Alpha Bank

Consolidated Pillar III Disclosures

September 30, 2020

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Abbreviation	Definition
BoG	Bank of Greece
CBR	Combined Buffers Requirements
CET1	Common Equity Tier 1
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
EBA	European Banking Authority
ECB	European Central Bank
ECL	Expected Credit Loss
EU	European Union
GL	Guidelines
IFRS	International Financial Reporting Standards
IMA	Internal Model Approach
NCA	National Competent Authorities
OCR	Overall Capital Requirement
O-SII	Other Systemically Important Institution
RWA	Risk Weighted Assets
SME	Small & Medium Enterprises
SSM	Single Supervisory Mechanism
SVaR	Stressed Value at Risk
TSCR	Total SREP Capital Requirements
VaR	Value at Risk

1 Introduction

1.1 General Information

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

The Parent Company of the Group, Alpha Bank, which was founded in 1879 by John F. Kostopoulos, has its headquarters at 40 Stadiou Street, Athens, and is registered in the Register of Companies with number 6066/06/B/86/05. The Bank is subject to the Greek banking 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, Romania, Cyprus and Albania and Luxemburg.

1.2 Corporate developments

Corporate Transformation – Hive down

The Bank announced its strategic plan for 2020-2022 on November 2019. Among its main priorities is the acceleration of the procedures regarding its Balance Sheet resolution. The strategic plan includes: (a) the accomplishment of a securitization transaction on receivables from non-performing loans amounting up to € 11 billion (Galaxy transaction), b) the inclusion of the securitization transaction under the program "Hercules Asset Protection Scheme (HAPS)" of the Law 4649/2019 for the limitation of the impact of the securitization transaction on the Bank's capital adequacy and the subsequent sale of the portfolio, c) the transfer of the non-performing exposures servicing to "Cepal", which is a licensed entity for the management of receivables from loans in accordance with Law 4354/2015 and subsequently the sale of Cepal's shares to a third investor and d) the hive down of the banking activity sector of the Bank.

The Bank completed the procedures for the securitization of non- performing loans and on 6.8.2020 announced the submission of application under the Hercules Asset Protection Scheme for the Orion and Galaxy II securitizations of Galaxy transaction under Law 4649/2019. The application relates to the provision of a guarantee by the Greek State on the senior notes of an amount up to € 3.04 billion.

In the same context, on 22.10.2020 the Bank applied for the third securitization Galaxy IV. The application relates to the provision of a guarantee by the Greek State on the senior notes of Galaxy IV securitization of an amount up to € 650 million.

Additionally, the Bank announced on 28.9.2020, the initiation of the transfer process (carve out) of its NPE management activity to Cepal, with the objective of reducing Non Performing Exposures (NPEs). The transfer of the NPE Management Activity is expected to be completed by the end of November 2020.

The Board of Directors of 1.6.2020, resolved to commence the demerger process through the spin-off (hive down) of the banking activity sector by the establishment of a new entity, in accordance with the provisions of article 16 of Law 2515/1997, Article 57 par. 3 and articles 59 to 74 of Law 4601/2019.

In the context of the hive down, the banking activity sector of Alpha Bank (Demerged Entity) will be contributed to the new entity, which will be licensed as a credit institution and will be a 100% subsidiary of the Demerged Entity. The Demerged Entity will retain activities, assets and liabilities, which are not related to the core banking activity and upon the completion of the demerger process, will cease to be a credit institution while its shares will remain listed on Athens Stock Exchange.

Additionally, according to the aforementioned resolution, June 30th 2020 has been set as the transformation balance sheet date of the hive down. All actions taken by the Demerged Entity, following the transformation balance sheet date and are related to the sector of banking activity contributed, are considered to be performed on behalf of the new company.

All rights pertained by the HFSF will be maintained after the completion of the hive down. The completion of the demerger is subject to the mandatory approvals required by Law from the Board of Directors and General Assembly of Alpha Bank's shareholders, along with the required approvals by the competent regulatory Authorities, as are in force. The action plan of demerger through the spin-off (hive down) of the banking activity sector and the establishment of a new entity was approved during the Board of Directors meeting of 15.9.2020.

TIER II Capital Instruments

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

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

2 Pillar III disclosures Overview

2.1 Background

Alpha Bank's Pillar III Report is prepared in accordance with the requirements laid down in Part Eight of the "Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms" (Capital Requirements Regulation, or CRR) and the "Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms" (Capital Requirements Directive IV, or CRD IV), as amended by the Regulation (EU) 2019/876 and the Directive (EU) 2019/878, of the European Parliament and of the Council of 20 May 2019..

2.1.1 Disclosures enhancements

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

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

2.1.2 Approval and publication

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

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

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

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

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

2.2 Supervision and Regulatory Framework

Single Supervisory Mechanism (SSM)

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

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

The applicable banking regulatory framework in the European Union (EU), the Basel 3 capital framework, was implemented by the "Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms" (CRR) published on June 27, 2013, in combination with the "Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms" (CRD IV) published on June 27, 2013 that has been transposed into the Greek legislative framework by the Law 4261/2014. The framework on prudential requirements and prudential supervision is effective from January 1, 2014, and has been amended on 20 May 2019 by the Regulation (EU) 2019/876 and the Directive (EU) 2019/878, of the European Parliament and of the Council.

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

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

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

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

Supervisory Review and Evaluation Process (SREP)

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

This process evaluates the:

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

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

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

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

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

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

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

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

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

3 Capital Management

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

The Capital Strategy of the Group commits to maintain sound capital adequacy both from economic and regulatory perspective. It aims at monitoring and adjusting the Group's capital levels, taking into consideration capital markets' demand and supply, in an effort to achieve the optimal balance between the economic and regulatory considerations. The objectives of the Group's capital management policy are to ensure that the Group has sufficient capital to cover the risks of its business, to support its strategy and to comply with regulatory capital requirements, at all times.

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

Main elements affecting Asset Quality, Capital and Liquidity

- At the end of September 2020, Alpha Bank's Transitional Common Equity Tier 1 (CET1) stood at Euro 7.9 billion, resulting in a CET1 ratio of 17.2%, stable q-o-q, as the positive impact from the quarterly profitability, and a decrease in Credit Risk, was fully offset by a rise in intangibles due to the acquisition of 100% stake in CEPAL.
- The NPE ratio for the Group at the end of September 2020 stood at 42.8%, while NPE Coverage increased to 44.8%. Total coverage stands at 101.7%.
- In 9M 2020, Group's deposit base recorded inflows of Euro 1.3 billion. Deposit balances in Greece expanded by Euro 1.4 billion since year-end 2019, to Euro 35.8 billion, as inflows from both Households and Businesses exceeded a decrease in State deposits. In Q3 2020, private sector deposits increased by Euro 0.8 billion, with core deposits from Businesses accounting for the majority of inflows.
- At the end of September 2020, Eurosystem funding remained at Euro 11.9 billion, reflecting full utilisation of our TLTRO borrowing allowance. Blended funding cost in Q3 2020 stood at negative territory (-7bps) and is expected to trend lower as the Bank anticipates to benefit from the -1% interest rate, assuming fulfilment of the target set under TLTRO-III guidelines. The Bank's repo portfolio amounted to Euro 0.6 billion at the end of September 2020 vs. Euro 6.3 billion at the end of 2019.

3.1 Capital Ratios

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

As shown in the following table, on 30.9.2020, Alpha Bank's CET1 stood at approx. Euro 7.9 billion and the total Regulatory Capital at 8.4 billion, while the total RWAs amounted to Euro 46.1 billion resulting in a CET1 ratio of 17.2%, and total Capital Adequacy Ratio of 18.3%, mainly affected by the:

- Increase in interim profits,
- Decrease in credit RWAs,
- Full consolidation of CEPAL.

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

Table 1: Capital Adequacy Ratios (%)		**(in Euro million)**
Capital Type	**30.9.2020**	**30.6.2020**
CET1	7,909	7,941
Tier 1 Capital	7,912	7,944
Tier 2 Capital	525	519
Total Regulatory Capital for C.A.R. calculation	8,438	8,464
Risk Weighted Assets	46,054	46,289
Capital Ratios		
CET1 Ratio	**17.2%**	**17.2%**
Tier 1 Ratio	**17.2%**	**17.2%**
Capital Adequacy Ratio (Tier 2 + Tier 2)	**18.3%**	**18.3%**

The above-mentioned ratios include the profits for 9M 2020. The following table presents the capital ratios if the period profits were not included.

Table 2: Capital Ratios without profits for 9M 2020	**30.9.2020**
CET1 Ratio	**16.9%**
Tier 1 Ratio	**16.9%**
Capital Adequacy Ratio (Tier 2 + Tier 2)	**18.0%**

3.2 EBA Stress testing

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

On 30.7.2020, EBA announced that the EU-wide Stress Test will be carried out in 2021, at the highest level of consolidation and that exercise is expected to be launched at the end of January 2021 and its results to be published at the end of July 2021.

3.3 IFRS 9 Capital Impact

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

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

Alpha Bank has decided to make use of the amended article 473a of the Regulation 2020/873 and to apply the transitional provisions for the calculation of Capital Adequacy on both the standalone and the consolidated basis.

The table below shows a comparison of own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 (including the 9m period result).

Table 3: Comparison of own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 (in Euro million)					
Available capital (amounts)	**30.09.2020**	**30.06.2020**	**31.03.2020**	**31.12.2019**	**30.09.2019**
Common Equity Tier 1 (CET1) capital	7,909	7,941	7,840	8,495	8,662
CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6,564	6,592	6,567	6,943	7,110
Tier 1 capital	7,912	7,944	7,843	8,499	8,666
Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6,564	6,592	6,567	6,943	7,110
Total capital	8,438	8,464	8,354	8,510	8,677
Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7,092	7,114	7,081	6,958	7,125
Risk-weighted assets (amounts)					
Total Risk-weighted assets	46,054	46,289	47,617	47,483	48,105
Total Risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	44,866	45,098	46,876	46,600	47,185
Capital ratios					
Common Equity Tier 1 ratio (%)	17.2%	17.2%	16.5%	17.9%	18.0%
CET1 ratio (%) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.6%	14.6%	14.0%	14.9%	15.1%
Tier 1 ratio (%)	17.2%	17.2%	16.5%	17.9%	18.0%
Tier 1 ratio (%) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.6%	14.6%	14.0%	14.9%	15.1%
Total ratio (%)	18.3%	18.3%	17.5%	17.9%	18.0%
Total ratio (%) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.8%	15.8%	15.1%	14.9%	15.1%
Leverage ratio					
Leverage ratio total exposure measure	62,678	67,430	66,030	63,386	62,821
Leverage ratio	12.6%	11.8%	11.9%	13.2%	13.8%
leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10.7%	9.9%	10.1%	11.0%	11.6%

3.4 Own Funds structure

The following table presents the analysis of Own funds structure:

Table 4: Own funds structure		(in Euro million)	
Type	**30.09.2020 (1)**	**30.09.2020**	**30.06.2020**
Share capital	463	463	463
Share premium	10,801	10,801	10,801
Accumulated other comprehensive income (and other reserves)	- 2,831	- 2,831	- 2,829
o/w FVOCI reserves	257	257	250
Adjustments due to IFRS 9 transitional adjustments	913	913	917
Minority interest (transitional)	0	0	0
PVA	- 9	- 9	- 9
Common equity tier 1 capital before regulatory adjustments	**9,338**	**9,338**	**9,344**
Period Profit	-	135	88
Intangible assets	- 541	- 541	- 482
DTA amortization	- 1,019	- 1,005	- 999
Irrevocable payment Commitment	- 16	- 16	- 9
Regulatory adjustments applied to common equity tier 1 due to insufficient additional tier 1 and tier 2 to cover deductions	-	-	-
Total regulatory adjustments to common equity tier 1	**- 1,576**	**- 1,428**	**- 1,403**
Common equity tier 1 capital (CET1) (1)	**7,761**	**7,909**	**7,941**
Hybrid instruments	15	15	15
Additional Tier I before regulatory adjustments	**15**	**15**	**15**
Hybrid instruments transitional	- 12	- 12	- 12
(-) Goodwill/Intangible investments	-	-	-
of which deductible from Additional Tier I	- 12	- 12	- 12
of which deductible from CET1	-	-	-
Total regulatory adjustments to additional Tier I	- 12	- 12	- 12
Additional Tier I	**3**	**3**	**3**
Tier I Capital (CET1 + AT1)	**7,764**	**7,912**	**7,944**
Subordinated loan	513	513	508
Hybrid instruments (transitional)	12	12	12
Tier II capital before regulatory adjustments	**525**	**525**	**520**
Total regulatory adjustments to Tier II	-	-	1
Tier II capital	**525**	**525**	**519**
Total Capital (TC = Tier I + Tier II)	**8,289**	**8,438**	**8,464**
Total RWA	**46,021**	**46,054**	**46,289**
Common equity tier 1 Ratio	**16.9%**	**17.2%**	**17.2%**
Tier I Ratio	**16.9%**	**17.2%**	**17.2%**
Capital Adequacy Ratio (Tier I + Tier II)	**18.0%**	**18.3%**	**18.3%**

(1) without interim 9M profit of € 135 million

3.5 Capital requirements under Pillar I

The Group calculates and reports to the designated authorities its capital requirements (Pillar I RWAs) according to the provisions of the CRR 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 are determined by the general policy of the Group in conjunction with factors such as the nature and type of risks that the Group undertakes, the level and complexity of the Group's business and other factors such as the degree of readiness of the information and software systems.

Capital Requirements are calculated using the following approaches:

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

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

Table 5: EU OV1 – Overview of RWAs (in Euro million)

Risk Category	RWAs		Minimum capital requirements
	30.09.2020	30.06.2020	30.09.2020
Credit risk (excluding CCR)	**38,395**	**38,726**	**3,072**
Of which the standardised approach	38,395	38,726	3,072
CCR	**251**	**289**	**20**
Of which mark to market	200	234	16
Of which risk exposure amount for contributions to the default fund of a CCP	-	-	-
Of which CVA	51	55	4
Settlement risk	**-**	**-**	**-**
Securitisation exposures in the banking book (after the cap)	**120**	**107**	**10**
Of which standardised approach	120	107	10
Market risk	**1,579**	**1,461**	**126**
Of which the standardised approach	73	127	6
Of which IMA	1,506	1,334	120
Large exposures	**-**	**-**	**-**
Operational risk	**3,557**	**3,557**	**285**
Of which basic indicator approach	-	-	-
Of which standardised approach	3,557	3,557	285
Amounts below the thresholds for deduction (subject to 250% risk weight)	**2,119**	**2,128**	**170**
Total	**46,021**	**46,267**	**3,682**

4 Leverage

The leverage ratio, which is defined as Tier 1 capital divided by total exposure, is a binding requirement from the beginning of 2020. The “risk of excessive leverage” means the risk that results from an institution's vulnerability due to leverage or contingent leverage that may require unintended corrective measures to its business plan, including distressed selling of assets which might result in losses or in valuation adjustments to its remaining assets.

The level of the leverage ratio with reference date 30.09.2020 on consolidated basis was 12.4%, according to the transitional definition of Tier 1 capital, exceeding by 4,1x the 3% minimum threshold applied by the competent authorities, implying that the Bank is not taking on excessive leverage risk.

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

The following table presents an analysis of the Group's leverage ratio:

Table 4: Summary information on leverage ratio	(in Euro million)
Tier 1 capital	7,764
Leverage ratio total exposure measure	62,664
Leverage ratio	12.4%
Leverage ratio (excluding the impact of any applicable temporary exemption of central bank exposures)*	11.5%

*Following ECB’s decision 2020/1306.The decision declares that certain exposures to central banks are temporarily excluded from the total exposure measure, in view of theCovid-19 pandemic.

5 Market Risk-IMA approach

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

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

Alpha Bank calculates Value at Risk (VaR) for internal risk management purposes since 1999. The VaR methodology applied is historical simulation, using a 99% percentile, one tailed confidence interval, a historical observation period of 2 years un-weighted data and a 1 and 10–day holding period. 10 day VaR is calculated with a 10 day horizon and a 1 day fixed step (overlapping periods). Calculation of the value-at-risk value is performed on a daily basis using full valuation across all risk factors and positions. The Stressed VaR methodology is based on the current VaR methodology. All risk factors included in the regulatory VaR model are considered in the Stressed VaR model. The Bank computes the Stressed VaR measure on a daily basis, to coincide with the VaR periodicity. Currently, the stress period used by the Bank is January 2016 – December 2016. The selection of the stressed period is based on the assessment of the most volatile period in recent history.

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

Table 5a: 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 30.06.2020	**399**	**935**	**1,334**	**107**
Regulatory adjustment (1)	261	650	911	73
RWAs at the previous quarter-end (end of the day)	**138**	**285**	**423**	**34**
Movement in risk levels	4	3	1	0
Bond Prices Movements	5	5	10	1
Other	-	-	-	-
RWAs at 30.09.2020 (end of the day)	**146**	**287**	**433**	**35**
Regulatory adjustment (1),	357	715	1,073	86
RWAs at 30.09.2020	**504**	**1,002**	**1,506**	**120**

Table 5b: 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 31.03.2020	**309**	**959**	**1,268**	**101**
Regulatory adjustment (1)	192	690	882	71
RWAs at the previous quarter-end (end of the day)	**118**	**269**	**386**	**31**
Movement in risk levels	14	6	20	2
Bond Prices Movements	6	11	17	1
Other	-	-	-	-
RWAs at 30.06.2020 (end of the day)	**138**	**285**	**423**	**34**
Regulatory adjustment (1)	261	650	911	73
RWAs at 30.06.2020	**399**	**935**	**1,334**	**107**

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