Division, the Market and Operational Risk Division, the Analysis and Performance Management Division, the Deposit and Bancassurance Products Division, the Accounting and Tax Division, the Economic Research Division, the Credit Control Division, the Credit Risk Data and Analysis Division, the Trading Division and the Capital Management and Banking Supervision Division participate as Members. The Committee examines and decides on issues related to Treasury and Balance Sheet Management and monitors the course of the results, the budget, the funding plan, the capital adequacy and the overall financial volumes of the Bank and the Group, approving the respective actions and policies. In addition, the Committee approves the interest rate policy, the structure of the investment portfolios and the total market, interest rate and liquidity risk limits
3. The Treasury and Balance Sheet Management Committee convenes regularly every month under the chairmanship of a Deputy CEO. The Deputy CEOs, the General Manager - Chief Risk Officer, the General Manager - Chief Financial Officer, the Executive General Manager of Treasury Management and the Managers of the Asset Liability Management Division and the Market and Operational Risk Division participate as Members. The Committee examines and submits recommendations to ALCo or to the Executive Committee of the Bank on issues generally related to

the Treasury and Balance Sheet Management, such as capital structure, interest rate policy, total market risk limits, interest rate and liquidity risk limits, the funding policy of the Bank and the Group, liquidity management, stress test assumptions, hedging strategies, funds transfer pricing, the structure of the investment portfolios and capital and liquidity allocation to the business units.

4. The Operational Risk Committee convenes regularly under the chairmanship of the Managing Director - CEO and with the participation of the General Managers, the Information Technology and Operations Executive General Manager and the Manager of the Market and Operational Risk Division. The Operational Risk Committee ensures that the appropriate organisational structure, processes, methodologies and infrastructure to manage operational risk are in place. In addition, it is regularly updated on the operational risk profile of the Group and the results of the operational risk assessment process; reviews recommendations for minimising operational risk; assesses forecasts regarding Third Party Lawsuits against the Bank; approves the authorisation limits of the Committees responsible for the management of operational risk events of the Bank and the Group Companies and reviews the operational risk events whose financial impact exceeds the limits of the other Committees.
5. The Credit Risk Committee convenes regularly at least every quarter under the chairmanship of the Managing Director - CEO and with the participation of the General Managers and the Managers of the Credit Control Division, the Credit Risk Data and Analysis Division and the Capital Management and Banking Supervision Division. The Credit Risk Committee assesses the adequacy and the efficiency of the credit risk management policy and procedures of the Bank and the Group with regard to the undertaking, monitoring and management of credit risk per Business Unit (Wholesale Banking, Retail Banking, Private and Investment Banking), geographical area, product, activity, industry et al. and resolves on the planning of the required corrective actions.
6. The Troubled Assets Committee (TAC) reports to the Deputy CEO, Non-Performing Loans and Treasury Management and convenes on a monthly basis or ad hoc under the chairmanship of either the Non-Performing Loans - Wholesale Banking Executive General Manager or the Non-Performing Loans - Retail Banking Executive General Manager while the Managers of the Strategic Planning Division, the Credit Control Division, the Credit Risk Data and Analysis Division, the Capital Management and Banking Supervision Division, the Budgeting and Controlling Division, the Non-Performing Loans Monitoring Division - Retail and the Non-Performing Loans Monitoring Division - Wholesale participate in the meetings. The Committee examines issues related to the portfolios managed by the Divisions under the supervision of the Deputy CEO, Non-Performing Loans and Treasury Management, in order to achieve the operational goals of the Bank and the Group,

pertaining to which it may propose further decision-making to the Credit Risk Committee and subsequently to the Board of Directors for the final approval, through the Risk Management Committee of the Board.

Finally, the Bank states that it complies immediately with any additional disclosure requirements which are set by the institutional framework for Credit Institutions.

Group Risk Management Unit

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

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 are assigned with the responsibility of implementing the risk management framework:

- Credit Control Senior Division
 - Credit Risk Policy and Control Division
 - Credit Risk Methodologies Division
 - Credit Risk Cost Assessment Division
- Credit Risk Data and Analysis Senior Division
 - Credit Risk Data Management Division
 - Credit Risk Analysis Division
- Market and Operational Risk Division
- Wholesale Credit Division
- Wholesale Credit Workout Division
- Retail Credit Division
- “Risk Management Models Validation” Functional Area

The General Manager and Chief Risk Officer report on a regular and ad hoc basis to the Assets-Liabilities Management Committee (ALCo), the Credit Risk Committee, the Operational Risk Committee, the Risk Management Committee and the Board of Directors of the Bank.

6.1.3 Firm-wide Risk Management Framework

The Bank's and the Group's business model and operations are regulated and supervised by the relevant authorities in each of the countries where they conduct business. The European Central Bank (ECB) and the Bank of Greece, as well as, the competent authority that participates in the Single Supervisory Mechanism (SSM), act

as the Bank's and the Group's primary supervisor to monitor their compliance with the Greek and the European banking legislations, within the supervisory regulations as well as with the Basel III (CRR/CRD) framework.

The risk management programmes 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 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.

The Group Risk Governance ensures its independency from the front office/business units as depicted in the organisational chart of Alpha Bank, shown in the Appendix IV.

6.1.4 Risk Management Policies

The Group Risk Strategy has a structured and documented Group Risk and Capital Strategy in place that is perceived within the organization as an integrated business model that incorporates all the risk management processes, policies, procedures and methodologies adopted and implemented throughout the institution. The Group Risk Strategy objective is to provide a coherent and structured approach towards identifying, assessing and managing risk. It is based on the Risk Policies & Procedures defined by the Risk Management 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 Risk Management Committee. The approved Policies and Manuals are the following:
 - Capital Management Policy Manual
 - Credit Risk Management Policy
 - Market Risk Management Policy
 - Operational Risk Management Policy and

- Assets-Liability Risk Management Policy
- 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.

In the pursuit of the Group's strategic business goals, the risk management framework and the relevant policies, procedure and systems are reviewed at least annually, seeks to ensure that risk management and regulatory risk reporting are always compliant with the relevant regulatory guidelines as well as with the principles of corporate governance.

6.2 Stress Testing

Performing stress tests constitutes a key risk management tool, fully integrated into core risk reporting and capital and liquidity planning at the Bank and Group levels, which provides indications of the capital required to absorb losses under the assumption of specific extreme hypothetical scenarios. Stress tests are conducted according to the requirements of the regulatory framework and constitute a fundamental parameter of the Group's Enterprise Risk Management strategy, with the aim of assessing the impact of business decisions on the Group's capital position. Furthermore, the Bank's and the Group's Regulatory Credit Framework and the Credit Risk Management Framework were revised and updated with the incorporation of the institutional and regulatory requirements related to the effective management of loans in arrears and of Non-Performing Loans, including the new requirements and the definitions set out in the supervisory framework.

7 Credit Risk

7.1 General information

Credit risk arises from the potential weakness of borrowers' or counterparties' to repay their debts as they arise from their loan obligations to the Group. The primary objective of the Group's strategy for the credit risk management in order to achieve the maximization of the adjusted return relative to the performance risk is the continuous, timely and systematic monitoring of the loan portfolio and the maintenance of the credit risks within the framework of acceptable overall risk limits. At the same time, the conduct of daily business within a clearly defined framework of granting credit is ensured. The framework of the Group's credit risk management is developed based on a series of credit policy procedures, systems and measurement models by monitoring and auditing models of credit risk which are subject to an ongoing review process. This happens in order to ensure full compliance with the new institutional and regulatory framework as well as the international best practices and their adaptation to the requirements of respective economic conditions and to the nature and extent of the Group's business.

The Credit Risk Appetite expresses the level of credit risk that the Bank is willing to assume in order to achieve the business objectives and the expected risk-adjusted return, as defined by a set of minimum quantitative metrics and qualitative standards.

The Credit Risk Appetite is amongst the key contributors in the business planning process, promoting the appropriate alignment of corporate strategy, capital allocation and risk. Top-down risk appetite serves as the limit for risk-taking for the bottom-up planning from the business functions. Risk Limits and policies are calibrated to the credit risk appetite.

The Group identifies and assesses existing and potential risks inherent in any product or activity as the basis for effective credit risk management. The identification, analysis and control of credit risk are achieved through a safety net of internal procedures, policies and controls. The Group uses internal rating/ scoring systems for its portfolios, in order to evaluate and classify both performing and non-performing relationships. Internal rating/scoring systems and the resulting parameters are validated by the "Risk Management Models Validation" Functional Area and the countries' local respective Unit on a regular basis, as part of the Group's internal assessment process. Furthermore there are in place sets of reporting tools and frameworks which are used on regular intervals (daily, weekly, fortnight, monthly, quarterly and yearly), assisting the network and the management to identify early in some cases, or in due time in some other potential threats, risky portfolio sections and problematic relationships. These are employed on solo and group wide basis. The results of risk identification and assessment are reported by the countries' local Risk Management Units to the Group Risk Management Units which consolidate the results and submit them to the Credit Risk Committee. The results are incorporated in the overall credit risk policy, procedures and limit setting process. The overall process is further aided by the implementation of an

appropriate organizational structure with clearly defined roles and responsibilities for its Personnel and Business Units, in order to manage all kinds of credit risk-bearing activities.

Alpha Bank has prepared its operational and system infrastructure in line with the requirements of the Internal Ratings Based approach for credit risk and the International Financial Reporting Standard (IFRS) 9. Alpha Bank's current credit risk management framework consists of a set of governance rules, policies and procedures, as well as rating/scoring systems, covering the whole range of the Bank's portfolio, and is 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 to preventing any potential negative effects in the Bank's financial results.

In this respect, the previous year is considered as a cornerstone for Alpha Bank since the following actions have been completed:

- Validation of credit risk models: Wholesale rating models and Retail credit scoring models have been reviewed against recent regulatory requirements
- Amendment of the necessary policies, procedures and models for the adoption of the International Financial Reporting Standards (IFRS) 9 at Group level
- Compliance actions for the transition of the Bank and the Group Companies to the International Financial Reporting Standard (IFRS) 9, through which, inter alia, the approach for impairment of financial assets has been amended. Specifically:
 - Alignment of the credit risk rating systems of Greece and all Group Subsidiaries abroad based on the requirements of the new International Financial Reporting Standards 9 (IFRS 9).
 - Development of the necessary policies, procedures and models for the adoption of the International Financial Reporting Standards (IFRS) 9 at Group level.
- Implementation of a new Impairment Calculation System, according to the new International Financial Reporting Standards (IFRS 9).

The key priorities for the current year include the following:

- Operationalization of the International Financial Reporting Standard (IFRS) 9
- Continued efforts for the development and improvement of the necessary data infrastructure

- Progression in the development and validation efforts for the Wholesale rating models, as well as the Retail scoring models
- Establishment of a full mechanism for the submission of all analytical data regarding accounts, financial, accounting and collateral data in order to meet the requirements for the submission of analytical credit risk data according to the European Union regulation 2016/867 and the Bank of Greece Governor's Act 2677/19.05.2017. The mechanism for the submission of counterparties analytical data for legal entities, the governance structure, the operational model and quality control framework are already in place
- Design and implementation of initiatives in order to enhance the level of automation, accuracy, comprehensiveness, quality, reconciliation and validation of data, as part of the Bank's strategic objective to a holistic approach for the development of an effective data aggregation and reporting framework, in line with BCBS 239 requirements
- Review and enhancement of the credit risk management framework in line with the abovementioned changes and updates.

7.2 Credit Risk Management Function

The management of credit risk is organized under the supervision of the General Manager and Chief Risk Officer of the Group by multiple Divisions that are responsible for setting the Group-wide credit risk appetite and policies, reviewing the approval and follow-up processes in the Business Units, facilitating the quarterly process of calculating the impairment of credit exposures and monitoring and submitting regulatory and internal reports on the Group's consolidated credit portfolio, including the determination of portfolio limits for specific industries and countries. Dedicated departments develop credit rating and evaluation models and ensure that they are available for day-to-day credit processing at the Business Units and meet regulatory and institutional requirements. A separate Unit is responsible for validating the credit risk rating systems and models and has direct reporting line to the General Manager and Chief Risk Officer of the Group.

In addition, the Group has appointed Risk and Credit Managers in the countries of operation, who are responsible for ensuring compliance with the local supervisory rules and regulations.

The Credit Risk Committee of the Bank has an oversight of the credit risk activities and the implementation of relevant strategy. The Committee is responsible for the evaluation of the adequacy and the effectiveness of policies and procedures of Group credit risk management regarding credit risk taking, monitoring and management by business line, geographic area, product activity, sector etc., as well as approving recommendation on necessary structural mitigating actions. The Committee approves the Credit policies for

Wholesale and Retail Banking - as well as initially - approves the Impairment Policy and Write-Off/ Write-Down Policy which is subsequently submitted to the Board of Directors for final approval through the Risk Management Committee. The basic responsibilities of the Committee are:

- Periodic review of credit risk exposures per sector of activity and geographical area
- Approval of Wholesale and Retail Credit Policy Manuals
- Initial Approval of the Wholesale and Retail Impairment Policies
- Approval of the Bank's Write-offs
- Approval of the quarterly impairments
- Validation of all the reports of the Risk Management Sector addressed to the Board of Directors and the Risk Management Committee
- Review of the Troubled Assets Committee's reports
- Approval for the update and development of the credit rating systems within the IRB framework
- Evaluation of the results derived from expected losses exercises performed by the Regulatory authorities in the countries where the Bank operates
- Notification on the Wholesale Banking and Retail Banking Arrears Management Strategy, the Non-Performing Loans Policy and Procedures and the operational framework of the Wholesale Banking and Retail Banking Arrears Committees that have been approved by the Troubled Assets Committee
- Review of the results derived by the Stress Tests
- Evaluation of significant findings included in the reviews that are performed by internal or external auditors related to the credit policy and credit risk management.
- Assessment of the adequacy and the efficiency of the credit risk management policy and procedures of the Bank and the Group with regard to the undertaking, monitoring and management of credit risk per Business Unit, geographical area, product, activity, industry et al. and planning of the required corrective actions.

The members of the Credit Risk Committee are the following:

- Managing Director (Chairman of the Committee);
- Deputy CEO–Chief Operating Officer;
- Deputy CEO, Retail, Wholesale Banking and International Network;
- Deputy CEO, Non-Performing Loans and Treasury Management;
- General Manager–CRO;

- General Manager–CFO;
- Manager of the Credit Control Senior Division;
- Manager of the Credit Risk Data and Analysis Senior Division; and
- Manager of the Capital Management and Banking Supervision Division.

7.3 Credit Quality of Exposures

An exposure is considered as performing when the following criteria are met:

- The exposure is less than 90 days past due;
- No legal actions have been undertaken against the exposure;
- The situation of the debtor has improved to the extent that full repayment, according to the original or when applicable the modified conditions, is likely to be made;
- The exposure is not classified as impaired;

Or

- The exposure is classified as forbore performing exposure, as defined in the aforementioned commission Implementing Regulation (EU) 2015/227 of 9 January 2015.

Past due exposures are defined as exposures that are more than one (1) day past due. An exposure is considered as non-performing when one of the following criteria is satisfied:

- The exposure is more than 90 days past due;
- An exposure against which legal actions have been undertaken by the Bank;
- The debtor is assessed as unlikely to pay its credit obligations in full;
- The exposure is classified as impaired (as defined below);
- The exposure is classified as forbore non-performing exposure, as defined in the commission Implementing Regulation (EU) 2015/227 of January 9, 2015.

Non-performing exposures with forbearance measures include the following:

- Exposures which were non-performing prior to the extension of forbearance measures; and
- Forborne exposures which have been reclassified from the performing exposures category, including exposures under probation (forborne performing having been reclassified out of the Forborne Non Performing Loan (FNPL) status) having been re-forborne or that are more than 30 days past-due.

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

For the Wholesale Banking Portfolio, customers, with exposures below 90 days past due, are assessed as unlikely to pay based on either of the following criteria:

- The debtor has been denounced in the competent Non-Performing Loans Unit
- The debtor is impaired but not denounced in the competent Non-Performing Loans Unit
- The debtor cannot repay its credit obligations in full without the realization of security (if held) and regardless of the existence of any past due amount or of the number of days past due with the exception of cases of collaterals that are part of the production a trade chain of the debtor (e.g. properties for Real Estate Companies, corporate shares for Holding companies etc.).

For the Retail Banking Portfolio, unlikelihood to pay exposures are considered those with less than 90 days past due and if one of the following criteria is met:

A trial date has been set for inclusion in Law 3869 (Bankruptcy Law for Individuals):

- Fraudulent cases
- Deceased Customers
- Unemployed Customers with lack of any source of income
- Customers with heavy health problems
- Insolvent companies (The company has filled for inclusion in Article 99)
- Companies which have ceased their operations (inactive)

Impaired exposures are defined as follows:

- a. Exposures for which an impairment amount has been allocated following the individual assessment for impairment;
- b. Exposures in arrears more than 90 days or under legal workout status, for which an impairment amount has been allocated following the collective assessment for impairment;
- c. Unlikely to pay exposures; and
- d. Forborne Non Performing Exposures that are up to 89 days past due.

The Group establishes impairment allowances and other credit provisions for the incurred loss inherent in the lending book.

As at 31.12.2014, the Bank reassessed the perimeter of forborne loans for all the portfolios based on the Executive Regulation (EU) 2015/227 of European commission dated 9 January 2015 and the Executive technical standards of the European banking authority and incorporated the related definitions to its credit risk policy. In this respect, the evolution, the quality and the effectiveness of these loans is monitored according to the above definition.

An exposure is considered as Forborne if there is a significant modification of initial contractual terms by granting more favorable terms (Concession) or partial or total refinancing of current outstanding debts (Refinancing) to Borrowers with Financial Difficulty. Financial Difficulty is defined as the situation where the borrowers are unable to comply or are about to face difficulties in servicing their credit obligations as per the current loan repayment schedule due to the worsening of their financial status.

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
- 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.

Total and average amount of exposures net of impairments and before any credit risk mitigation (CRM) and any credit conversion factor (CCF) (on and off-Balance-Sheet) by regulatory exposure class as of 31.12.2017 are displayed in the following table:

Table 10: EU CRB-B – Total and average net amount of exposures		(in Euro million)
	Net value of exposures at the end of the period	Average net exposures over the period
Central governments or central banks	10,107	9,849
Regional governments or local authorities	44	48
Public sector entities	2	3
Multilateral development banks	361	357
International organisations	489	1,745
Institutions	1,613	1,454
Corporates	10,515	10,725
<i>Of which: SMEs</i>	2,313	2,182
Retail	4,973	4,751
<i>Of which: SMEs</i>	1,122	1,099
Secured by mortgages on immovable property	14,832	15,247
<i>Of which: SMEs</i>	3,453	3,294
Exposures in default	16,998	17,466
Collective investments undertakings	6	6
Equity exposures	434	320
Other exposures	3,835	3,873
Total	64,209	65,844

Under CRD IV a geographical analysis of credit exposures is required based on exposures in the member states in which the institution has been authorised and member states or third countries in which institutions carry out activities through a branch or subsidiary. The Group's primary market is Greece.

Table 11: EU CRB-C – Geographical breakdown of exposures (in Euro million)

Net Values						
Exposure Class	Greece	United Kingdom	Romania	Cyprus	Other Countries	Total
Central governments or central banks	8,490	-	666	362	589	10,107
Regional governments or local authorities	40	-	4	-	-	44
Public sector entities	2	-	-	-	-	2
Multilateral development banks	-	-	-	-	361	361
International organisations	-	-	-	-	489	489
Institutions	811	345	76	-	381	1,613
Corporates	7,959	177	529	461	1,389	10,515
Retail	4,514	5	256	180	18	4,973
Secured by mortgages on immovable property	11,830	510	1,719	351	422	14,832
Exposures in default	14,713	515	134	1,277	358	16,998
Collective investments undertakings	6	-	-	-	-	6
Equity exposures	333	-	57	42	2	434
Other exposures	2,515	611	202	87	420	3,835
Total	51,214	2,163	3,643	2,759	4,430	64,209

The industry classification in the below table is based the activity of the immediate counterparty at 31.12.2017. Exposures include on and off-Balance-Sheet exposures less allowances/impairments.

Table 12: EU CRB-D – Concentration of exposures by industry or counterparty types (in Euro million)

Exposure Class	Manufacturing	Electricity, gas, steam and air conditioning	Construction	Wholesale and retail trade	Transport and storage	Accommodation and food service activities	Real estate activities	Other sectors ⁽¹⁾	Not stated ⁽²⁾	Total
Central governments or central banks	-	-	-	-	-	-	-	90	10,017	10,107
Regional governments or local authorities	-	0	-	-	-	-	-	44	-	44
Public sector entities	-	-	-	0	-	-	-	2	-	2
Multilateral development banks	-	-	-	-	-	-	-	-	361	361
International organisations	-	-	-	-	-	-	-	-	489	489
Institutions	13	-	9	3	-	-	-	732	856	1,613
Corporates	1,955	978	1,781	1,597	1,684	344	347	1,634	194	10,515
Retail	208	18	90	423	39	53	13	4,129	-	4,973
Secured by mortgages on immovable property	1,152	71	619	1,233	136	847	581	10,194	-	14,832
Exposures in default	1,756	23	1,509	2,749	329	826	508	9,297	-	16,998
Collective investments undertakings	-	-	-	-	-	-	-	-	6	6
Equity exposures	-	-	-	-	-	-	-	-	434	434
Other exposures	-	-	-	-	-	-	-	-	3,835	3,835
Total	5,084	1,090	4,009	6,005	2,188	2,070	1,449	26,122	16,192	64,209

(1) Other sectors/ counterparties includes Agriculture, Forestry and fishing, Mining and quarrying, water supply, Information and Communication, Professional, scientific and technical activities, Administrative and support service activities, Public administration and defence, compulsory social security, Education, Human health services and social work activities, Arts, entertainment and recreation as well as Mortgages, Consumer Loans & Cards.

(2) "Not Stated" includes all exposures to Banks & Central Banks, Bonds portfolio and Other Assets (Premises, DTA/DTC, and Equity).

The following table presents the Credit risk exposures by contractual residual maturity as of 31.12.2017, including on Balance Sheet exposures less allowances/impairments.

Table 13: EU CRB-E – Maturity of exposures (in Euro million)						
Exposure Class	Net exposure value					Total
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity ⁽¹⁾	
Central governments or central banks	1,203	1,560	770	2,026	4,548	10,107
Regional governments or local authorities	-	1	10	32	-	43
Public sector entities	-	-	1	-	-	1
Multilateral development banks	-	121	213	27	-	361
International organisations	-	-	252	237	-	489
Institutions	-	742	112	24	-	879
Corporates	101	1,994	3,963	2,073	-	8,132
Retail	146	556	1,545	1,719	-	3,966
Secured by mortgages on immovable property	80	1,141	2,535	10,908	-	14,665
Exposures in default	9,063	749	909	5,917	-	16,639
Collective investments undertakings	-	-	-	-	6	6
Equity exposures	-	-	-	-	434	434
Other exposures	382	941	-	-	2,512	3,835
Total	10,976	7,807	10,311	22,962	7,500	59,557

(1)The category "No stated maturity" includes exposures included in Other Assets (Premises, DTA/DTC, and Equity).

The table below presents gross carrying values of credit risk exposures and specific credit risk adjustments, accumulated write-offs and credit risk adjustment charges in the period.

Table 14: EU CR1-A – Credit quality of exposures by exposure class (in Euro million)					
Exposure Class	Gross carrying values ⁽¹⁾ of		Specific credit risk adjustment	Accumulated write-offs	Net Values
	Defaulted exposures	Non-defaulted exposures			
Central governments or central banks	-	10,108	2	-	10,107
Regional governments or local authorities	-	44	-	-	44
Public sector entities	-	2	-	-	2
Multilateral development banks	-	361	-	-	361
International organisations	-	489	-	-	489
Institutions	-	1,613	-	-	1,613
Corporates	-	10,660	145	-	10,515
<i>Of which: SMEs</i>	-	2,336	23	-	2,313
Retail	-	5,095	122	-	4,973
<i>Of which: SMEs</i>	-	1,139	18	-	1,122
Secured by mortgages on immovable property	-	15,177	345	-	14,832
<i>Of which: SMEs</i>	-	3,510	57	-	3,453
Exposures in default	29,718	-	12,720	2,450	16,998
Collective investments undertakings	-	6	-	-	6
Equity exposures	-	434	-	-	434
Other exposures	-	3,835	-	-	3,835
Total	29,718	47,826	13,335	2,450	64,209
<i>Of which: Loans</i>	29,314	29,016	13,290	2,450	45,040
<i>Of which: Debt securities</i>	-	5,422	-	-	5,422
<i>Of which: Off-balance-sheet exposures</i>	404	4,293	45	-	4,652

(1) Including gross carrying amount of On and Off Balance Sheet exposures concerning: exposures to Central Banks and Institutions, bonds portfolio, loans and receivables to customers, LG's & LC's and Undrawn Limits

The following table shows the total exposure amounts of the above table broken down by significant industry or counterparty type.

Table 15: EU CR1-B – Credit quality of exposures by industry or counterparty types
(in Euro million)

31.12.2017	Gross carrying values of		Total Provisions	Accumulated write-offs	Net values
	Defaulted exposures	Non-defaulted exposures			
NON FINANCIAL CORPORATIONS	16,262	17,649	7,801	1,422	26,110
Agriculture, forestry and fishing	313	194	147	33	360
Mining and quarrying	60	169	27	9	202
Manufacturing	3,065	3,332	1,360	289	5,037
Electricity, gas, steam and air conditioning supply	41	1,074	36	0	1,079
Water supply	15	19	7	1	27
Construction	3,117	2,552	1,699	171	3,970
Wholesale and retail trade	5,043	3,328	2,415	576	5,956
Transport and storage	533	1,894	228	70	2,199
Accommodation and food service activities	1,291	1,267	487	35	2,071
Information and communication	418	198	250	99	366
Real estate activities	1,028	945	540	41	1,433
Professional, scientific and technical activities	282	268	137	11	413
Administrative and support service activities	333	328	135	13	526
Education	49	31	23	12	57
Human health services and social work activities	115	145	53	4	207
Arts, entertainment and recreation	173	141	80	32	234
Other services	386	1,764	176	27	1,974
CENTRAL BANKS		1,203			1,203
CREDIT INSTITUTIONS	42	2,207	42		2,207
GENERAL GOVERNMENTS	4	4795	4		4,795
OTHER FINANCIAL CORPORATIONS	85	322.2	60	86	347
HOUSEHOLDS	13,318	12,897	5,432	942	20,783
Total	29,711	39,072	13,338	2,450	55,445

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

Table 16: EU CR1-C – Credit quality of exposures by geography (in Euro million)					
31.12.2017	Gross carrying values of		Total Provisions	Accumulated write-offs	Net values
	Defaulted exposures	Non-defaulted exposures			
Greece	25,045	28,992	10,852	2,072	43,185
United Kingdom	949	1,780	467	-	2,262
Romania	289	3,052	171	30	3,170
Cyprus	2,832	1,284	1,604	227	2,512
Other countries	596	3,965	244	121	4,317
Total	29,711	39,072	13,338	2,450	55,445

The following template provides an ageing analysis of past due exposures broken down by past-due bands.

Table 17: EU CR1-D – Ageing of past-due exposures (in Euro million)						
	Gross carrying values					
	>=1 day ≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
Loans and advances	4,434	1,520	1,754	732	875	18,183

The following table provides an overview of non-performing and forborne exposures.

Table 18: EU CR1-E – Non-performing and forborne exposures (in Euro million)

	Gross carrying amount of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
		Of which performing but past due > 30 days and <= 90 days	Of which performing forborne	Of which non-performing				On performing exposures		On non-performing exposures		On non-performing exposures	Of which forborne exposures
					Of which defaulted	Of which impaired	Of which forborne		Of which forborne		Of which forborne		
Debt securities	5,422	-	-	-	-	-	-	-	-	-	-	-	-
Loans & advances	59,574	1,019	5,309	29,314	29,314	29,167	14,323	-602	290	12,735	5,143	12,769	10,226
Off-balance-sheet exposures	3,787			397	397			0		1		23	

The table 19 shows the movement in the provision on loans and advances to customers during the year ended 31 December 2017.

Table 19: EU CR2-A – Changes in the stock of general and specific risk adjustments (in Euro million)	
	Accumulated specific credit risk adjustment
Opening balance	12,558
Increases due to amounts set aside for estimated loan losses during the period	1,029
Decreases due to amounts taken against accumulated credit risk adjustments	-1,952
Impact of exchange rate differences	-95
Business combinations, including acquisitions and disposals of subsidiaries	-70
Reclassification to assets held for sale	-849
Change in present value of the impairment losses	263
Other adjustments	154
Closing balance	11,038
Impairment Allowance for due from banks	42
Fair Value adjustments	2,257
Total balance 31.12.2017	13,337
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	-25

The table 20 shows the changes in stock of defaulted and impaired loans.

Table 20: EU CR2-B – Changes in the stock of defaulted and impaired loans and debt securities (in Euro million)	
	Gross carrying value defaulted exposures ⁽¹⁾
Opening balance 31.12.2016	32,431
Loans and debt securities that have defaulted or impaired since the last reporting period	2,620
Returned to non-defaulted status	-1,765
Amounts written off	-2,450
Other changes	-1,522
Closing balance 31.12.2017	29,314

(1) Includes the on balance sheet amounts of defaulted and impaired loans and debt securities

7.4 Banks' use of external credit ratings under the standardised 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.

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.

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 21: 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

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.

Exposures to counterparties, for which a credit assessment by a nominated ECAI is not available, shall be assigned a risk weight according to the procedure described to the respective articles of the CRR 575/2013.

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

Table 22: EU CR5 - Standardized approach (in Euro million)																
Exposure classes	Risk Weight														Total	Of which unrated
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1.250%		
Central governments or central banks	6,589	0	0	0	2	0	0	0	0	3,555	0	698	0	0	10,844	2,442
Regional government or local authorities	0	0	0	0	43	0	0	0	0	0	0	0	0	0	43	0
Public sector entities	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0
Multilateral development banks	361	0	0	0	0	0	0	0	0	0	0	0	0	0	361	0
International organisations	489	0	0	0	0	0	0	0	0	0	0	0	0	0	489	0
Institutions	225	0	0	0	446	0	180	0	0	59	1	0	0	0	911	221
Corporates	0	0	0	0	0	0	0	0	0	8,354	101	0	0	0	8,455	8,352
Retail	0	0	0	0	0	0	0	0	3,762	0	0	0	0	0	3,762	3,762
Secured by mortgages on immovable property	0	0	0	0	0	7,327	3,877	0	1,743	1,455	0	0	0	0	14,402	14,401
Exposures in default	0	0	0	0	0	0	0	0	0	14,716	1,713	0	0	0	16,428	16,419
Equity	0	0	0	0	0	0	0	0	0	416	0	19	0	0	434	405
Other items	1,382	0	0	0	6	0	0	0	0	2,448	0	0	0	0	3,835	2,906
Total	9,046	0	0	0	497	7,327	4,056	0	5,504	31,010	1,815	717	0	0	59,972	48,907

7.5 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.

7.5.1 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.

7.5.2 Description of the main collateral types

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

There are two broad categories of collateral: 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. The table below shows the volume of unsecured and secured exposures.

Secured exposures are limited to those exposures against which eligible collateral which meets CRR definitions is held and has been used in the calculation of the Group's capital requirements. Haircuts are applied consistent with CRR requirements.

Exposures where the Group nets derivative mark-to-market positions with certain interbank counterparties against cash collateral placed and received with those counterparties under CSA agreements are excluded. For cash collateral held against derivative exposures refer to the counterparty credit risk section.

Template 23: EU CR3 – CRM techniques – Overview					(In Euro million)
	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total Loans	14,634	28,683	20,454	756	0
Total debt securities	5,422	0	0	0	0
Total exposures	20,057	28,683	20,454	756	0
of which defaulted	4,067	12,572	11,520	246	0

The table below presents Standardised exposures on two different basis (before CCF and CRM and after CCF and CRM) at 31.12.2017, excluding exposures with counterparties.

Table 24: EU CR4 - Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects (in Euro million)						
Exposure classes	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	On-Balance-sheet amount	Off-Balance-Sheet amount	On-Balance-Sheet amount	Off-Balance-Sheet amount	RWAs	RWA density
Central governments or central banks	10,107	-	10,844	-	5,300	48.86%
Regional government or local authorities	43	1	43	-	9	20.00%
Public sector entities	1	1	1	-	1	99.97%
Multilateral development banks	361	-	361	-	-	-
International organisations	489	-	489	-	-	-
Institutions	879	734	897	13	239	26.27%
Corporates	8,132	2,383	7,783	672	8,462	100.08%
Retail	3,966	1,007	3,691	70	2,689	71.49%
Secured by mortgages on immovable property	14,665	167	14,335	67	7,100	49.30%
Exposures in default	16,639	359	16,340	88	17,285	105.21%
Collective investment undertakings	6	-	6	-	6	100.00%
Equity	434	-	434	-	462	106.45%
Other items	3,835	-	3,835	-	2,449	63.85%
Total	59,557	4,652	59,061	911	44,002	73.37%

7.6 Concentration Risk

Concentration risk as part of the credit risk, includes:

- Large exposures to single obligors or group of connected obligors
- Significant exposures to groups of counterparties whose probability of default is driven by common underlying factors such as:
 - Industry Sector
 - Macroeconomic Environment
 - Geographical Location

8 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.

Following recent regulatory initiatives designed to reduce systemic risk in the banking system, Alpha Bank Group is directing qualifying OTC derivatives to be cleared through Central Counterparties (CCPs).

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.

Wrong-way risk is the risk that occurs when a counterparty's exposures are adversely correlated with its credit quality. There are two types of wrong-way risk.

- General wrong-way risk occurs when the probability of counterparty default is positively correlated with general risk factors, for example, where a counterparty is resident and/or incorporated in a higher-risk country and seeks to sell a non-domestic currency in exchange for its home currency.
- Specific wrong-way risk occurs in self-referencing transactions. These are transactions in which exposure is driven by capital or financing instruments issued by the counterparty and occurs where exposure from Alpha Bank's perspective materially increases as the value of the counterparty's capital or financing instruments referenced in the contract decreases.

Alpha Bank uses a range of tools to monitor and control wrong-way risk, including requiring the business to obtain prior approval before undertaking wrong-way risk transactions.

A credit rating downgrade clause in a Master Agreement or a credit rating downgrade threshold clause in a CSA is designed to trigger an action if the credit rating of the affected party falls below specified level. These actions may include the requirement to pay or receive collateral.

As of 31.12.2017, Alpha Bank was rated as Caa3. As a result, there is no additional collateral pertaining to ISDA CSA downgrade thresholds that needs to be posted with counterparties in the event of Alpha Bank Group downgrade.

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

Table 25: EU CCR1 - Analysis of CCR exposure by approach							(in Euro million)
Approach	Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
Mark to market		-438	212			538	145
Financial collateral comprehensive method (for SFTs)						448	90

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

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

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

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

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

Table 26: EU CCR2 - CVA capital charge (in Euro million)		
	Exposure value	RWAs
All portfolios subject to the standardised method	91	56
Total subject to the CVA capital charge	91	56

Table 27: EU CCR8 - Exposures to CCPs (in Euro million)		
	EAD post CRM	RWAs
Exposures to non-QCCPs (total)		
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	6	0
(iv) Netting sets where cross-product netting has been approved	6	0

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

Table 28: EU CCR3 - Standardized approach – CCR exposures by regulatory portfolio and risk (in Euro million)												
Exposure classes	Risk Weight										Total	Of which unrated
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%		
Central governments or central banks	338	0	0	0	0	0	0	0	0	0	338	0
Institutions	0	6	0	0	464	73	0	0	0	2	545	0
Corporates	0	0	0	0	0	0	0	0	101	0	101	0
Retail	0	0	0	0	0	0	0	1	0	0	1	0
Total	338	6	0	0	464	73	0	1	102	2	986	0

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

Table 29: EU CCR5-A - Impact of netting and collateral held on exposure values (in Euro million)					
	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
Derivatives	589	196	394	68	326
SFTs	2,336	0	2,336	2,294	42
Cross-product netting	581	196	385	68	317
Total	2,925	196	2,730	2,362	368

Table 30: EU CCR5-B - Composition of collateral for exposures to CCR (in Euro million)						
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash	0	68	7	940	2,294	0
Sovereign debt	0	300	0	0	0	0
Total	0	368	7	940	2,294	0

As of 31.12.2017, there was no outstanding exposure to credit derivative transactions bought or sold.

9 Market Risk

9.1 Market Risk Management Framework

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 Risk Management 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 and the strategy 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 Appetite while satisfying the relevant customer needs.

Alpha Bank calculates Value at Risk (VaR) for internal risk management purposes since 1999. In 2008, the Bank of Greece validated the Bank's internal model for VaR and approved its application for the calculation of capital requirements for general market risk on a solo level in accordance to the Bank of Greece Governor's Acts 2577/2006 and 2591/2007. From the end of 2011 and in accordance to the Bank of Greece Governor's Act 2646/093093.2011, the Bank became compliant with Basel 2.5 and Stressed VaR was estimated together with VaR for the calculation of capital. After the acquisition of Emporiki Bank in 2013, and following the approval of the Bank of Greece, Alpha Bank applied the internal model on a consolidated basis for the combined trading books for general market risk.

The VaR methodology applied is historical simulation, using a 99% percentile, one tailed confidence interval, a historical observation period of 2 years un-weighted data and a 1 and 10-day holding period. 10 day VaR is calculated with a 10 day horizon and a 1 day fixed step (overlapping periods). Calculation of the value-at-risk value is performed on a daily basis using full valuation across all risk factors and positions. Market and position data are updated on a daily basis. The model uses a mixed approach when applying variations in market rates and prices. For FX and Interest rate risk factors absolute change is performed, while relative changes are used for volatility, equity and credit spread market risk factors. The VaR methodology used is the same both for regulatory VaR and internal risk management VaR, with the only difference being that credit spread risk is not addressed for regulatory purposes.

9.2 IMA approach for market risk

For the purpose of the calculation of the own fund requirements for the general market risk according to Article 365 the Capital Requirements Regulation (CRR) ((EU) No 575/2013), institutions are expected to calculate at least weekly a “stressed value at risk” of the current Trading book. Historical data is used from a continuous 12-month period of financial stress relevant to the Bank’s portfolio. The Stressed Period is reviewed at least annually and the authorities are notified of any changes accordingly. The Stressed VaR methodology is based on the current VaR methodology. All risk factors included in the regulatory VaR model are considered in the Stressed VaR model. The Bank computes the Stressed VaR measure on a daily basis, to coincide with the VaR periodicity.

Currently, the stress period used by the Bank is January 2013 – December 2013 and was last reviewed in August 2017. The selection of the stress period is based on the assessment of the most volatile period in recent history.

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

The own fund requirements under the IMA at 31.12.2017 are displayed in the following table:

Table 31: EU MR2-A – Market risk under the IMA		(in Euro million)
	RWAs	Capital requirements
VaR (higher of values a and b)	302	24
Previous day’s VaR (Article 365(1) of the CRR (VaRt-1))	89	7
Average of the daily VaR (Article 365(1)) of the CRR on each of the preceding 60 business days (VaRavg) x multiplication factor (mc) in accordance with Article 366 of the CRR	302	24
SVaR (higher of values a and b)	386	31
Latest SVaR (Article 365(2) of the CRR (SVaRt-1))	112	9
Average of the SVaR (Article 365(2) of the CRR) during the preceding 60 business days (SVaRavg) x multiplication factor (ms) (Article 366 of the CRR)	386	4
Total	688	55

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

Table 32: EU MR2-B – RWA flow statements of market risk exposures under the IMA (in Euro million)				
	VaR	SVaR	Total RWAs	Total capital requirements
RWAs at 31.12.2016	148	646	794	64
<i>Regulatory adjustment</i>	110	490	600	48
<i>RWAs at the previous quarter-end (end of the day)</i>	38	156	195	16
Movement in risk levels	50	-119	-69	-6
Model updates/changes	-	52	52	4
Other	-	23	24	2
<i>RWAs at 31.12.2017 (end of the day)</i>	89	112	201	16
<i>Regulatory adjustment</i>	213	273	486	39
RWAs at 31.12.2017	302	386	688	55

During 2017 there was a change in the structure of the Bank's regulatory trading book that triggered an update of the stress period.

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 Risk Management 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)

VaR and SVaR values as estimated during 2017 for the Bank trading portfolio, including the FX position due to participations, are given in the following table:

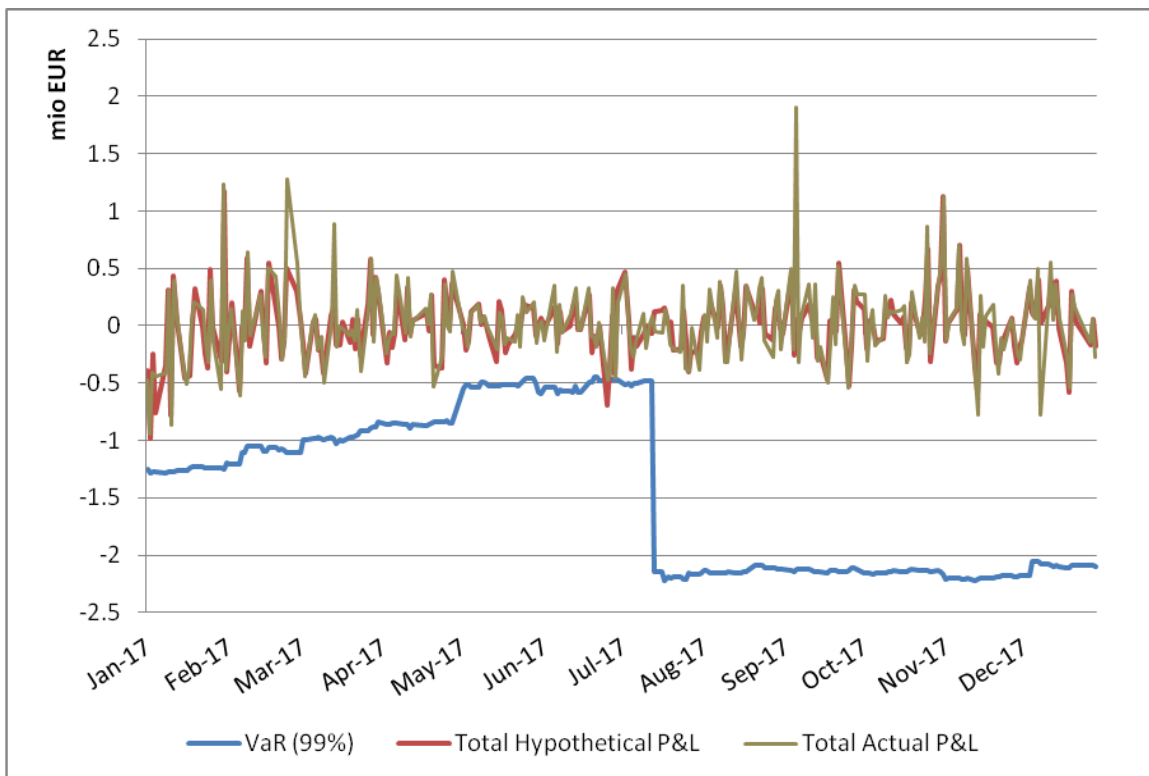
Table 33: EU MR3 – IMA values for trading portfolios		(in Euro million)
VaR (10 day 99%)		Value
Maximum value		7
Average value		4
Minimum value		1
Period end		7
SVaR (10 day 99%)		Value
Maximum value		13
Average value		8
Minimum value		3
Period end		9

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.

A comparison between the results of estimates from the regulatory VaR model with both hypothetical and actual trading outcomes is presented in the following graph:

Table 34: EU MR4 – Comparison of VaR estimates with gains/losses



One overshooting was observed both on the hypothetical and the actual back-testing, on 26.06.2017 and the competent authorities were notified accordingly.

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.

9.3 Standardized approach for market risk

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

The following table summarizes the capital requirements for market risk per risk factor based on Standardized approach at 31.12.2017.

Table 35: EU MR1 – Market risk under the standardised approach		(in Euro million)
	RWAs	capital requirements
Outright products		
Equity risk (general and specific)	3	0
Foreign exchange risk	33	3
Total	36	3

10 Operational Risk

10.1 Definition and objectives

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 type of risk.

According to the Group's Policy which is based in both industry practices and regulatory prescriptions, Operational Risk is defined as the risk of financial and qualitative impacts resulting from inadequate or failed internal processes, IT systems, people (intentionally or unintentionally) and external events. The definition includes Legal Risk.

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 2015, 2016 and 2017 is split into eight business lines.

The Gross Income for operational risk capital requirements is defined as the sum of the following elements:

1. Interest receivable and similar income (used as one of the components for the calculation of Net Interest Income)
2. Interest payable and similar charges (used as one of the components for the calculation of Net Interest Income)
3. Income from shares and other variable or fixed yield securities (used as one of the components for the calculation of Net Interest Income)
4. Commissions/ Fees receivable
5. Commissions/ Fees payable
6. Net profit or loss on financial operations
7. Other operating income

It should be noted that elements 1, 2 and 3 mentioned above comprise the main inputs for the calculation of Net Interest Income (NII) which is one of the main profit drivers related to core banking activities. Therefore the Gross Income definition is as follows:

Gross Income = NII + Net Commissions + Net profit or loss on financial operations + Other operating income.

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 at 31.12.2017 are presented in the following table:

Table 36: Capital Charges for Operational Risk			(in Euro million)
	Avg. 2015-2017	Business line beta	Capital Requirements 31.12.2017
Capital Requirements for Operational Risk			315
Basic Approach Indicator	5	0.15	1
Standardised Approach			314
<i>For the Standardised Approach:</i>			
Corporate Finance	12	0.18	2
Trading & Sales	42	0.18	8
Retail Brokerage	35	0.12	4
Commercial Banking	1,073	0.15	161
Retail Banking	1,095	0.12	131
Payments and Settlement	6	0.18	1
Agency Services	6	0.15	1
Asset Management	49	0.12	6

10.2 Operational Risk Framework

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. The operational risk organizational structure complies with all regulatory requirements and is aligned with the Group's risk culture. This structure includes three lines of defense and interaction with corporate governance, ensuring the coverage of all operational risks and the involvement of the Group's senior management in managing operational risk. Below are described the roles and responsibilities of the Group's committees and units that ensure proper implementation of the operational risk framework:

- Operational Risk Committee, which is delegated by the Risk Management 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.

Additionally, 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.

10.3 Operational risk measurement and assessment

The Group has gradually implemented more Advanced Measurement Approaches (AMA) for Operational Risk Management as well as for Pillar II purposes. This entailed the development of a robust internal calculation model as well as the enhancement of the policies, procedures and systems for operational risk management. In particular, the Group:

- Has finalized 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 is used for benchmarking purposes, in order to assess the adequacy of operational risk capital, calculated under the currently used standardized approach, as well as a means of introducing a more advanced approach for sensitivity analysis and stress testing of the various types of operational risks.
- Has enhanced its approach regarding the assessment of Outsourcing Risk.
- Has updated the Operational Risk Management Policy and specific circulars focusing on the management of operational risk events.
- Has updated the operational risk stress testing framework.

The Group will continue its scheduled initiatives, the main objectives of which, for 2018, are as follows:

- Enhancement of current methods and introduction of an enhanced approach for Information and Communication Technology (ICT) risk monitoring through dedicated projects aimed to embed current best practices and supervisory standards in the management of these risks. Similar initiatives may also be applied for other types of operational risk (e.g. model risk assessment).

- 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.
- Enhancement of the operational risk scenario analysis framework
- Enhancement of the GDPR related risk assessment activities
- Enhancement of the information systems used for the support of the operational risk management framework as well as the support of the fraud detection mechanisms

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.

11 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 with 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 31.12.2017	Book value 31.12.2016
Listed	73	79
Non-listed	43	55
Total	116	134

The total amount of realized gains/losses from the disposal of AFS equity instruments for the year 2017 is Euro 2.9 million losses. The net amount of unrealized gains in the Group’s equity as at 31 December 2017 is Euro 24.6 million. During the year 2017, the Group has recognized impairment amounting to Euro 37.5 million which is allocated to Euro 37.3 million relating to listed shares and Euro 0.2 million to non-listed.

12 Interest Rate Risk in the Banking Book

12.1 Definition

IRRBB refers to the current or prospective risk to the bank's capital and earnings arising from adverse movements in interest rates that affect the bank's book positions.

There are three main sub-types of IRRBB according to Basel Committee on Banking Supervision (BCBS) standards issued in April 2016. Specifically:

- **Gap risk** arises from the term structure of banking book instruments, and describes the risk arising from the timing of instruments' rate changes
- **Basis risk** describes the impact of relative changes in interest rates for financial instruments that have similar tenors but are priced using different interest rates indices (bases) i.e.: an asset priced off Euribor funded by a liability priced off Treasury
- **Option risk** arises from option derivative positions or from optional elements embedded in a bank's assets, liabilities and/or off-balance sheet items, where the bank or the customer can alter the level and timing of the cash flows.

12.2 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.

12.3 Interest Rate Risk Identification and Assessment

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

- 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 re-pricing 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. Alpha Group Interest Rate Gap Analysis results at 31.12.2017 are presented in the table below:

	<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	24,550	9,160	2,442	1,417	8,856	6,273	8,116	60,813
Liabilities	18,246	5,081	7,102	3,800	10,677	4,810	1,472	51,186
Equity	-	-	-	-	-	-	9,627	9,627
Total Liabilities and Equity	18,246	5,081	7,102	3,800	10,677	4,810	11,100	60,813
Gap	6,304	4,079	-4,660	-2,383	-1,821	1,464	-2,983	-
Cumulative Gap	6,304	10,383	5,723	3,341	1,520	2,983	-	-

(1) The above figures are reported under the accounting scope of consolidation

12.4 Interest Rate Risk Statement

There are two complementary methods of measuring the potential impact of IRRBB:

- Changes in expected earnings (Δ NII) &
- Changes in economic value of equity (Δ EVE).

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 2017, Alpha Bank in line with new regulatory requirements set up a set of stress scenarios based on EBA guidelines on the management of interest rate risk arising from non-trading activities and BIS instructions regarding Interest Rate in the banking book.

Interest Rate Risk Stress Scenarios

The stress tests which are performed by Group Risk Management Unit/ALM Risk on a monthly basis cover both regulatory requirements and internal needs. The stress scenarios imply the parallel movement, the steepening as well as the flattening of the yield curve by either changing the short-term rates or the long-term rates or both. These scenarios are applied to IRRBB exposures in each currency for which the bank has material positions. Specifically, IRRBB is measured under the following scenarios:

- Parallel shock up (+200bps)
- Parallel shock down (-200bps)

- Steepener shock (short rates down and long rates up)
- Flattener shock (short rates up and long rates down)
- Short rates shock up
- Short rates shock down

ALCo is responsible for approving and reviewing stress test scenarios for their appropriateness on an annual basis. Group Risk Management Unit/ALM Risk is in charge to calculate the impact of the stress scenarios on forecasted earnings as well as on economic value by incorporating assumptions relating to Alpha Group's business developments, customer behavior and future market developments.

The results of the sensitivity analysis with regards to the Net Interest Income (NII) and Economic Value (EV) under stress test conditions are the following:

Interest rate changes scenarios (yield curve parallel shift)	Net interest income sensitivity (1 year period)
-200bps	-71.3
+200 bps	+ 65.9

12.5 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 Treasuries 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, 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 consolidates the information received from countries' local Risk Management Units and communicates a summary report to Group ALCO.

According to BIS standards concerning interest rate limits on banking book, Alpha Bank implements limits on consolidated basis in terms of both economic value and earnings.

13 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 from banking book activities.

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 Risk Management 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 2017.

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 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 2017, 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, the Bank submits to the Single Supervisory Mechanism (SSM) monthly reports for the additional liquidity monitoring metrics on solo and consolidated basis.

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, for the monitoring of liquidity risk, stress tests are performed on a weekly basis, in order 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".

14 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 Group adopts and applies the following definition for asset encumbrance, in line with EBA regulatory guidelines:

“An asset is encumbered if it has been pledged or subject to any form of arrangement to secure, collateralise or credit enhance any on-Balance Sheet or off-Balance Sheet transactions from which they cannot be freely withdrawn.”

Assets pledged that are subject to any restrictions in withdrawal, such as assets that require prior approval before withdrawal or replacement by other assets, should be considered encumbered”.

Asset encumbrance is an integral part of Group’s liquidity, funding and collateral management process. In this context, asset encumbrance risk management framework incorporates and adopts the overarching principles of the Group’s Risk Management Framework as well as the Group’s Risk Appetite Framework.

The overall Group’s encumbrance through 2017 has decreased mainly due to deposit inflow and a shift that 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 require 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 2017, Central Bank funding has decreased, while repo transactions of the Group have increased. Derivative transactions have followed a descending path, while funding stemming from securitization has slightly increased due to the completion of Alpha Bank’s second shipping securitization transaction in November. Moreover, the Group’s retained Law 3723/2008 Pillar 2 Bonds used for liquidity purposes have been fully repaid on 21st of June 2017.

In accordance with the Group’s business model and the nature and scale of activities it undertakes, the Group mainly identifies the following sources of asset encumbrance, prioritized by matching liability amount as of 31.12.2017:

- **Funding from Central Bank:** This source of secured funding comprises ECB lending facilities and Emergency Liquidity Assistance mechanism, and requires the Group to provide eligible collateral to Central Bank

- **Lending through repurchase contracts/agreements in the interbank market:** This source of secured funding involves repo transactions in the interbank market
- **Derivative transactions directly with counterparties or through clearing systems:** Collateral is placed by the Group for the market value of derivative transactions or as margin to the clearing system
- **Securitisation issuances:** This source of secured funding involves the transfer of underlying assets (loans) to a securitization vehicle
- **Funding from Supranational Organisations:** This source of funding refers to collateralized funding from supranational organisations

For each source of funding that generates asset encumbrance, the Group identifies the assets that are encumbered.

The main asset categories that were encumbered as of 31.12.2017, prioritized by carrying amount, are the following:

- Credit claims (Non-marketable assets)
- Debt securities issued by general governments (Marketable Assets)
- Loans on demand (Marketable Assets)
- Debt securities issued by non-financial corporations (Marketable Assets)

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 encumberable as of 31.12.2017 amounted to 12.5% 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 31.12.2016 amounted to 12.9%.

As of 31.12.2017 the Group did not use as collateral any securities received or any own securities issued and held by the Group (other than ABSs and Covered Bonds).

As of 31.12.2017, the overall overcollateralization of secured liabilities of the Group was at the level of 46.3%, with average haircut of around 31.6%. The respective percentages for 31.12.2016 were 44.5% and 30.8% 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 01.01. - 31.12.2017.

Table 40a – Data as of 31.12.2017				(in Euro million)
A. Assets				
	Carrying amount of encumbered assets	Fair Value of encumbered assets	Carrying amount of unencumbered assets	Fair Value of unencumbered assets
Group Assets	21,278		39,162	
Equity Instruments	-	-	132	132
Debt Instruments	3,942	3,942	1,487	1,487
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	-		39	
Debt Instruments	-		39	
Table 40b – Data as of 31.12.2016				(in Euro million)
A. Assets				
	Carrying amount of encumbered assets	Fair Value of encumbered assets	Carrying amount of unencumbered assets	Fair Value of unencumbered assets
Group Assets	29,061		35,616	
Equity Instruments	-	-	150	150
Debt Instruments	6,119	6,174	1,420	1,423
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	56		416	
Debt Instruments	56		416	
Other Collateral Received	-		-	
Own debt securities issued other than own covered bonds or ABS	729			
Table 40c				(in Euro million)
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	31.12.2017	14,546	21,278	
	31.12.2016	20,837	29,846	

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 Group's remuneration disclosures follow the EBA/GL/2016/11 of 4.8.2017 "Guidelines on disclosure requirements under Part Eight of Regulation (EU) 575/2013", taking into consideration the "materiality" concept. As a consequence, the remuneration disclosures focus on elements that are deemed material.

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
- Correlates 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 evaluated 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.

In the absence of a variable remuneration/ incentive plan (since 2008), risk culture is continually embedded at all level through training and management initiatives, and from the strength of “tone from the top”.

15.2 Remuneration Committee

The Remuneration Committee of the Board of Directors formulates the remuneration policy and the benefits policy of the Bank and Group Personnel as well as of the Members of the Board of Directors and submits recommendations accordingly to the Board of Directors.

The Remuneration Committee convenes at least twice a year. In 2017, it convened five (5) times and the average participation rate of the Members in the meetings stood at 95% (based on the Committee’s composition as of 31.12.2017). The specific duties and responsibilities of the Remuneration Committee was amended in November 2017.

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 annually, within the set deadline, in the form of the IB18-IB24 templates.

16 Appendix

16.1 Appendix I – Analysis of the Board Committees

Audit Committee

The Committee consists of no less than three Members and no more than 40% of the total number of the Members of the Board of Directors of the Bank (rounded to the nearest whole number), excluding the representative of the Hellenic Financial Stability Fund (the “HFSF”). The exact number of the Members of the Committee is determined by the Board of Directors. All Committee Members are Non-Executive Members of the Board of Directors and at least 75% of them are Independent (excluding the HFSF representative). The representative of the HFSF is a Member of the Committee. The Committee generally includes one Member of the Risk Management Committee to ensure proper sharing of information in common areas of interest. The Chair of the Committee (the “Chair”) is a Non-Executive Independent Member with the required expertise and experience to oversee the audit, accounting and financial policies and processes within the remit of the Committee. The Chair cannot simultaneously act as Chair of the Board of Directors or Chair of the Risk Management Committee.

The Committee assists the Board of Directors in achieving the following objectives:

- Safeguarding the integrity of the financial reporting process by overseeing the generation of complete, reliable, accurate and timely Financial Statements which reflect the financial situation of the Bank and the Group
- Ensuring the independent, objective and effective conduct of internal and external audits of the Bank and facilitating communication between the auditors and the Board of Directors
- Ensuring and overseeing the development and implementation of an adequate and effective Internal Control System for the Bank and across the Group
- Ensuring and overseeing compliance with the institutional, regulatory and legal framework governing the operations of the Bank and the Group as well as with internal regulations and codes of ethics
- Overseeing the effectiveness and performance of the Internal Audit Division and the Compliance Division of the Bank and of the respective Units across the Group.

The Committee convenes at least once a month and may invite any Member of the Management or Executive as well as external auditors to attend its meetings.

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 Chair. 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, organisation 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 Non-Executive Independent 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.

Risk Management Committee

The Risk Management Committee was established in 2006. The composition of the Risk Management Committee is determined by the Board of Directors. Currently, the Risk Management Committee comprises four (4) Members, out of who three (3) are Non-Executive Independent Members. One of the Members is appointed Chair. 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 Risk Management 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 receives regular reports from the Chief Risk Officer and the Chief Financial Officer on the implementation of the risk strategy and risk appetite of the Bank and the Group, as well as reviews on an annual basis or whenever it deems necessary, a report from the Chief Risk Officer on the adequacy and the overall effectiveness of the risk policy framework of the Bank and the Group. Further to the above periodically reviews reports on the implementation of risk policies, and proposes to the Board of Directors amendments, modifications, and corrective measures as necessary.

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 Chair 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 Chair of the Risk Management 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 Risk Management Committee convened twelve (12) times during the year 2017.

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, by performing the duties and responsibilities identified below, without limiting the scope of authority granted:

- Formulates the Remuneration Policy for the Bank and the Group as well as for the Members of the Boards of Directors across the Group and makes recommendations to the Board of Directors of the Bank for approval thereof.
- Ensures that the remuneration approach adopted by each Group Company complies with the principles of the Group remuneration policy and that it includes relevant guidelines to local Remuneration Committees, where these exist.
- Recommends to the Board of Directors the quantum of the Chief Executive Officer's (CEO) remuneration and, after considering relevant proposals by the CEO, the quanta of remuneration for the Members of the Executive Committee of the Bank.
- Reviews and recommends the parameters for determining the remuneration of Division Managers, other key function and senior position holders who may not sit on the Executive Committee and Personnel whose salary is at least equal to that of Division Managers.
- Advises the Board of Directors on variable remuneration schemes, where these are permitted, for Personnel and Executives across the Group, and proposes the total envelope for variable remuneration across the Group.
- On an annual basis, reviews and reports findings on remuneration data from the Bank and the Group to the Board of Directors, with a view to monitoring the consistent application of the Remuneration Policy, assessing alignment with corporate goals and ensuring the alignment of remuneration practices with the risk profile.
- On an annual basis (or as required), reviews the audit reports prepared by the Internal Audit Division regarding the implementation of the Remuneration Policy throughout the Group and considers proposals for the revision thereof in alignment with the Group's objectives.

- Reviews the parts of the Bank's Annual Report relevant to remunerations and the relevant disclosures to the General Meeting of Shareholders and makes relevant recommendations to the Board of Directors.
- Assesses the mechanisms and systems adopted to ensure that the remuneration system properly takes into account all types of risks, liquidity and capital levels and that the overall Remuneration Policy is consistent with and promotes sound and effective risk management and is in line with the business strategy, objectives, corporate culture, values and long-term interest of the Bank.
- Assesses the achievement of performance targets and the need for ex post risk adjustment, including the application of malus and clawback arrangements.
- Reviews a number of possible scenarios to test how the Remuneration Policy and Practices react to external and internal events and back-test the criteria used for determining the award and the ex-ante risk adjustment based on the actual risk outcomes.

Executives' and Human Resources' Evaluation

- Leads the evaluation process for Senior Executives and Key Function Holders, ensuring that it is implemented adequately and in accordance with the provisions of the Bank's "Policy for the Evaluation of Senior Executives and Key Function Holders".
- Ensures that adequate policies and processes for the regular performance evaluation of Senior Executives and Key Function Holders of the Bank and of the Group Personnel are in place, adequately implemented and in alignment with the Group's Remuneration Policy and Human Resources policies and processes (including Personnel succession planning and talent management systems).

Collaboration with Other Committees of the Board of Directors

- Coordinates with the Audit Committee the approval of the remuneration of the Head of the Internal Audit Division of the Bank.
- Recommends to the Board of Directors the remuneration of the Chief Risk Officer, after consultation with the Risk Management Committee.
- Recommends to the Board of Directors the remuneration of the Head of the Compliance Division, after consultation with the CEO and the Audit Committee
- Cooperates with the Audit Committee and the Risk Management Committee, as required, when their operations influence the design and implementation of the Remuneration Policy.
- Cooperates with the Corporate Governance and Nominations Committee in proposing to the Board of Directors the amount of remuneration of the Non-Executive Members of the Board of Directors.
- Provides input to the Corporate Governance and Nominations Committee regarding potential amendments to the Policy for the Evaluation of Senior Executives and Key Function Holders.

Other

- Ensures the availability of resources, within and outside the Bank, required to support the work of the Committee.

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:

Chairman	Ibrahim S. Dabdoub (1.1.2017 - 31.12.2017)
Member	Efthimios O. Vidalis (1.1.2017 - 31.12.2017)
Member	Richard R. Gildea (1.1.2017 - 31.12.2017)
Member	Panagiota S. Iplixian (1.1.2017 - 23.2.2017)
Member	Spyridon-Stavros A. Mavrogalos-Fotis (23.2.2017 – 31.12.2017)

In 2017, the Remuneration Committee convened five (5) times.

Description of the diversity policy applied to management, administration and supervision bodies

To Alpha Bank, the provision of equal opportunities for employment and advancement to all its Employees is not merely a legal obligation, but a cornerstone of its Human Resources policy. This policy is incorporated in the Human Resources management procedures and practices and ensures the implementation thereof in every country where Alpha Bank is present. Seeking to implement gender equality in action and to address the issue of the low percentage of women in positions of responsibility, issues which are typical of the Greek labour market, the Bank has taken a number of measures which help its Employees balance their professional and family life, while also promoting equitable treatment and merit-based Personnel advancement, with equal advancement opportunities for female Employees. The Bank also applies a uniform, gender-neutral salary policy to all categories of Personnel. The Bank respects and defends the diversity of its Employees irrespective of gender, age, nationality, political and religious convictions or any other discrimination. Further to the above principles, the Bank recognises the need for diversity pertaining to skills, background, knowledge and experience in order to facilitate constructive discussion and independent thinking. It ensures top-quality work conditions and opportunities for advancement that are based on merit and equitable treatment. It offers fair remuneration, based on contracts which are in agreement with the conditions of the corresponding national labour market and ensures compliance with the respective national regulations, inter alia, on minimum pay, working hours and the granting of leave.

Moreover, the Bank defends human rights and opposes all forms of child, forced or compulsory labour. Alpha Bank respects Employee rights and is committed to

safeguarding them fully, in accordance with the national and the European Union Law and the Conventions of the International Labour Organization.

With respect to diversity, persons of different age groups and of diverse academic and professional experience participate in the Board of Directors and in the Top Management, thus providing the knowledge and the experience required for the proper and effective fulfilment of their duties. Moreover, the Members of the Board of Directors hold different nationalities and have a wealth of international experience as members of Boards of Directors or top executives in other countries. Furthermore, the Board of Directors of the Bank applies a Diversity Policy pertaining to gender in accordance with which Alpha Bank strives to achieve and maintain over time a balanced gender profile at Board level. This might not always be achievable in the short term. However, whenever the above target is not reached, the Corporate Governance and Nominations Committee informs the Board of Directors and makes its achievement a priority when nominating candidates.

Employees in Positions of Responsibility⁽¹⁾ as of 31.12.2017 are displayed in the following table:

Table 42: Age Breakdown as of 31.12.2017						
Gender	18-25	26-40	41-50	51+	Total	Percentage
Male	0	48	262	208	518	63.40%
Female	0	24	210	65	299	36.60%
Total:	0	72	472	273	817	100%
Percentage %		8.81%	57.77%	33.42%	100%	

Table 43: Employees Educational Background		
Educational level	Breakdown as of 31.12.2017	Percentage %
Postgraduate Studies (Master's, PhD)	296	36.23%
Tertiary Education (graduates of Universities or Technological Education Institutes)	277	33.90%
High School (Lyceum) graduates	244	29.87%
Total	817	100%

(1) Positions of Responsibility are defined as the positions from Branch Manager and above

The percentage and number of Employees in managerial positions per educational level points out that Employees in managerial positions holding postgraduate degrees represent in 2017 the highest percentage, i.e. 36.23%.

16.2 Appendix II - CVs of the Members of the Board of Directors

CHAIRMAN (Non-Executive Member)

Vasileios T. Rapanos

He was born in Kos in 1947. He is Professor Emeritus at the Faculty of Economics of the University of Athens and he has been an Ordinary Member of the Academy of Athens since 2016. He studied Business Administration at the Athens School of Economics and Business (1975) and holds a Master's in Economics from Lakehead University, Canada (1977) and a PhD from Queen's University, Canada. He was Deputy Governor and Governor of the Mortgage Bank (1995-1998), Chairman of the Board of Directors of the Hellenic Telecommunications Organization (1998-2000), Chairman of the Council of Economic Advisors at the Ministry of Economy and Finance (2000-2004), and Chairman of the Board of Directors of the National Bank of Greece and the Hellenic Bank Association (2009-2012). He has been the Chairman of the Board of Directors of the Bank since May 2014.

VICE CHAIRMAN (Non-Executive Independent Member)

Evangelos J. Kaloussis (until 28.9.2017)

He was born in 1943 and is the Chairman of the Federation of Hellenic Food Industries (SEVT) as of 2006, whereas he has been a member of the Federation's Board of Directors since 2002. He was Chairman of NESTLE HELLAS S.A. from 2001 until 2015. He was a Member of the Board of Directors of the Bank from 2007.

EXECUTIVE MEMBERS

MANAGING DIRECTOR - CEO

Demetrios P. Mantzounis

He was born in Athens in 1947. He studied Political Sciences at the University of Aix-Marseille. He joined the Bank in 1973 and he has been a Member of the Board of Directors of the Bank since 1995. In 2002 he was appointed General Manager and he has been the Managing Director since 2005.

DEPUTY CEOs

Spyros N. Filaretos

He was born in Athens in 1958. He studied Economics at the University of Manchester and at the University of Sussex. He joined the Bank in 1985. He was appointed Executive General Manager in 1997 and General Manager in 2005. In October 2009 he was appointed Chief Operating Officer (COO) and in March 2017 Deputy CEO - Chief Operating Officer. He has been a Member of the Board of Directors of the Bank since 2005.

Artemios Ch. Theodoridis

He was born in Athens in 1959. He studied Economics and holds an MBA from the University of Chicago. He joined the Bank as Executive General Manager in 2002. In 2005 he was appointed General Manager and in March 2017 Deputy CEO, Non-Performing Loans and Treasury Management. He has been a Member of the Board of Directors of the Bank since 2005.

George C. Aronis

He was born in Athens in 1957. He studied Economics and holds an MBA, major in Finance, from the Athens Laboratory of Business Administration (ALBA). He has worked for multinational banks for 15 years, mostly at ABN AMRO BANK in Greece and abroad. He joined Alpha Bank in 2004 as Retail Banking Manager. In 2006 he was appointed Executive General Manager, in 2008 General Manager and in March 2017 Deputy CEO, Retail, Wholesale Banking and International Network. He has been a Member of the Board of Directors of the Bank since 2011.

NON-EXECUTIVE MEMBERS

Efthimios O. Vidalis

He was born in 1954. He holds a BA in Government from Harvard University and an MBA from the Harvard Graduate School of Business Administration. He worked at Owens Corning (1981-1998), where he served as President of the Global Composites and Insulation Business Units. Furthermore, he was Chief Operating Officer (1998-2001) and Chief Executive Officer (2001-2011) of the S&B Industrial Minerals Group, where he served on the Board of Directors for 15 years. He is an executive member of the Board of Directors of the TITAN Group. He was a member of the Board of Directors of the Hellenic Federation of Enterprises (SEV) from 2006 to 2016 as well as founder and Chairman of the SEV Business Council for Sustainable Development from 2008 to 2016. He has been a Member of the Board of Directors of the Bank since May 2014.

NON-EXECUTIVE INDEPENDENT MEMBERS

Ibrahim S. Dabdoub

He was born in 1939. He studied at the Collège des Frères in Bethlehem, at the Middle East Technical University in Ankara, Turkey and at Stanford University, California, U.S.A. He was the Group Chief Executive Officer of the National Bank of Kuwait from 1983 until March 2014. He is Vice Chairman of the International Bank of Qatar (IBQ), Doha and a member of the Board of Directors of the International Institute of Finance (IIF) as well as Co-Chair of the Emerging Markets Advisory Council (EMAC), Washington D.C. He is also a member of the Bretton Woods Committee, Washington D.C. and of the International Monetary Conference (IMC). Furthermore, he is a member of the Board of Directors of the Central Bank of Jordan, Amman, of the Board of Directors of the Consolidated Contractors Company, Athens, and of the Board of Advisors of Perella

Weinberg, New York. In 1995, he was awarded the title of “Banker of the Year” by the Arab Bankers Association of North America (ABANA) and in 1997 the Union of Arab Banks named him “Arab Banker of the Year”. In 2008 and 2010 he was given a “Lifetime Achievement Award” by “The Banker” and “MEED” respectively. He has been a Member of the Board of Directors of the Bank since May 2014.

Carolyn G. Dittmeier (as of 26.1.2017)

She was born in 1956. She holds a BSc in Economics from the Wharton School of the University of Pennsylvania (1978). She is a statutory auditor, a certified public accountant, a certified internal auditor and a certified risk management assurance professional. She focused her career on the auditing sector, taking on the role of Chief Internal Audit Executive of the Poste Italiane Group between 2002 and 2014. Previously, she had gained professional experience with the auditing firm KPMG and the Montedison Group as both financial controller and later Head of Internal Audit. She has carried out various professional and academic activities focusing on risk and control governance. She was Vice Chair of the Institute of Internal Auditors (IIA) from 2013 to 2014 (director since 2007); Chair of the European Confederation of Institutes of Internal Auditing-ECIIA (2011-2012) and of the Italian Association of Internal Auditors (2004-2010). Furthermore, she served as Independent Director and Chair of the Risk and Control Committee of Autogrill SpA, as well as Independent Director and Chair of the Risk and Control Committee of Italmobiliare SpA. She is currently President of the Statutory Audit Committee of Assicurazioni Generali SpA. She has been a Member of the Board of Directors of the Bank since January 2017.

Shahzad A. Shahbaz

He was born in 1960. He holds a BA in Economics from Oberlin College, Ohio, U.S.A. He has worked at various banks and investments firms, since 1981, including the Bank of America (1981-2006), from which he left as Regional Head (Corporate and Investment Banking, Continental Europe, Emerging Europe, Middle East and Africa). He served as Chief Executive Officer (CEO) of NDB Investment Bank/Emirates NBD Investment Bank (2006-2008) and of QInvest (2008-2012). He is currently the Investment Advisor at Al Mirqab Holding Co. He has been a Member of the Board of Directors of the Bank since May 2014.

Jan A. Vanhevel

He was born in 1948. He studied Law at the University of Leuven (1971), Financial Management at Vlekho (Flemish School of Higher Education in Economics), Brussels (1978) and Advanced Management at INSEAD (The Business School for the World), Fontainebleau. He joined Kredietbank in 1971, which became KBC Bank and Insurance Holding Company in 1998. He acquired a Senior Management position in 1991 and joined the Executive Committee in 1996. In 2003 he was in charge of the non-Central European branches and subsidiaries while in 2005 he became responsible for the KBC subsidiaries in Central Europe and Russia. In 2009 he was appointed CEO and implemented the Restructuring Plan of the group until 2012 when he retired. From 2008

until 2011 he was President of the Fédération belge du secteur financier (Belgian Financial Sector Federation) and a member of the Verbond van Belgische Ondernemingen (Federation of Enterprises in Belgium), while he has been the Secretary General of the Institut International d'Études Bancaires (International Institute of Banking Studies) since May 2013. He was also a member of the Liikanen Group on reforming the structure of the EU banking sector. He has been a Member of the Board of Directors of the Bank since April 2016.

Richard R. Gildea

He was born in 1952. He holds a BA in History from the University of Massachusetts (1974) and an MA in International Economics, European Affairs from The Johns Hopkins University School of Advanced International Studies (1984). He served in JP Morgan Chase from 1986 until 2015 wherein he held various senior management positions throughout his career. He was Emerging Markets Regional Manager for the Central and Eastern Europe Corporate Finance Group, London (1993-1997) and Head of Europe, Middle East and Africa (EMEA) Restructuring, London (1997-2003), as well as Senior Credit Officer in EMEA Emerging Markets, London (2003-2007). From 2007 until 2015 he was Senior Credit Officer for JP Morgan's Investment Bank Corporate Credit in EMEA Developed Markets, London and was appointed Senior Risk Representative to senior committees within the Investment Bank. He is currently a member of the Board of Advisors at The Johns Hopkins University School of Advanced International Studies, Washington D.C., as well as a member of the Chatham House (the Royal Institute of International Affairs), London and of the International Institute of Strategic Studies, London. He has been a member of the Board of Directors of the Bank since July 2016.

NON-EXECUTIVE MEMBER

(pursuant to the provisions of Law 3723/2008)

THE GREEK STATE, via its appointed representative:

Marica S. Ioannou – Frangakis (until 20.3.2017)

She was born in Asyut, Egypt in 1950. She holds a BSc in Economics from the London School of Economics (LSE), University of London, U.K. and an MA in Development Economics from the University of Sussex, U.K. From 1978 to 1993 she worked at the Agricultural Bank of Greece, initially as Head of the Economic Forecasting Department (1978-1990) and then at the Privatisations Unit of the Governor's Office (1990-1993). From 1993 to 2010 she served as Head of the Liquidations Department of Ethniki Kefaleou S.A., a company of the National Bank of Greece group. She is currently an independent researcher focusing on Macroeconomics and Finance. She is a member of the Board of Directors of the Nicos Poulantzas Institute as well as of the Steering Committee of the EuroMemo Group. Following a decision by the Minister of Finance, she was a Member of the Board of Directors of the Bank as a representative of the Greek State from March 2015.

NON-EXECUTIVE MEMBER

(pursuant to the provisions of Law 3864/2010)

Panagiota S. Iplixian (until 23.2.2017)

She was born in 1949. She holds a BA in Business Administration and a Postgraduate Diploma in Management Studies from the University of Northumbria, Newcastle upon Tyne, England, and specialised in “Organisation and Methods” at the British Institute of Administrative Management. From 1972 to 1987, she worked for consulting firms. From 1987 until 2000 she worked for commercial banks in the United States and from 2000 until 2009 for EFG Eurobank Ergasias. From 2010 until 2012 she was a Non-Executive Independent Member of the Board of Directors of the Hellenic Financial Stability Fund. From October 2011 until December 2013 she was Non-Executive Vice President of the Board of Directors of New Proton Bank, representing the Hellenic Financial Stability Fund. She was a Member of the Board of Directors of the Bank, representing the Hellenic Financial Stability Fund, from January 2014.

Spyridon-Stavros A. Mavrogalos-Fotis (as of 23.2.2017)

He was born in Athens in 1968. He holds a BSc in Computer Information Systems from the American College of Greece (1991) and a Master of Business Administration (MBA) in Finance from the University of Nottingham (1992). He is a chartered auditor-accountant (ACCA) and an internal auditor. From 1993 to 1996 he worked as auditor for KPMG and then for ABN AMRO. From 1996 to 2002 he served as internal auditor and subsequently as Risk Management Head at EFG Eurobank Ergasias. From 2002 to 2007 he was the Cosmote Group COO. Additionally, from 2008-2013 he was Assistant General Manager at the National Bank of Greece. From October 2013 to March 2016 he served as Managing Director at the ETHNIKI Hellenic General Insurance Company and as Chairman at its subsidiaries in Greece, Cyprus and Romania. He was the General Secretary of the Hellenic Association of Insurance Companies and since 2014 he has been Vice Chairman and non-executive member of the Insurance Company Europe AEGA. He has been a Member of the Board of Directors of the Bank, representing the Hellenic Financial Stability Fund, since February 2017.

16.3 Appendix III – 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.

Table 44: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)						
Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Equity method	Solo Consolidation	Risk weighed at 250 %	
Alpha Bank London Ltd	Full consolidation	x				Credit institution
Alpha Bank Cyprus Ltd	Full consolidation	x				Credit institution
Alpha Bank Romania S.A.	Full consolidation	x				Credit institution
Alpha Bank Srbija A.D.	Full consolidation	x				Credit institution
Alpha Bank Albania SH.A.	Full consolidation	x				Credit institution
Alpha Leasing A.E.	Full consolidation	x				Leasing Companies
Alpha Leasing Romania IFN S.A.	Full consolidation	x				Leasing Companies
ABC Factors A.E.	Full consolidation	x				Leasing Companies
Alpha Finance A.E.P.E.Y.	Full consolidation	x				Investment Banking
SSIF Alpha Finance Romania S.A.	Full consolidation	x				Investment Banking
Alpha A.E. Ventures	Full consolidation	x				Investment Banking
Alpha A.E. Ventures Capital Management - AKES	Full consolidation	x				Investment Banking
Emporiki Ventures Capital Developed Markets Ltd	Full consolidation	x				Investment Banking
Emporiki Ventures Capital Emerging Markets Ltd	Full consolidation	x				Investment Banking
Alpha Asset Management A.E.D.A.K.	Full consolidation	x				Asset Management
ABL Independent Financial Advisers Ltd	Full consolidation				x	Asset Management

Table 44: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)						
Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Equity method	Solo Consolidation	Risk weighed at 250 %	
Alpha Insurance Agents A.E.	Full consolidation		x			Insurance
Alpha Insurance Brokers S.R.L.	Full consolidation		x			Insurance
Alphalife A.A.E.Z.	Full consolidation				x	Insurance
Alpha Astika Akinita A.E.	Full consolidation	x				Real estate and hotel
Emporiki Development and Real Estate Management A.E.	Full consolidation	x				Real estate and hotel
Alpha Real Estate D.O.O. Beograd	Full consolidation	x				Real estate and hotel
Alpha Real Estate Bulgaria E.O.O.D.	Full consolidation	x				Real estate and hotel
Chardash Trading E.O.O.D.	Full consolidation	x				Real estate and hotel
Alpha Real Estate Services S.R.L.	Full consolidation	x				Real estate and hotel
Alpha Investment Property Chalandriou A.E.	Full consolidation	x				Real estate and hotel
Alpha Investment Property Attikis A.E.	Full consolidation	x				Real estate and hotel
Alpha Investment Property Attikis II A.E.	Full consolidation	x				Real estate and hotel
Alpha Investment Property I A.E.	Full consolidation	x				Real estate and hotel
Alpha Investment Property Amaroussion II A.E.	Full consolidation	x				Real estate and hotel

Table 44: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)						
Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Equity method	Solo Consolidation	Risk weighed at 250 %	
AGI-RRE Participations 1 S.R.L.	Full consolidation	x				Real estate and hotel
AGI-BRE Participations 1 E.O.O.D.	Full consolidation	x				Real estate and hotel
Stockfort Ltd	Full consolidation	x				Real estate and hotel
Romfelt Real Estate S.A.	Full consolidation	x				Real estate and hotel
AGI-RRE Zeus S.R.L.	Full consolidation	x				Real estate and hotel
AGI – RRE Athena S.R.L.	Full consolidation	x				Real estate and hotel
AGI – RRE Poseidon S.R.L.	Full consolidation	x				Real estate and hotel
AGI – RRE Hera S.R.L.	Full consolidation	x				Real estate and hotel
AGI-BRE Participations 2 E.O.O.D.	Full consolidation	x				Real estate and hotel
AGI-BRE Participations 2BG E.O.O.D.	Full consolidation	x				Real estate and hotel
AGI-BRE Participations 3 E.O.O.D.	Full consolidation	x				Real estate and hotel
AGI-BRE Participations 4 E.O.O.D.	Full consolidation	x				Real estate and hotel
APE Fixed Assets A.E. (48w)	Full consolidation	x				Real estate and hotel
SC Cordia Residence S.R.L.	Full consolidation	x				Real estate and hotel
HT-1 E.O.O.D.	Full consolidation	x				Real estate and hotel
AGI-RRE Venus S.R.L.	Full consolidation	x				Real estate and hotel
AGI-RRE Cleopatra S.R.L.	Full consolidation	x				Real estate and hotel
AGI-RRE Hermes S.R.L.	Full consolidation	x				Real estate and hotel
SC Carmel Residential S.R.L.	Full consolidation	x				Real estate and hotel
Alpha Investment	Full consolidation	x				Real estate and hotel

Table 44: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)						
Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Equity method	Solo Consolidation	Risk weighed at 250 %	
Property Neas Kifissias A.E.						
Alpha Investment Property Kairois A.E.	Full consolidation	x				Real estate and hotel
Alpha Investment Property Livadias A.E.	Full consolidation	x				Real estate and hotel
AGI-SRE Ariadni DOO	Full consolidation	x				Real estate and hotel
Asmita Gardens SRL	Full consolidation	x				Real estate and hotel
Alpha Investment Property Kefalariou A.E.	Full consolidation	x				Real estate and hotel
Asstrom Residents S.R.L.	Full consolidation	x				Real estate and hotel
AGI-BRE Participations 5 E.O.O.D.	Full consolidation	x				Real estate and hotel
Cubic Center Development S.A.	Full consolidation	x				Real estate and hotel
Alpha Investment Property Neas Erythraias A.E.	Full consolidation	x				Real estate and hotel
Alpha Investment Property Chanion A.E. (former Anaplasi Plagias A.E.)	Full consolidation	x				Real estate and hotel
AGI-SRE Participations 1 DOO (48m)	Full consolidation	x				Real estate and hotel
Alpha Investment Property Neas Spaton A.E.	Full consolidation	x				Real estate and hotel
TH Top Hotels SRL (48κ)	Full consolidation		x			Real estate and hotel
Alpha Investment Property Kallitheas A.E.	Full consolidation	x				Real estate and hotel

Table 44: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)						
Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Equity method	Solo Consolidation	Risk weighed at 250 %	
Kestrel Enterprise EOOD	Full consolidation	x				Real estate and hotel
House Properties Investments EOOD	Full consolidation	x				Real estate and hotel
Residence Properties Investments EOOD	Full consolidation	x				Real estate and hotel
Beroe Real Estate EOOD	Full consolidation	x				Real estate and hotel
Alpha Credit Group Plc	Full consolidation	x				Special purpose and holding entities
Alpha Group Jersey Ltd	Full consolidation			x		Special purpose and holding entities
Alpha Group Investments Ltd	Full consolidation	x				Special purpose and holding entities
Ionian Holdings A.E.	Full consolidation	x				Special purpose and holding entities
Ionian Equity Participations Ltd	Full consolidation	x				Special purpose and holding entities
Emporiki Group Finance Plc	Full consolidation	x				Special purpose and holding entities
AGI – BRE Participations 1 Ltd	Full consolidation	x				Special purpose and holding entities
AGI – RRE Participations 1 Ltd	Full consolidation	x				Special purpose and holding entities
Alpha Group Ltd	Full consolidation			x		Special purpose and holding entities
Irida Plc	Full consolidation	x				Special purpose and holding entities

Table 44: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)						
Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Equity method	Solo Consolidation	Risk weighed at 250 %	
Alpha Shipping Finance Ltd	Full consolidation	x				Special purpose and holding entities
AGI – RRE Athena Ltd	Full consolidation	x				Special purpose and holding entities
AGI – RRE Poseidon Ltd	Full consolidation	x				Special purpose and holding entities
AGI – RRE Hera Ltd	Full consolidation	x				Special purpose and holding entities
Umera Ltd	Full consolidation	x				Special purpose and holding entities
AGI-BRE Participations 2 Ltd	Full consolidation	x				Special purpose and holding entities
AGI-BRE Participations 3 Ltd	Full consolidation	x				Special purpose and holding entities
AGI-BRE Participations 4 Ltd	Full consolidation	x				Special purpose and holding entities
Alpha Real Estate Services LLC	Full consolidation	x				Special purpose and holding entities
AGI-RRE Ares Ltd	Full consolidation	x				Special purpose and holding entities
AGI-RRE Venus Ltd	Full consolidation	x				Special purpose and holding entities
AGI-RRE Artemis Ltd	Full consolidation	x				Special purpose and holding entities
AGI-BRE Participations 5 Ltd	Full consolidation	x				Special purpose and holding entities

Table 44: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)						
Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Equity method	Solo Consolidation	Risk weighed at 250 %	
AGI-RRE Cleopatra Ltd	Full consolidation	x				Special purpose and holding entities
AGI-RRE Hermes Ltd	Full consolidation	x				Special purpose and holding entities
AGI-RRE Arsinoe Ltd	Full consolidation	x				Special purpose and holding entities
AGI-SRE Ariadni Ltd	Full consolidation	x				Special purpose and holding entities
Zerelda Ltd	Full consolidation	x				Special purpose and holding entities
AGI-Cypre Alaminos Ltd	Full consolidation	x				Special purpose and holding entities
AGI-Cypre Tochni Ltd	Full consolidation	x				Special purpose and holding entities
AGI-Cypre Evagoras Ltd	Full consolidation	x				Special purpose and holding entities
AGI-Cypre Tersefanou Ltd	Full consolidation	x				Special purpose and holding entities
AGI-Cypre Mazotos Ltd	Full consolidation	x				Special purpose and holding entities
AGI-Cypre Ermis Ltd	Full consolidation	x				Special purpose and holding entities
AGI-SRE Participations 1 Ltd	Full consolidation	x				Special purpose and holding entities
Alpha Bank London Nominees Ltd	Full consolidation				x	Other companies
Alpha Trustees Ltd	Full consolidation	x				Other companies

Table 44: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)						
Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Equity method	Solo Consolidation	Risk weighed at 250 %	
Kafe Alpha A.E.	Full consolidation		x			Other companies
Alpha Supporting Services A.E.	Full consolidation		x			Other companies
Real Car Rental A.E.	Full consolidation		x			Other companies
Emporiki Management A.E.	Full consolidation	x				Other companies
Alpha Bank Notification Services A.E.	Full consolidation	x				Other companies
APE Commercial Property A.E.	Equity method		x			Joint Ventures
APE Investment Property A.E.	Equity method		x			Joint Ventures
Alpha TANEO A.K.E.S.	Equity method		x			Joint Ventures
Rosequeens Properties Ltd.	Equity method		x			Joint Ventures
Cepal Holdings A.E.	Equity method		x			Joint Ventures
Panarae Saturn LP	Equity method		x			Joint Ventures
AEDEP Thessalias and Stereas Ellados	Equity method		x			Associates
A.L.C. Novelle Investments Ltd	Equity method				x	Investment Banking
Bank Information Systems A.E.	Equity method		x			Associates
Propindex A.E.D.A.	Equity method		x			Associates
Olganos A.E.	Equity method		x			Associates
Alpha Investment Property Eleona A.E	Equity method		x			Associates
Selonda Aquaculture A.E.G.E.	Equity method		x			Associates
Nireus Aquaculture S.A.	Equity method		x			Associates

Table 44: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Equity method	Solo Consolidation	Risk weighed at 250 %	
Famar S.A.	Equity method		x			Associates
Cepal Holdings A.E.	Equity method		x			Associates

16.4 Appendix IV – Organizational Chart

