



ALPHA BANK



BUSINESS  
REVIEW  
2018



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## Brief History

The history of Alpha Bank begins in 1879, when John F. Costopoulos founded a commercial firm in the city of Kalamata, which quickly undertook banking activities, especially in the foreign exchange market. In 1918, the banking department of the "J.F. Costopoulos" firm was renamed "Bank of Kalamata". In 1924, the Bank was renamed "Banque de Crédit Commercial Hellénique" and its headquarters were moved to Athens. In 1947, the title was changed to "Commercial Credit Bank", in 1972 to "Credit Bank" and in March 1994 to "Alpha Credit Bank". "Alpha Credit Bank" grew greatly as, in addition to offering banking services and products, it developed into a major Group offering a wide range of financial services.

In 1999 "Alpha Credit Bank" acquired 51% of the shares of the Ionian Bank and in 2000 the merger of the Ionian Bank through absorption by "Alpha Credit Bank" was approved. The new enlarged Bank that emerged operates with the distinctive title "Alpha Bank".

The transfer of the entire Emporiki Bank share capital from Crédit Agricole S.A. to Alpha Bank was completed on

1 February 2013. On that date, the Bank acquired control of Emporiki Bank of Greece S.A. and in June 2013 the legal merger by absorption of the latter by the former was completed. Emporiki Bank was founded in 1886 and was a historic bank, which played a key role in the economic development of Greece during the 20th century.

The successful acquisition of Emporiki Bank in 2013 was followed by the acquisition of Citibank's Greek Retail Banking operations, which was completed in September 2014. This initiative further strengthens Alpha Bank's position in the Greek banking system and enhances its offering to its affluent customer base.

The Alpha Bank Group offers a wide range of high-quality financial products and services in Greece and in Southeastern Europe.

Alpha Bank is based in Athens, at 40 Stadiou Street, and is entered on the Sociétés Anonymes Register with No 6066/06/B/86/05 and on the General Electronic Commercial Registry with No 223701000.

## Key Indicators

<i>(Amounts in Euro million)</i>	<b>Change %</b>	<b>Alpha Bank Group</b>	
		<b>2018 <sup>(1)</sup></b>	<b>2017</b>
<b>BALANCE SHEET</b>			
Total Assets <sup>(2)</sup>	0.3%	61,007	60,808
Loans and advances to Customers, before allowance for impairment losses	-5.7%	51,238	54,356
Allowance for impairment losses	-0.6%	-10,977	-11,038
Due to Customers (including debt securities in issue)	11.0%	38,732	34,890
Total Equity	-15.4%	8,143	9,627
<b>PROFIT AND LOSS ACCOUNT</b>			
Total Income <sup>(3)</sup>	5.7%	2,604	2,464
Total Expenses before impairment losses and provisions to cover credit risk	-10.1%	-1,162	-1,293
<b>Profit/(Loss) before taxes and impairment losses and provisions to cover credit risk</b>	<b>23.1%</b>	<b>1,442</b>	<b>1,171</b>
Impairment losses and provisions to cover credit risk	72.2%	-1,731	-1,005
<b>Profit/(Loss) after Income Tax</b>	<b>152.2%</b>	<b>53</b>	<b>21</b>
<b>INDICES</b>			
Net Interest Margin <sup>(4)</sup>		3.5%	3.6%
Total Capital Adequacy Ratio		17.4%	18.4%
TIER 1 Capital Adequacy Ratio		17.4%	18.3%
<b>CREDIT RATINGS</b>			
Moody's		Caa2	Caa3
Standard & Poor's		CCC+	CCC+
Fitch Ratings		B-	RD
<b>OTHER INFORMATION</b>			
Branches		629	670
Number of Employees		11,314	11,727

<sup>(1)</sup> Starting from 1.1.2018, the Group has implemented IFRS 9, which replaced IAS 39 and imposed fundamental changes in the way financial instruments are classified and measured. The impact of the adoption of the new Standard was equal to Euro 1,142 after taxes and was recognised directly in the Equity of the Group.

<sup>(2)</sup> The Consolidated Balance Sheet of the comparative year has been restated due to the reclassification of specific account balances.

<sup>(3)</sup> The share of profit/(loss) of associates and joint ventures is included.

<sup>(4)</sup> The Net Interest Margin was calculated based on the Net Interest Income divided by the average interest-bearing assets.

## LETTER FROM THE CHAIRMAN

Dear Shareholders,  
Ladies and Gentlemen,

2018 could be described as a turning point in the country's economic developments. Greece successfully concluded the third Fiscal Adjustment Programme, having managed to reduce the severe macroeconomic imbalances by almost eliminating its twin deficits and making significant structural reforms, considerably deregulating the labour and product markets. In addition, the economic activity accelerated; it is worth noting that this recovery was mainly driven by a great improvement in competitiveness, which led to a significant increase in exports as a percentage of the Gross Domestic Product (GDP). Rising employment in 2018, coupled with a gradual nominal wage growth, improved the disposable income and, alongside the strengthening of the consumer confidence index, supported the household consumption expenditure. Despite these positive developments, our country is still facing the challenge of meeting two key objectives; the acceleration of economic growth in the coming years and the achievement of high primary surpluses in the context of the fiscal commitments it has made.

However, when analysing the development of the economic activity, it should be noted that although the economy achieved satisfactory growth in 2018, the contribution of investment expenditure to the GDP growth remains low, reflecting the difficulty of transforming the productive model towards internationally tradable products and services. This hampers the transition of the economy into a course of a stronger and lasting sustainable development. It should be mentioned that, at this pace, the net fixed capital formation does not suffice to cover the investment gap created during the period 2010-2017, despite the clear recovery in investments in machinery and, mainly, in IT.

There are many significant factors deterring the boosting of private-sector investment, the most important ones being high energy costs, high non-wage costs due to increased insurance contributions, high tax rates, et al. Continued cutbacks to the Public Investment Programme slow down the country's growth potential, since the overall active demand is reduced and improvements in the quality of public infrastructure are prevented.

The need to enhance private investment through a more

investment-friendly environment and public investment through the implementation of the Public Investment Programme is inextricably linked to the acceleration of economic activity, the improvement of which will drastically contribute to overcoming the social difficulties caused by the economic recession. The expenditure squeeze on the Public Investment Programme and increases in labour taxation as a means of achieving fiscal targets constitute limiting factors in this direction. It is now broadly recognised that stimulating productive investment and improving employee skills constitute the most effective mechanism in order to substantially strengthen social protection, mainly through the creation of new full-time jobs and the reduction of unemployment, in particular amongst young people. Boosting productive investment therefore represents one of the most significant, if not the most significant, challenge for the economic policy in the coming years.

Yet, the challenges for the Greek Economy are many.

Albeit significantly improved, the sustainability of public debt remains fragile, as its alleviation depends on the commitment to the agreed fiscal targets and on the consistent implementation of the reform agenda in order to stimulate the economy's growth potential. The gradual and unhindered return of the Greek State to the international financial markets on favourable terms constitutes a major challenge for our country, as it will signal the end of its dependence on the European Stability Mechanism. The recent successful issues of government bonds and the narrowing of yield spreads are positive developments signifying smoother access to the funds necessary for financing the public and the private sector.

Another major challenge is tackling unemployment. Albeit on a downward trend, unemployment rates are still high, exceeding the European Union average. Employment growth is mainly due to the recovery of the economic activity and the positive course of certain sectors, such as trade, tourism and manufacturing. More than just an absolute necessity for the society, a drastic reduction in unemployment also constitutes a key requirement for a sound economic policy. The experience of other countries has shown that, in the long run, a decline in unemployment cannot be sustained only by the economic activity, as improvements in employee skills are

also required, which can be achieved through each country's education system and through active human resources training and retraining policies.

Finally, it is worth noting that, despite the fact that Greece has improved its competitive position globally in terms of unit labour costs, the structural competitiveness of the Greek Economy remains below the average ratio of the 28 Member States of the European Union, according to the indicators published by the World Economic Forum. History has shown that the long-term competitive position of an economy ultimately depends on the country's ability to adopt innovations and new technologies and to adapt its productive structures to the changing economic and political conditions at an international level. However, in order for a country to be able to adapt, it must develop reliable, modern institutions including a simple and fair tax system, modern and efficient public administration, relevant procedures for the effective enforcement of legal decisions and, in general, it should adopt mechanisms for the swift and impartial resolution of financial and social disputes. The weak and/or inefficient framework of private and public institutions has led to a very low level of confidence towards these institutions and our political system among citizens and economic actors. Restoring this confidence, which suffered a heavy blow during the crisis, must be a key priority for the government, the politicians and citizens in general.

Dear Shareholders,  
Ladies and Gentlemen,

In the new environment that has begun to emerge, the banking system is called to act on many fronts. The further reduction of the high stock of Non-Performing Exposures is a sine qua non for the future re-financing by the banks of sound entrepreneurship and, thus, for their contribution to the restructuring of the country's production sector. In this context, the restructuring of viable businesses can be a vehicle for attracting foreign and domestic capital, thus enhancing investment activities which are very essential for Greece. At the same time, banks endeavour to improve their liquidity by drawing the necessary deposits from the economy and to enhance their capital adequacy.

Dear Shareholders,  
Ladies and Gentlemen,

2018 was a positive year for Alpha Bank and a year in which key strategic objectives were achieved, with a particularly satisfying performance in critical areas. The Bank remained profitable, its capital adequacy remained high and its reliance on the Emergency Liquidity Assistance of the Bank of Greece dropped to near-zero.

At the same time, in accordance with the strategic planning of the Group, a set of initiatives has been launched to strengthen the Bank's business and operational model and promote its digital profile. As regards the management of Non-Performing Exposures, the planned actions for the sale of Non-Performing Loan portfolios, based on the revised Business Plan submitted to the Single Supervisory Mechanism, are underway. At this point, it should be noted that the efforts of our Bank, as well as those of the other banks, to radically reduce Non-Performing Exposures will be greatly facilitated if the proposals for strengthening bank capital submitted by the Hellenic Financial Stability Fund and the Bank of Greece are approved by the Greek Parliament.

In addition to the actions taken to solidify the financial stability of Alpha Bank in 2018, a series of initiatives were introduced to further improve and strengthen its corporate governance. In 2018, Mr Jean L. Cheval, a Senior Executive with a broad banking experience at major European banks, was elected as Board Member, Mr Ibrahim S. Dabdoub resigned, while the Hellenic Financial Stability Fund replaced its representative at the Board, Mr Spyridon-Stavros A. Mavrogalos-Fotis, with Mr Johannes-Herman-Frederik G. Umbgrove.

Undoubtedly, the most significant change pertaining to the Bank's corporate governance was the resignation of the Chief Executive Officer, Mr Demetrios P. Mantzounis, and his replacement by Mr Vassilios E. Psaltis. At this point, I would like to remind the Shareholders that at the 2018 Ordinary General Meeting the Chief Executive Officer of the Bank, Mr Demetrios P. Mantzounis, announced his intention to resign and requested the Board to initiate the process for his succession. Once again, I would like to express my gratitude to Mr Demetrios P. Mantzounis for his contribution to the Bank over his long term of service and especially for his role in

helping Alpha Bank overcome the major difficulties caused by the long-term crisis in the Greek Economy. In November 2018, the Board of Directors, with the assistance of the Corporate Governance and Nominations Committee, following the best international practices and in full compliance with the Greek legislation and the guidelines of the competent European institutions, unanimously elected Mr Vassilios E. Psaltis as Member of the Board of Directors and new CEO to assume his duties on 2 January 2019.

Furthermore, in the context of the periodic review of corporate governance issues and in addition to the changes pertaining to its composition, the Board of Directors revised the Corporate Governance Code and the Charters of all the Board of Directors Committees in order for them to be fully aligned with the relevant regulatory framework and with the most recent best practices in corporate governance. The annual individual evaluation of each Board Member was conducted, while an overall evaluation of the entire Board of Directors has been concluded by a corporate governance consulting firm. The findings of both evaluations were very positive. The Board of Directors and its Committees operate currently in accordance with the best international practices and the guidelines of the supervisory authorities. Over the past year, the Bank continued its policy in terms of offering the new Members of the Board of Directors an induction programme as well as continuous informative sessions to the Members of the Board of Directors in order to update them on current issues of the banking market and on the regulatory developments in the financial sector.

The Bank continued strengthening its ties with Shareholders' representatives and institutional investors focusing on corporate governance issues by providing them with the necessary information so as to facilitate their decision-making process in view of the Annual Ordinary General Meeting of Shareholders. To this end, a roadshow took place in 2018, to inform investors about corporate governance issues.

In 2018, the Board continued its policy for enhancing the collaboration with and the close monitoring of the Group Companies, primarily those in Romania and Cyprus. Following a thorough gap analysis, the Group Companies' Corporate Governance Codes and the Charters of the Board of Directors' Committees were fully aligned with legal and regulatory

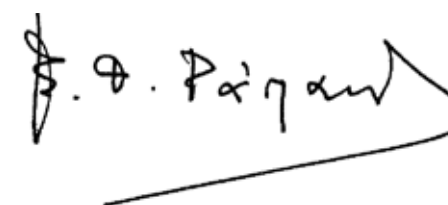
requirements, the European Banking Authority guidelines as well as with Alpha Bank's corporate governance practices.

Dear Shareholders,  
Ladies and Gentlemen,

The Bank has concluded the first stage pertaining to the strategic planning of the Group focused on the recovery of its operational flexibility, in a constantly changing and more demanding international legal and regulatory environment, making the most of digital technologies. The new projects being developed by the new CEO will allow our Bank to support our Customers even more effectively and, obviously, to support Greece's economic activity. Besides, this is the policy our Bank has been consistent with over all the years of its operation. It may be useful to remind you that this year we are modestly celebrating the Bank's 140th anniversary. On behalf of the Board of Directors, I would like to assure you that, with the utmost respect for our history, we will continue to work diligently and methodically towards meeting new challenges and ensuring that Alpha Bank remains an exemplary Greek banking institution.

In conclusion, I would like to express my gratitude to our Shareholders, for their continued support and trust, to our Customers, for their continued faith in Alpha Bank and, of course, to the Personnel of the Bank for their commitment and diligence. On behalf of the Board of Directors, I would like, once again, to thank Mr Demetrios P. Mantzounis for his valuable contribution to Alpha Bank which he served admirably for many years and to wish the new CEO, Mr Vassilios E. Psaltis, strength, resilience and determination, to allow our Bank to achieve the high goals we have set.

Athens, June 28, 2019



Vasileios T. Rapanos



## LETTER FROM THE CHIEF EXECUTIVE OFFICER

Dear Shareholders,  
Ladies and Gentlemen,

This is the first year that I am participating in the Alpha Bank Annual General Meeting of Shareholders as CEO and it coincides with the Bank's 140th anniversary. So it is therefore a great honour and privilege for me to address you today at a time when my efforts are fully focused on planning and implementing strategy for the Group's future. Aware of this great responsibility, I would like to voice my commitment to our common goals: those of prioritising Customers and supporting the Greek Economy, which is now entering a period of sustained recovery.

I would also like to express our sincere thanks on behalf of the Bank's Management and Personnel for your continued support. You have actively demonstrated the confidence you have placed in our prospects for growth. On our part we promise to continue to work hard in order to safeguard your interests, strengthen the Bank and reinforce its competitive position.

I would also like to express my gratitude to Mr Demetrios Mantzounis for his significant contribution to the Bank over his long career, but in particular for his important work as CEO during what was a very challenging time for our country during the economic crisis.

There are still many obstacles to overcome, however, as the banking system in Greece and in Europe undergoes changes against the backdrop of a volatile international financial environment, Alpha Bank will address these challenges by making the most of its strong corporate identity, its robust capital position and its outstanding Personnel, working with rectitude, diligence and understanding to achieve our business goals.

Dear Shareholders,  
Ladies and Gentlemen,

2018 was a milestone for the Greek Economy as the third Economic Adjustment Programme was successfully completed leading to the introduction of measures designed to ease the country's financing needs over the next decade. As far as economic sentiment is concerned, both consumer confidence indicators and business expectations indices have improved markedly as economic activity continues

to rebound. The improved economic conditions have been reflected in the further drop in unemployment as well as in the recovery of the residential and commercial real estate market after a decade of continuous decline. Residential investment increased in 2018 for the first time since 2007, in line with the recovery of residential real estate prices by 1.6%. This increase was underpinned by the strong expansion of the short-term rental market over the last few years.

These developments support the efforts of the Greek banks to clean-up their balance sheets. This strengthening market confidence, expressed most notably in March 2019 with the issuance of Greek ten-year Government Bonds for the first time in nearly a decade and the upgrading of the country's credit rating, enables banks to raise liquidity from the international money markets and thus diversify their funding sources. The development and expansion of credit lines made available by international counterparties in favour of Greek banks for secured funding transactions allow for more effective asset utilisation and can lead to significant improvements in liquidity.

A major contributing factor to the reduced uncertainty over the Greek Economy has been the primary surplus achieved in 2018, which stood at 4.4% of GDP and exceeded the government's target of 3.5% for a third consecutive year. It is worth noting that last year Greece posted the second highest budget surplus among Eurozone countries, behind Cyprus.

Moreover, the gradual reduction in the dependency of Greek banks on the Emergency Liquidity Assistance (ELA) of the Bank of Greece continued in 2018; as a result, at the end of March 2019, the total funding received by Greek banks from ELA was zero.

Dear Shareholders,  
Ladies and Gentlemen,

In 2018, Alpha Bank successfully completed its Restructuring Plan, allowing it to regain its commercial flexibility. Furthermore, the Bank made progress in cleaning-up its balance sheet by further improving the quality of its loan portfolio, enhancing liquidity and retaining its strong capital base.

The Bank is focused on reducing its Non-Performing Exposures through the sale of Non-Performing Loans

as well as through the restructuring of loans in arrears. More specifically, in July 2018 the Bank launched its new Non-Performing Retail Loans Transformation Plan which continues to gather pace. This Plan entails new, flexible and upgraded restructuring propositions that take into account the Customers' ability to pay and aims to enhance the efficiency of the restructured portfolio. Thus far there have been positive responses in terms of Customer receptiveness (approximately Euro 5 billion to be restructured) and volumes of modifications (approximately Euro 3.1 billion restructured). From the launch of the Plan up until the end of May 2019, long-term restructurings increased by about 27%, accounting for about 72% of total restructurings compared to 40% pre-launch. Thus, a strong pipeline of forborne loans eligible for long-term curing has been built.

Alongside this, Alpha Bank continues to make progress with the sale of Non-Performing Loans, delivering the seventh best performance in Europe and the best among Greek banks in 2018. In particular, the Bank successfully executed three NPL disposals, both secured and unsecured, totalling approximately Euro 3 billion on-balance sheet gross book value, corresponding to total claims of approximately Euro 7 billion. Furthermore, in July 2018, Alpha Bank, together with the three other systemic banks, entered into an agreement with doBank S.p.A., a credit institution specialised in servicing Non-Performing Loans, to reduce their Non-Performing Exposures and protect the viability of Small and Medium-Sized Enterprises (SMEs).

As a result of successful restructurings and liquidations, Non-Performing Exposures in Greece stood at Euro 21.9 billion at the end of December 2018. At year-end, the Group Non-Performing Exposures Ratio stood at 48.9%, while the Non-Performing Exposures Coverage Ratio increased to 48%.

Alpha Bank maintained its leading position in 2018, extending credit to sectors of the Greek Economy where loan demand is strong and to businesses with good growth prospects, strengthening the country's infrastructure and export potential. In this context, new loan disbursements increased to Euro 3 billion in 2018, up from Euro 2.1 billion in 2017, standing at Euro 600 million in the first quarter of 2019. During the previous year, loans were mainly allocated to sectors such as manufacturing, trade, transport, tourism,

energy and construction. Gross Group loans stood at Euro 52.5 billion, of which loan balances in Greece stood at Euro 44.9 billion and loan balances in Southeastern Europe at Euro 7.2 billion.

Alpha Bank remains committed to its guiding principle of strengthening the Greek Economy and entrepreneurship and in 2018 the Bank demonstrated its active support for its varied business Customers across all sectors by seeking new opportunities, promoting innovative initiatives and investments and encouraging their development. Building on its long-term relationship with supranational organisations, in 2018 the Bank signed a financing agreement for Small and Medium-Sized Enterprises and Mid-Cap Companies with the European Investment Bank that totalled Euro 100 million and provides additional incentives for youth employment. Additionally, for the first time for the Bank, a contract amounting to Euro 25 million was signed with the Group Company Alpha Leasing S.A. for the financing of SMEs with leasing products. With its emphasis on supporting outward-looking enterprises and having achieved a rapid absorption of trade finance programmes from the European Bank for Reconstruction and Development (totaling Euro 125 million) and the International Finance Corporation (totaling USD 105 million), the Bank was awarded the "Most Active Issuing Bank in 2018 in Greece" by the EBRD for the second consecutive year. Finally, in July 2018 the ceiling for SME financing through the COSME-LGF guarantee facility increased to a total of Euro 500 million, on the back of strong interest by business Customers.

The improvement in the Alpha Bank Group's liquidity position continued in 2018 thanks to an increase in deposits and repos. This development contributed to the significant decrease in Alpha Bank's funding from Central Banks, the European Central Bank and the Emergency Liquidity Assistance (ELA) of the Bank of Greece, on which it has had no dependence since February 2019. Moreover, in January 2018, the Bank successfully completed a covered bond issuance of Euro 500 million, reaffirming its ability to support such transactions.

As a result of the above developments, the Loan-to-Deposit Ratio for the Group further improved to 104% at the end of December 2018, with the figure in Greece in particular coming

to 106%, down from 107% the previous year - significantly lower than the Loan-to-Deposit Ratio target set in the Bank's Restructuring Plan.

Through the continued implementation of its business plan, Alpha Bank further strengthened its balance sheet in 2018 and improved profitability. Net Income after Tax amounted to Euro 53 million versus Euro 21.1 million in 2017. Net Interest Income stood at Euro 1,756 million, reduced by 9.6% on an annual basis, mainly due to lower loan contributions. Net Fee and Commission Income increased by 3.6% on an annual basis as a result of higher revenues from credit cards, increased fee generation from new loans and restructurings as well as increased fees from investment banking and brokerage. Furthermore, Income from financial operations amounted to Euro 462.7 million, compared to Euro 144.7 million the previous year, positively affected by trading gains that arose from the Greek Government Bonds portfolio.

Alpha Bank also remained vigilant in containing costs in 2018. Recurring Operating Expenses were further decreased by 2.2% on an annual basis as a result of reduced General Expenses and stood at Euro 1,092.6 million with the corresponding Cost-to-Income Ratio amounting to 51.2%. In 2018, Personnel Expenses decreased by 1.9%, mainly due to a 3.5% headcount reduction as a result of the successful Voluntary Separation Scheme (VSS) in Greece with an estimated annualised benefit of Euro 30 million. General Expenses amounted to Euro 525.7 million, down by 3.4% year-on-year as a consequence of the 17.9% decrease in expenses for NPL remedial management and third-party expenses.

Finally, the capital base remains robust, ensuring the Bank is well protected against exogenous shocks while also allowing for the flexibility to undertake initiatives that support Alpha Bank's strategic goals. Common Equity Tier 1 (CET1) ratio stood at 17.4% in the fourth quarter of 2018, while the fully loaded Basel III CET1 ratio stood at 14%. Furthermore, Tangible Book Value amounted to Euro 7.7 billion at the end of December 2018, the highest among Greek banks. It is noteworthy that in May 2018 the Bank successfully completed yet another Stress Test conducted by the European Central Bank which confirmed the strength of the capital base.

Dear Shareholders,  
Ladies and Gentlemen,

Amongst the principles and values of the Group, Alpha Bank has continued to focus on social responsibility by following internationally recognised sustainable development initiatives.

Initiatives carried out in 2018 include the annual "Together, for better health" programme, which has been designed to deliver medical and pharmaceutical equipment and supplies to local health centres in the Greek islands.

Moreover, in 2018, the Bank launched the "Together, for better education" programme, whose aim is to support primary schools throughout Greece with modern teaching systems, books and sports equipment.

On the occasion of Athens' nomination as "World Book Capital" for 2018, Alpha Bank launched a new Corporate Responsibility initiative called "A book is travelling". Starting from mid-April, the Bank turned an entire "Line 2" train of the Athens Metro into a virtual library for a whole month, in a move that aimed to help raise public awareness about the value of education, culture and literature. The "Together with the children at the Museum and the Theatre" programme also continued in 2018 and allowed children living in Children's Homes and Foundations to visit museums and attend theatre performances organised exclusively for them.

Alpha Bank acts responsibly to respond quickly to aid people stricken by floods, earthquakes or other natural disasters by offering clothing and long shelf-life food supplies. It also carries out emergency measures consisting of special arrangements in support of its Customers, whether these are Individuals living in affected areas or Businesses based there.

To this end, the Bank was able to immediately provide its support to those affected by the fires in East and West Attica in July 2018, by offering 800 items of clothing to the residents of the Municipality of Marathon and 600 items of medical and pharmaceutical supplies to the Municipality of Rafina. The Bank also offered its Retail and Business Customers living or operating in affected areas the option to suspend servicing their mortgage, consumer and business loans and credit cards for up to twelve months, interest-free.

Alpha Bank has been actively involved in the country's cultural life and development for many years. "The defacements

that hurt" programme for the preservation of sculptures and historic monuments continued in 2018 and landscaping improvement works were carried out at the White Tower in Thessaloniki. The Programme was also extended to Nafplio, with the restoration of buildings and monuments in the city, in collaboration with the Nafplio Public Library and the Municipality of Nafplio. Cleaning and damage restoration works were also carried out at the Vallianeion Building, the historic building of the National Library of Greece.

Dear Shareholders,  
Ladies and Gentlemen,

2019 is a year of significant challenges for the Greek Economy and for Alpha Bank.

The international environment has become less favourable due to a number of factors: the slowing growth rate of the global economy, the increasing uncertainty concerning trade relations between the U.S.A. and China, which also significantly affects the European economy, Brexit, increased Euroscepticism, social tensions in France and the weakening of the automotive sector.

In Greece, during the recession investment consistently remained lower than depreciation, and the country's productive capital stock weakened – both in terms of value and due to the fact that recent technological innovations have not been adopted – resulting in declining or subdued labour productivity. In 2018 there was no evidence of a slow-down in disinvestments, therefore the need for a strong positive investment stimulus represents a major challenge for the Greek Economy.

Alpha Bank aspires to facilitate the efforts to create this investment potential by channelling deposits into the most profitable investment plans. For us, this position is a token of respect and responsibility both for the funds of our Depositors and Shareholders, as well as for the efforts, ideas and visions for entrepreneurial action of all the Greek citizens and especially the young.

The Bank has deployed significant resources for this effort: a solid capital base, a strong brand name and lasting relationships with its Customers, to whom it provides competitive products and services, enhancing operational efficiency through its digital transformation programme.



Moreover, over the next two years, the Bank is called on to respond to the challenge of further reducing its Non-Performing Loans. Alpha Bank has already intensified its efforts to reduce Non-Performing Exposures by upsizing its designated sales perimeter and increased the restructuring efforts in other portfolios. With regards to disposals, we have already started our first transaction of the year on a portfolio of Non-Performing SME Loans ("Project Neptune"), which we expect to conclude by the end of 2019.

In the first months of 2019, significant progress was recorded in the Bank's planning process, and key milestones were achieved in strengthening our Balance Sheet: exiting the ELA facility, further containing operating expenses, growing the deposit base, issuing the first ever covered bond in the Romanian market and actively managing our Greek sovereign bonds position in line with our risk appetite.

Additionally, we have successfully concluded the first phase of formulating the Group's new strategy, namely a detailed and clear baselining of the starting point of our Group and our comparative advantages. As such, we carried out initiatives including a deep dive in organisational effectiveness and receiving feedback from our Employees, who are an integral participant in the transformation process.

From where we stand now, with the knowledge and support of our Board of Directors, the Management and our Employees, we are certain that we will soon be able to communicate to all a comprehensive and ambitious strategy that will effectively address legacy issues and will place the Bank at the centre of future developments.

I would like to express my gratitude to the outstanding Personnel of Alpha Bank, who work tirelessly, with dedication and enthusiasm and to whom I commit to continue to provide the right environment for growth and development.

Athens, June 28, 2019



Vassilios E. Psaltis

## SHARE

Alpha Bank has been listed on the Athens Exchange since 1925 and is consistently classed as one of the largest companies in terms of market capitalisation. At the end of 2018, the capitalisation of the Bank stood at Euro 1,698 million and represented 4.65% and 45.53% of the capitalisation of the Athens Exchange's General and Banking Indexes companies respectively, while the participation of its share in the FTSE/Athex Large Cap Index was 7.56%.

In addition to the Greek stock exchange, the share is also traded over-the-counter on the New York exchange in the form of American Depository Receipts (ADRs). The share is included in international indexes such as the MSCI Emerging Markets Index, the MSCI Greece, the FTSE All-World Index, the FTSE Med 100 Index and the FTSE4Good Emerging Index.

On 31.12.2018, the Bank's share capital stood at Euro 463,109,814.30 divided into 1,543,699,381 ordinary voting shares at a nominal value of Euro 0.30 per share. Out of these, 1,374,525,214 ordinary shares of the Bank are traded on the Athens Exchange, while the Hellenic Financial Stability Fund holds the remaining 169,174,167 ordinary, registered, voting, dematerialised shares or 11% of the total number of ordinary shares issued by the Bank.

The shares in circulation on 31.12.2018 were held by approximately 116,000 Individual and Institutional Investors. Specifically, on 31.12.2018, excluding the stake held by the Hellenic Financial Stability Fund, the Bank's shareholder base was composed of Individual Investors (6%) and Institutional Investors (94%).

The share's daily trading volume for 2018 amounted to an average of 3,938,586 shares per session, with an average daily value of transactions of Euro 6,621,469.

## KEY EVENTS IN 2018

The key corporate events of strategic importance for the Bank in 2018 are the following:

- In January, the Bank successfully completed a five-year covered bond issuance of Euro 500 million with a 2.50% annual coupon.
- In March, the Bank completed the disposal of a Portfolio of Retail Unsecured Non-Performing Loans, of a total outstanding aggregate balance of Euro 3.7 billion as of 30.6.2017, to Ultimo Portfolio Investment (Luxembourg) S.A., a member of the B2Holding group.

- In May, the Bank successfully concluded the 2018 Stress Test conducted on the four systemic Greek banks. The Stress Test was conducted based on a static balance sheet approach under a baseline and an adverse macro scenario with a three-year forecasting horizon (2018-2020). The starting point was 31 December 2017, re-stated to account for the International Financial Reporting Standard (IFRS) 9 impact. The impact was assessed in terms of the Common Equity Tier 1 (CET1) ratio. No hurdle rate or capital thresholds were applied for this exercise.

Under the baseline scenario, the 2020 CET1 ratio reached 20.4%, following an aggregate impact of +212 basis points, after the gradual incorporation of the impact from the application of the IFRS 9, mainly driven by a strong pre-provision income generation. Under the adverse scenario, the 2020 CET1 ratio stood at 9.7%, down by 856 basis points, after the gradual incorporation of the impact from the application of the IFRS 9, largely driven by the negative impact of credit risk resulting from the stressed macro environment and methodological constraints. Based on feedback received by the Single Supervisory Mechanism (SSM), the Stress Test outcome, along with other factors, have been assessed by its Supervisory Board, pointing to no capital shortfall. Therefore, no capital plan was required as a result of the exercise.

- In May, the Bank together with Alpha Bank Romania S.A. completed the transfer of a portfolio of Non-Performing Corporate Loans to A1 Carpi Finance S.A., APS Consumer Finance IFN S.A. and APS Delta S.A., entities financed by a joint venture of international investors, in which Deutsche Bank AG, investment funds under the management of

- AnaCap Financial Partners LLP and investment funds under the management of APS Investments S.à.r.l. are included.
- In July, the four systemic banks (Alpha Bank, National Bank of Greece, Eurobank and Piraeus Bank) entered into an internationally innovative servicing agreement with a credit institution specialised on the servicing of Non-Performing Loans, doBank S.p.A. (doBank), in line with their strategy to reduce their Non-Performing Exposures by protecting the viability of Small and Medium-sized Enterprises (SMEs) and supporting the recovery of the Greek Economy.
  - In September, the Group Company APE Commercial Property completed a capital repayment of a total amount of Euro 15.9 million (out of which Euro 11.5 million to the Bank).
  - On 29.11.2018, the Board of Directors unanimously elected Mr Vassilios E. Psaltis as new Chief Executive Officer, to assume the relevant duties on 2.1.2019.
  - In November, the Bank entered into a binding agreement with a consortium comprised of funds managed by affiliates of Apollo Global Management, LLC, and by the International Finance Corporation (IFC), a member of the World Bank Group, for the disposal of a mixed pool (i) of Non-Performing Loans to Greek SMEs mainly secured by real estate assets and, together with the Group Company Alpha Leasing S.A., (ii) of repossessed real estate assets in Greece, with a total on-balance sheet gross book value of approximately Euro 1 billion and Euro 56 million respectively, as of 30.9.2018. The NPL Portfolio transaction was partially completed on 27.12.2018, while the completion of the REO Portfolio transaction is expected to take place within 2019.
  - In December, the Bank completed the disposal of a Portfolio of Retail Unsecured Non-Performing Loans, of a total outstanding balance of Euro 2.1 billion and of a total outstanding principal amount of Euro 1.3 billion as of 31.3.2018, to Hoist Finance AB.
  - In 2018, the Bank received the following awards:
    - "Best Bank in Greece" for 2018, at the "Awards for Excellence 2018", held by the international financial publication "Euromoney".
    - "Team of the Year: Customer Service of the Year" (Large Organisation category) award for the bleep app, by the Hellenic Institute of Customer Service, at the National

#### Customer Service Awards.

- "Best Private Bank in Greece" for 2018 at the "Global Private Banking Awards 2018", organised by the internationally acclaimed publications "Professional Wealth Management (PWM)" and "The Banker" of the Financial Times Group.
- Bronze Award at the Social Media Awards 2018 for the best use of social media in Financial Services ("Corporate Social Media Alpha Bank Twitter, LinkedIn and YouTube").
- Bronze Award at the Social Media Awards 2018 for the best use of LinkedIn ("Corporate Social Media Alpha Bank LinkedIn").
- One Grand Award, two Gold Awards and two Silver Awards at the Mobile Excellence Awards 2018 for the services "myAlpha Mobile" and "myAlpha wallet".

1.  
THE GREEK AND  
THE INTERNATIONAL  
ECONOMY IN 2018  
AND THE OUTLOOK  
FOR 2019



## 1. THE GREEK AND THE INTERNATIONAL ECONOMY IN 2018 AND THE OUTLOOK FOR 2019

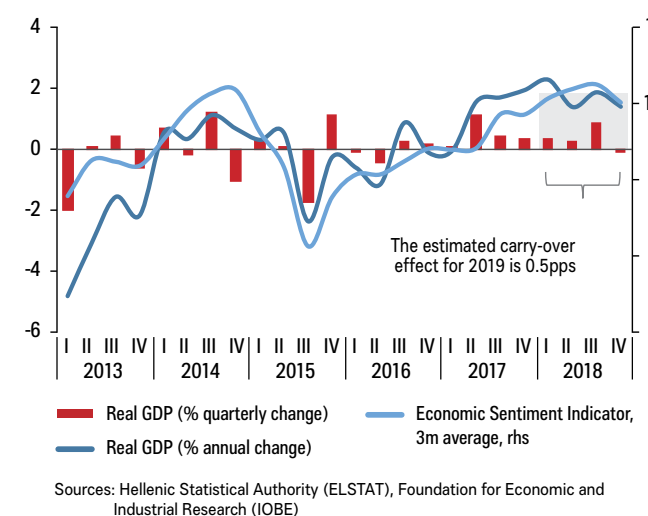
### Greek Economy - Developments and Prospects

2018 is considered a milestone year for the Greek Economy. The successful completion of the third Economic Adjustment Programme - which was accompanied by specific measures in order to ease the country's financing needs over the medium term - contributed to the improvement of the economic sentiment as well as of the prospects of the Greek Economy. In particular, Euro 61.9 billion out of the Euro 86 billion total amount available through the third Economic Adjustment Programme were disbursed, of which Euro 11 billion were used for the built-up of the cash buffer, created with the aim to cover the country's financing needs at least over the next two years. According to the first two Enhanced Surveillance Reports published by the European Commission in November 2018 and in February 2019, the cash buffer available exceeds Euro 26 billion.

After the conclusion of the third Economic Adjustment Programme an "enhanced surveillance" framework" was agreed with the European partners, in order to ensure that the implementation of the structural reforms will continue at an unabated pace and to closely monitor the economic and fiscal developments in the country. In parallel, the following were agreed:

- The deferral of the European Financial Stability Facility (EFSF) interest rate and amortisation by ten years and the extension of the maximum weighted average maturity by ten years.
- The commitment to maintain a primary surplus of 3.5% of GDP until 2022 and the implementation of the structural reforms agreed upon.
- The abolition of the step-up interest rate margin related to the debt buy-back tranche of the second Economic Adjustment Programme.
- The return of the profits and the income equivalent amounts stemming from the Central Banks' holdings of Greek bonds (under the Agreement on Net Financial Assets - ANFA revenue and the Securities Markets Programme - SMP).

Annual and quarterly change of GDP and Economic Sentiment Indicator

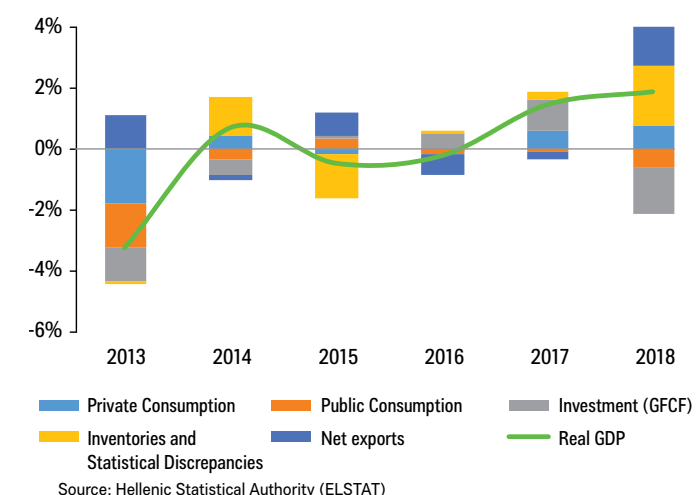


The implementation of the last two measures, for which the "green light" was given during the Eurogroup conducted in April 2019, was subject to the successful completion of specific commitments undertaken by Greece.

In 2018, the markets' confidence gradually strengthened, whereas the position of the country as an investors' destination improved, due to: (i) the acceleration of economic activity, (ii) the achievement of a primary General Government surplus above the fiscal target for the fourth consecutive year, (iii) the upgrading of the country's credit rating by the international rating agencies, (iv) the successful completion of the EU-wide stress test for the four systemic Greek banks and (v) the further easing of capital controls. In addition, in February 2018, Greece returned to the international financial markets through the issuance of a seven-year bond and raised Euro 3 billion therefrom.

The GDP at constant prices increased by 1.9% on an annual basis in 2018 versus 1.5% in 2017. The main driving force of the economic recovery was the significant positive contribution of the export performance of goods and services and of private consumption. Moreover, signs of

Contributions of GDP components (% annual changes)



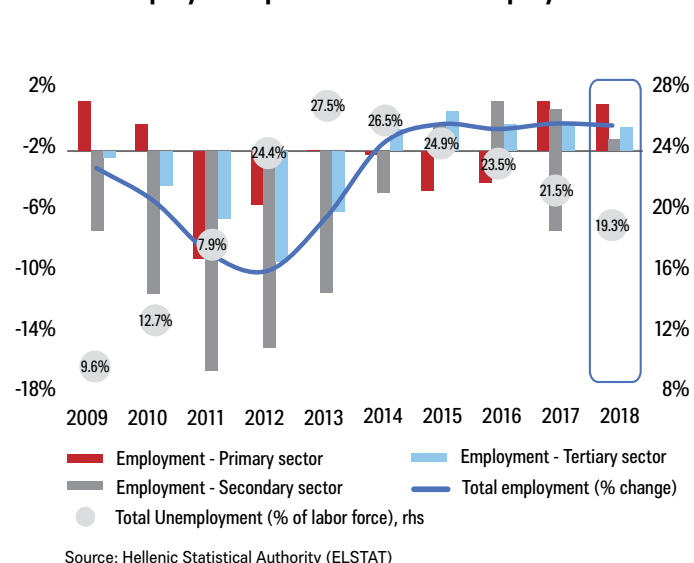
recovery were evident in the real estate market, as house prices increased for the first time since 2009 by 1.3% on an annual basis in the first nine months of 2018. Furthermore, the Economic Sentiment Indicator (ESI) improved and stood at 102.1 units in 2018 versus 96.6 units in 2017, which is higher than the pre-crisis level of 2008 (=100). All sub-indices of business expectations and mainly the consumer confidence indicator improved in 2018 compared to 2017.

Inflation, based on the Consumer Price Index (CPI), remained in positive territory in 2018 for the second consecutive year after four years of deflation. The CPI increased by 0.6% in 2018 versus 1.1% in 2017. Inflationary pressures were due to the increase of international oil prices in 2018, whereas base effects contributed negatively to inflation because of the indirect taxation increases on goods and services in 2017.

The unemployment rate followed a downward trend in 2018 and stood at 19.3% on average (according to seasonally adjusted data), lower by 2.2 percentage points compared to 2017 and by 8.1 percentage points compared to 2013, when it reached historically high levels. According to the



Employment per sector and Unemployment



European Commission forecasts, published in the context of the European Semester<sup>1</sup>, the unemployment rate is expected to reach 18.2% in 2019 versus 18.6% in 2018, the highest level among European Union countries. Employment continued to improve (by 2% in 2018), mainly due to the increase of part-time jobs. The main sectors that contributed to the creation of new jobs were the export-oriented sectors of the Greek Economy, such as tourism, trade and manufacturing.

The current account balance recorded a deficit of Euro 5.3 billion in 2018, widened by Euro 2.1 billion compared to 2017. This development is attributed to the deterioration of the trade deficit and of the primary income deficit, which was partially offset by the improvement primarily in the services surplus and secondarily in the secondary income deficit.

The execution of the State Budget in 2018 showed that the primary surplus of the State Budget stood at Euro 3.2

<sup>1</sup> European Commission, European Semester, Country Report Greece, February 2019

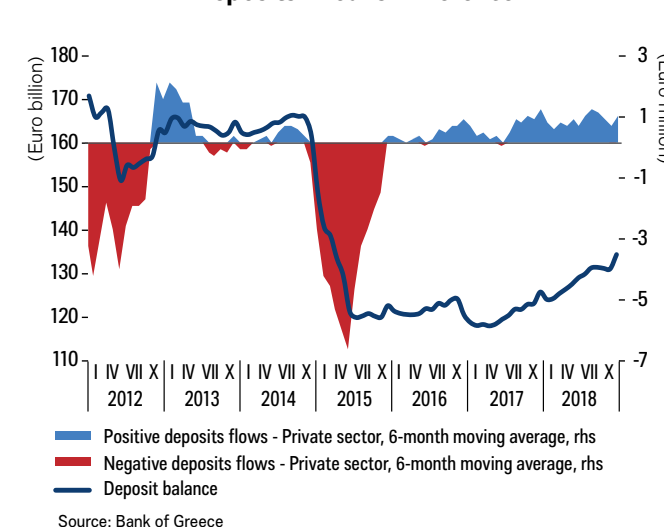
billion, lower by Euro 367 million compared to the target (Euro 3.6 billion) and higher by Euro 1.3 billion compared to the respective surplus achieved in 2017 (Euro 1.9 billion). The main elements of the State Budget execution in 2018 are the following: (i) the underperformance of the state revenues by Euro 1.5 billion against the target, which was due to the extension of the concession agreement of the Athens International Airport, the amount of which (Euro 1.1 billion) was rescheduled to be collected in early 2019 instead of December 2018 that was originally budgeted, (ii) the lower than budgeted tax refunds by Euro 0.9 billion, (iii) the over-achievement of indirect tax revenues in 2018 compared to 2017 as well as against the target, (iv) the continuous deviation of the current primary expenditure by Euro 0.6 billion against the target, (v) the continuous under-execution of the Public Investment Budget expenditure, whose total amount reached Euro 6.2 billion in 2018 (against the amount of Euro 6.7 billion that was budgeted).

The capital adequacy of the banking system remained satisfactory, as the Common Equity Tier 1 (CET1) ratio on a consolidated level stood at 15.6%<sup>2</sup> in September 2018, while the Capital Adequacy Ratio at 16.2%. In addition, according to the EU-wide stress test conducted at the beginning of 2018, there was no capital shortfall identified for the four systemic Greek banks.

Liquidity conditions continue to improve in the banking system, as the private sector's deposits amounted to Euro 134.5 billion in December 2018 compared to Euro 126.3 billion in December 2017, of which household deposits reached Euro 110 billion and business deposits were equal to Euro 24.5 billion. Total deposits in the banking system (private sector and General Government deposits) amounted to Euro 152.4 billion in December 2018, recording an annual increase of 10.4%. The drivers leading to the increase of deposits in the banking system were the acceleration of economic expansion in 2018 and the strengthening of confidence in the Greek Economy, whereas the wider use of means of electronic payments also contributed positively.

<sup>2</sup> Bank of Greece, Governor's Annual Report, April 2019

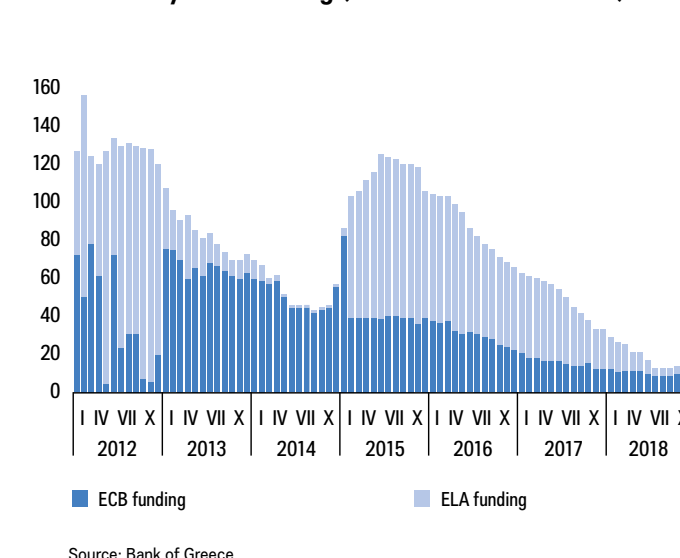
Deposits flows of private sector and Deposits - Loans Difference



The outstanding amount of credit to the private sector amounted to Euro 170.3 billion at the end of December 2018 compared to Euro 184 billion at the end of December 2017. More specifically, credit to non-financial corporations continued to show signs of improvement. The annual rate of change of the credit to non-financial corporations remained in positive territory standing at 0.2% in 2018. With regard to household credit, the rate of change of the consumer and mortgage credit remains negative, showing, however, signs of stabilisation.

The progress made in 2018 in the Non-Performing Loans (NPLs) management was significant, with the NPLs amounting to Euro 81.8 billion at the end of December 2018, reduced by Euro 12.7 billion compared to December 2017 and by Euro 25.4 billion compared to March 2016, when the highest NPLs level was recorded. The ratio of NPLs to total loans remains high not only overall (45.4% in December 2018) but also per individual category (44.5% for mortgage loans, 53% for consumer loans and 44.6% for the business loans portfolio). The decrease of the NPLs stock in 2018 is mostly due to write-offs and loans sales (Euro 5.8 billion and Euro 5.9 billion respectively). Although the NPL ratio

Eurosysteem funding (amounts in Euro billion)



is improving, it is still not adequate to lead to a significant reduction of the NPLs stock.

The dependency of Greek banks on the Emergency Liquidity Assistance (ELA) was reduced further in 2018. More specifically, in December 2018, the total funding received by the Greek banks from the Eurosysteem (ELA plus the funding received directly by the European Central Bank) was equal to Euro 11 billion, from Euro 33.7 billion in December 2017. Increased access to secured borrowing from the interbank market contributed positively to this development.

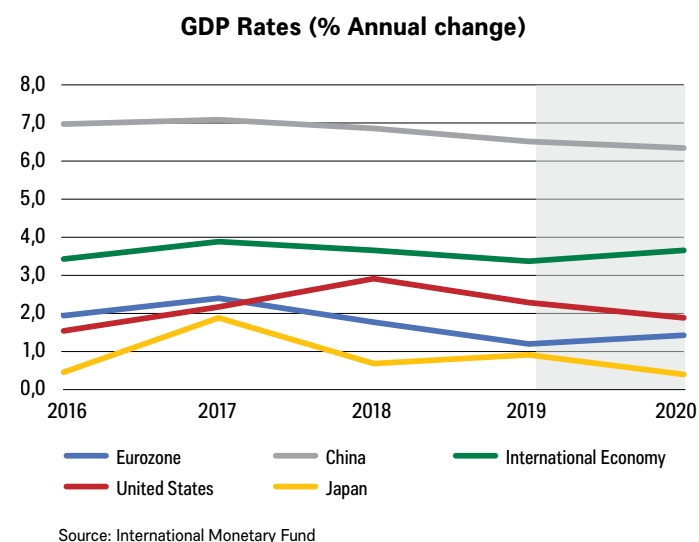
The prospects of the Greek Economy for 2019 are positive. Economic recovery is expected to benefit from the further strengthening of economic sentiment, private sector financing and the rise in disposable income. The household disposable income is expected to improve, as a result of the increase in employment and the gradual increase of wages. In addition, the boost of private consumption that has been recorded since 2017 is largely linked to the positive expectations that are supported by the expansionary fiscal policy measures embodied in the 2019 Budget.

## International Economy

The steady economic expansion which has been under way since the second half of 2016 continued in 2018. However, the economic growth rates among countries were uneven, while high growth rates were observed in some major economies. Financial conditions tightened with rising long-term interest rates, particularly in the United States, a fact which triggered repricing across many asset categories and caused significant turbulence in a few emerging-market economies. High and volatile oil prices were added to the challenges which the oil-importing economies had to deal with. Production in the United States and Russia hit record levels; however, the continued uncertainty about potential production disruptions in some OPEC (Organization of the Petroleum Exporting Countries) economies, particularly Venezuela, Iran and Libya (who collectively account for over 5% of global production) and expectations that demand growth might slow have resulted in considerable price volatility.

In 2018, the economic and political uncertainty elevated in association with moves by the United States and China to raise tariffs on bilateral trade. These tensions resulted from the United States tariff actions on several imported products from China, a fact which caused retaliatory and other "protective" measures by trading partners. Furthermore, economic activity was negatively affected by tighter financial conditions, geopolitical tensions and higher import bills.

According to the International Monetary Fund forecasts (IMF World Economic Outlook Update, April 2019), the global GDP growth lowered and stood at 3.6% in 2018 versus 3.8% in 2017 and is projected to weaken to 3.3% in 2019 and to slightly rise to 3.6% in 2020. The GDP growth in advanced economies is estimated to have slightly slowed from 2.4% in 2017 to 2.2% in 2018 and is projected to further slow to 1.8% in 2019 and 1.7% in 2020. Furthermore, the global trade volume growth (goods plus services) is estimated to have decelerated from 5.4% in 2017 to 3.8% in 2018 and is projected to lower and stand at 3.4% in 2019 and to rise to 3.9% in 2020 (IMF World Economic Outlook Update, April 2019).



Risks to the global growth outlook skew to the downside, stemming from an escalation of trade tensions. Further moves by the United States and China to raise barriers on bilateral trade would hit output in these economies with adverse effects on global growth and trade.

Adverse growth implications could also be triggered by a "no-deal" withdrawal of the United Kingdom from the European Union and by a higher-than-projected slowdown in China. On the contrary, a quick resolution of trade tensions and a stronger structural policy ambition of the national authorities could improve confidence and limit the drag on investment caused by uncertainty.

Across emerging and developing economies, the GDP growth is estimated to have slightly fallen from 4.8% in 2017 to 4.5% in 2018 and for 2019 it is projected to slow further to 4.4%, due to contractions in Argentina, Turkey as well as in certain Asian economies because of trade tensions. However, in 2020, the GDP growth rate is expected to improve to 4.8% (IMF World Economic Outlook Update, April 2019). Inflationary pressures were eased in 2018 because of the fall in oil prices, although this easing for some economies has been partially offset by the depreciation of the currencies.

The GDP growth in the United States is estimated to have

risen from 2.2% in 2017 to 2.9% in 2018. Tax reforms, higher government spending, elevated confidence and the stronger labour market conditions continue to support domestic demand. In 2019, the GDP growth is projected to fall to 2.3% and to further decline to 1.9% in 2020 as the fiscal stimulus will unwind. The US Federal Reserve, in response to rising global risks, paused interest rate increases and signaled no increases for the rest of the year, though it raised its target range for the federal funds rate to 2.25%-2.50% in December 2018.

The GDP growth in China is estimated to have moderated from 6.8% in 2017 to 6.6% in 2018 and is projected to ease at 6.3% in 2019 and at 6.1% in 2020, due to the financial regulatory tightening, the demographic reason (the working-age population is declining), the low external demand and the trade tensions with the United States.

The GDP growth in Japan is estimated to have decelerated to 0.8% in 2018 versus 1.9% in 2017, as natural disasters weighed on economic activity. In 2019, economic growth is projected to rise to 1% as fiscal support will be provided to the economy, including measures ahead of the planned consumption tax rate increase from 8% to 10% in October 2019. In 2020, the GDP growth rate is expected to moderate to 0.5% following the implementation of the fiscal measures that will weigh on domestic demand.

The GDP growth in the Eurozone is estimated to have decelerated in 2018 to 1.8% from 2.4% in 2017, due to slower global trade growth, social tensions, EU budgetary-policy uncertainty and lower car production in some member states. A further deceleration of the GDP growth to 1.3% is projected for 2019, while a rise to 1.5% is forecast for 2020 (IMF World Economic Outlook Update, April 2019). In March 2019, the European Central Bank (ECB) confirmed that the monetary policy would remain amply accommodative, with no increase in policy rates until at least the end of the current year. Additionally, it will fully reinvest in maturing securities purchased under the Asset Purchase Programme (APP), continuing well past the first rate increase. Moreover, the ECB decided to proceed with a new series of quarterly Targeted Longer-Term Refinancing Operations (TLTRO-III), each with a maturity of two years, starting in September 2019 and ending in March 2021.

Lastly, the ECB, in line with an earlier communication, in December 2018, ended its net Asset Purchase Programme (APP).

The GDP growth in the United Kingdom (UK) registered a modest 1.4% in 2018 - the weakest percentage it has registered since 2009 - because of the uncertainty over the UK's future trading relationship with the European Union (EU), which has negatively impacted consumer and business confidence as well as consumer spending. According to the International Monetary Fund (IMF World Economic Outlook Update, April 2019), GDP is expected to increase by around 1.2% in 2019 and 1.4% in 2020. The most important concern regarding this forecast is the possibility of the UK leaving the EU without a deal, a fact which would have a negative impact on growth, especially if it happens without a transition period.

The GDP growth in Cyprus remained strong in 2018 buoyed by private consumption, investment and exports. According to the International Monetary Fund (IMF World Economic Outlook Update, April 2019), the GDP is expected to increase by 3.9% in 2018 from 4.5% in 2017 and become more domestic-demand driven. Going forward, growth is projected to decelerate further to 3.5% and 3.3% in 2019 and 2020, respectively.

The GDP growth in Romania is forecast to slow to 4.1% in 2018 from 7% in 2017, due to the weakening of private consumption, because of high inflation mainly due to energy prices and the fading out of the public policies impact on disposable income. According to the International Monetary Fund (IMF World Economic Outlook Update, April 2019), the GDP is expected to grow by 3.1% in 2019 and by 3% in 2020.

2.  
BUSINESS  
UNITS



## 2. BUSINESS UNITS

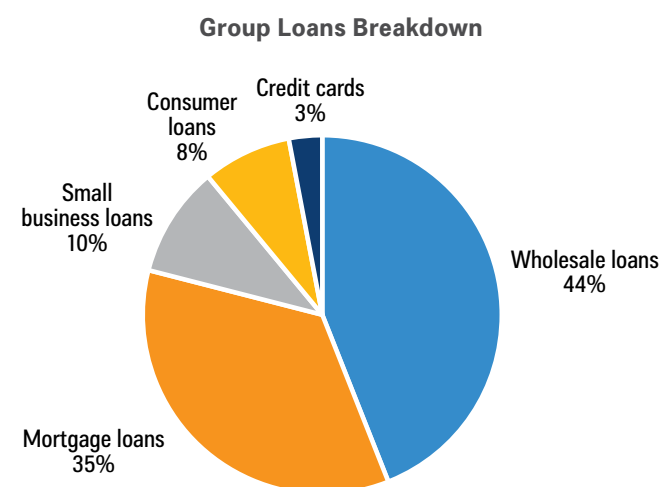
The Alpha Bank Group is one of the leading financial Groups in Greece and offers a wide range of quality financial products and services to individuals and businesses. On 31.12.2018, the market share in deposits stood at 22.1%. It is worth noting that the Group also has an extensive loan portfolio that covers all key activity sectors of the Greek Economy. In 2018, the market share in domestic business loans stood at 23.4%, thus making the Group one of the market leaders in terms of Greek enterprises' financing.

The Group offers a wide range of financial products and services, encompassing retail banking, medium-sized enterprises' and large corporations' banking, asset management and private banking, the distribution of insurance products, factoring, leasing, investment banking, brokerage and real estate management.

The Retail Banking Business Unit covers all Individuals-Customers of the Group, self-employed professionals and small as well as very small enterprises. The Wholesale Banking Business Unit includes partnering medium-sized enterprises and large corporations, enterprises with multinational activities and shipping companies.

In 2018, Group loans amounted to Euro 52.5 billion of which 44% were wholesale loans, 35% mortgage loans, 10% small business loans, 8% consumer loans and 3% credit cards.

In 2018, new loan disbursements increased to Euro 3 billion versus Euro 2.1 billion in 2017, out of which 95% were



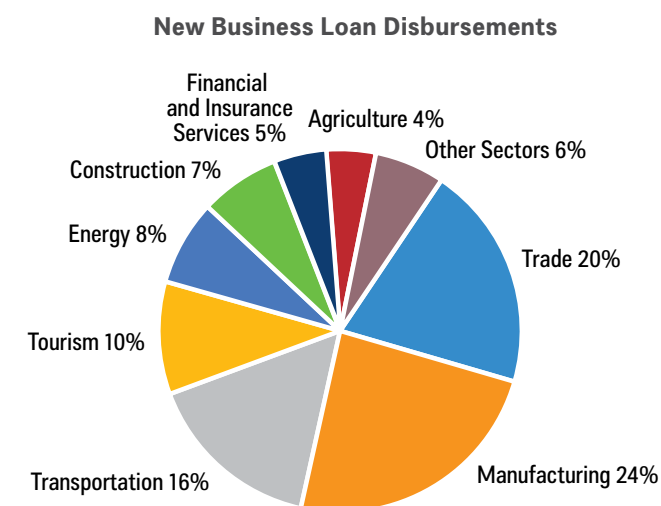
### New Loan Disbursements

Euro million	FY 2017	FY 2018	Δ y-o-y	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Individuals	145	160	+15	33	34	36	58
Business	1,999	2,790	+791	570	701	587	932
<b>Total</b>	<b>2,144</b>	<b>2,950</b>	<b>+806</b>	<b>603</b>	<b>734</b>	<b>622</b>	<b>991</b>

business loans, 3% were consumer loans and 2% were mortgage loans. New business loan disbursements were mainly allocated to sectors such as manufacturing, trade, transportation and tourism.

The Alpha Bank Group is present in Southeastern Europe via the Group Companies that operate in Cyprus, Romania and Albania. Moreover, the Group is present in the United Kingdom through the London Branch and the Group Company Alpha Bank London Ltd.

The Parent Company and main Bank of the Group is Alpha Bank, which was founded in 1879 by John F. Costopoulos. Alpha Bank, the Bank that inspires confidence and constitutes a consistent point of reference in the Greek



is one of the largest banks of the Greek private sector, with one of the highest capital adequacy ratios in Europe.

### Retail Banking and Small Enterprises

With regard to the entire banking system, the balance of loans in the private sector stood at Euro 170 billion at the end of 2018, with a negative annual growth rate of 1.1%. Of the total credit to the private sector, 49% concerns corporate loans, 33% mortgage loans, 11% consumer and other loans and 7% loans to self-employed professionals, including farmers and individual businesses.

Specifically, the balance of loans to businesses stood at Euro 82.7 billion and remained stable in December 2018, on an annual basis, while credit to non-financial corporations increased by 0.3%. Regarding the evolution of loans to businesses per business sector, in December 2018, an increase on an annual basis was recorded in the loans to businesses operating in sectors such as agriculture, tourism, shipping, energy and real estate management. On the other hand, loans to businesses operating in sectors such as industry, trade, construction, storage and transport (excluding shipping) and to insurance companies recorded a negative growth rate.

With regard to the evolution of loans to households, the negative annual growth rate stood at 2.2% in December 2018. Regarding each category of credit to households, the rate of reduction of mortgage loans in December stood at 2.8%, while the negative annual growth rate of consumer credit stood at 0.8%.



Finally, the negative annual growth rate of credit to self-employed professionals, farmers and individual businesses stood at 1.9% in December 2018.

### Housing Loans and Consumer Loans

The trend observed in recent years in mortgage and consumer lending continued throughout the year 2018. Macroeconomic conditions led to a decrease in both mortgage market balances (declining pace: -2.8% in 2018 vs. -2.9% in 2017 and -3.5% in 2015 and 2016) and consumer market balances (increasing pace: -16.1% in 2018 vs. -8.8% in 2017 and -2.9% in 2016).

Regarding the demand for housing loans there is an upward trend, as a 58% increase in new applications was observed. For the third consecutive year the Bank's new disbursements have shown substantial growth (from Euro 25 million in 2015 to Euro 34.4 million in 2016, to Euro 45 million in 2017 and to Euro 57 million in 2018), while the market share in new disbursements reached 17% in 2018 vs. 18% in the years 2016-2017 and 13% in 2015. The Bank's share in market balances remained essentially unchanged at 25.9% vs. 26.1%.

Consumer loan disbursements also increased from Euro 78.9 million in 2017 to Euro 103.3 million in 2018. The Bank's market share in consumer outstandings reached 22.9% vs. 23.3% in 2017.

During 2018, the Bank focused on boosting new sales. In this context, the new product "Alpha Residence Renovation" was introduced. "Alpha Residence Renovation" is a specialised housing loan with a fast disbursement procedure that allows quick completion of renovation works, so that Customers may benefit immediately from a modern and efficient home.

Additionally, the Bank has placed significant emphasis on further developing and establishing the network of external partners. As a result of this productive cooperation, mortgage disbursements through that channel almost tripled (Euro 12.5 million in 2018 vs. Euro 4.4 million in 2017 and Euro 4.1 million in 2016).

At the same time, the Bank redesigned the consumer loans product portfolio aiming at simplifying the products offered and providing modern solutions to Customers. "Alpha Metron Ariston with Cash Collateral" was introduced, allowing

Customers to finance their personal needs with preferential rates while maintaining their savings.

The Bank participated in the "Exoikonomisi Kat' Oikon" Programme, a co-financed programme of the Ministry of Environment and Energy, designed to provide motives to owners of residential properties to improve the energy efficiency of their home. During 2018, the Bank accepted 4,000 financing applications regarding this Programme and disbursed over Euro 4 million.

Regarding restructuring and settlement products, the Bank continuously works towards the development and support of pioneering programmes designed to assist Customers facing serious financial difficulties.

In 2019, the Bank intends to maintain its top-tier market position in Loans to Individuals by designing pioneering products adapted to the current economic conditions. At the same time, it will continue to support its existing Customers by offering innovative solutions for the settlement of their debts.

### Cards

In 2018, the Alpha Bank cards maintained their leading position in the Greek market. The Bank has a large portfolio of payment cards, having issued over 4 million credit, debit and prepaid cards in total. Turnover exceeded Euro 6.7 billion, representing a market share of approximately 25%.

The use of payment cards increased by 12% in 2018 compared to 2017, following the continuous growth in card transactions over the last years. Accounting for just 5% of total consumer spending in 2014, the use of cards rose to approximately 22% in 2018 and is expected to reach 28% by 2020, very close to the European average.

During 2018, Alpha Bank introduced two new upgraded and innovative debit card products with world-wide acceptance, Enter Bonus Visa and Enter Bonus MasterCard, which offer considerable privileges to the cardholders, such as rewards under the Bank's Bonus Reward Programme, the Alpha alerts service without fee, insurance programmes etc. Overall, during the year, a significant number of Bonus debit cards as well as new credit cards has been issued, so as to enhance and upgrade the Bank's portfolio. Regarding the credit

cards portfolio, Alpha Bank maintained its leading position in the market, with a share that exceeded 40%, offering a comprehensive line of products.

Within the framework of the continuous upgrade of products and services offered, in 2018, Diners cards joined the Bonus Reward Programme. Diners cardholders can easily and promptly collect Bonus points and enjoy a double earn rate, while Bonus points can be redeemed on a variety of services and products. Extra Bonus points can also be collected through their overall relationship with the Bank, i.e. through the Bonus term deposits, through mortgage loans etc.

In line with Alpha Bank's Digital Transformation, a new innovative prepaid card, bleep, has been designed, issued exclusively through the mobile bleep app, which is the first mobile app in the banking sector that allows issuing and managing the card strictly through a mobile telephone. The bleep app is addressed to all cardholders, irrespective of the bank they cooperate with, providing easy, fast and flexible everyday transactions such as card loading, card statements and outstanding balances, card activation or deactivation, PIN mailing etc.

Moreover, within the context of the continuous improvement of the services offered to Customers, the updated "Alpha SecureWeb" service provides the possibility for easy, quick and secured on-line purchases simply by entering a One-Time-Password, received by SMS, at the mobile telephone without having to remember any complicated passwords. The Service, which was released in late 2017, has been significantly established and today counts more than 400,000 users.

An important project during 2018 was also the establishment of a new PIN delivery process, the "PIN by SMS". At the same time, the Bank was engaged in a continuous effort aimed at the promotion of the "Alpha e-statements" and "Alpha alerts" services in order to reduce the operating costs and boost income. Currently, only digital statements are issued for all debit and prepaid cards, while for credit cards the receipt of a digital statement has already reached the level of 50%.

For 2019, expanding its cards portfolio remains a priority for the Bank, while emphasis is placed on credit cards and

debit cards participating in the Bonus Reward Programme. In terms of a cards portfolio upgrade, the launch of new attractive products has been scheduled along with the discontinuation of older ones. Moreover, the initiatives to modernise the services offered will be continued, focusing mainly on digital service networks.

In the Merchant Acquiring Business, the Bank maintained its leading position in the market with a share that exceeded 30%, despite the intense competition from other banks, as well as the dynamic emergence of payment institutions. In 2018, the Bank, following a long period, recovered the Visa and MasterCard cards market share compared, in absolute volumes, with the other banks. The Bank continues to hold one of the largest networks of partner businesses, with over 180,000 points of sale, accepting all major international cards (Visa, MasterCard, American Express®, Diners Club and China UnionPay).

Turnover from card operations stood at Euro 9.2 billion, registering a 16% increase.

The respective commissions collected stood at Euro 92 million, registering a 6% increase.

Particularly, in the electronic commerce (e-commerce) sector, a growing, profitable sector which is expected to present considerable scope for expansion in the years to come, turnover stood at Euro 0.7 million, registering a 36% increase.

In 2018, the "Dynamic Currency Conversion" (DCC) service, which enables businesses to debit foreign Customers' cards in their home currency (other than the Euro) and is mainly addressed to businesses operating in the tourism industry, posted revenues of Euro 2.1 million, further strengthening total revenues from the Merchant Acquiring Business.

Regarding Loyalty Schemes, the Bonus Reward Programme remains the largest one in the Greek market. In 2018, significant new partners joined the Programme, such as the Attica Department Stores, the Gallerie de Beauté and the Sephora stores as well as restaurants and tutorial centers placing emphasis on the coverage of daily transactions.



### Customer Experience and Loyalty

The overall positive Customer Experience with Alpha Bank should and can become a key competitive advantage for the Bank and at the same time it can also enhance customer loyalty.

In a highly demanding environment with regard to customer service, Customer Experience planning based solely on customer needs constitutes an important tool for both business development and revenue increase, but also for prioritising the Bank's tasks and rationalising costs.

In this context, since the end of 2017, Alpha Bank has adopted the new international Customer Experience philosophy, methodology and practice in the following main areas:

- The measurement of the overall Customer Experience with the Bank, including the significant moments of truth regarding specific products and touch points, so that these measurements will be incorporated in the Bank's Key Performance Indicators (KPIs).
- The collection of all customer feedback, from all the available communication sources, such as surveys, complaints, the Call centre, social media, the Branch Network etc., its analysis and its adaptation into proposals for improving procedures and actions.
- The analysis of user experience (UX) when utilising the Bank's digital services by applying specific methodologies, in order to improve it on the spot and on a constant basis. The UX interventions are already implemented in the Customers' digital journeys as well as in the redesign of the web and mobile banking.
- Undertaking actions in order to develop a customer-oriented culture.

"We listen. We understand. We are Evolving" was the key message of the first "Management Back to the Floor" action which took place on 10-14 December. During this action, 88 Executives (Deputy CEOs, General Managers, Executive General Managers and Managers) visited eight (8) customer service touch points: Branches in Athens, the Call Centre, the Complaints Management Unit, Business Centres, Corporate Banking, Private Banking, Gold Personal Banking and Small Business Banking.

The objectives of this action, which was evaluated as Excellent/Good by 97% of the participants and will be repeated on a three-month basis, are the following:

- To actively and directly involve both the Division Managers and the General Management in the Voice of the Customer, in the real-time interaction between Customers and Employees through all the available touch points and in that way to "be in the shoes" of all the parties involved (Customers and Employees).
- To commit all the participants, whether they have a direct contact with Customers or not, to offer the best possible experience to Customers by identifying both best practices and needs for improvement.
- To develop actions in order to improve Customer Experience based on the participants' feedback.

The Voice of the Customer Days constitute the key means for developing Customer Experience strategy and actions. They are organised on a three-month basis, with the participation of all the Divisions of the Bank. During these events, the findings and the information gathered from the Customers' experience from their interaction with the Bank are presented, followed by discussions/agile workshops regarding specific and different issues each time. The next step is to agree on the corrective actions required and to eventually assign the implementation of these actions to certain Divisions, aiming to improve the Customers' experience. The next goal of the Voice of the Customer Days is to invite Customers to attend and share in person their experience on specific topics.

During 2018, a pilot Voice of the Customer Day took place in the presence of a Customer. Through this event, specific actions emerged and were implemented, concerning the secure delivery of credit card and personal loans contracts via emails to Customers.

The first Voice of the Customer Day, with the participation of the General Management and the Division Managers, is scheduled for early March 2019.

As far as loyalty is concerned, the Bonus Programme, 13 years since its launch, continues to constitute a point of reference among reward and loyalty programmes in the broader Greek market. With more than 1.2 million Customers holding 1.8 million Bonus products, the Programme is an excellent tool

for rewarding the Bank's Customers by enhancing their cooperation with Alpha Bank and the usage and promotion of various products, mainly credit and debit cards as well as term deposits.

For the last two years, there is a steadily high number of redemptions which reaches approximately 2 million per year, demonstrating the acceptance of the Bonus Programme by the Bank's Customers and their satisfaction.

2018 has been a landmark year for the further development of the Bonus Programme as a loyalty tool for the Bank:

- By devaluing the points, which constitute a cost to the Bank, by 20% and by rationalising the points' collection process.
- By introducing the new Enter Bonus MasterCard and Enter Bonus Visa debit cards, offered with an annual fee, to the Bonus Programme, Alpha Bank now potentially rewards all of its Customers.
- With the gradual abolition of all the other reward programmes and the integration of the cards associated with them into the Bonus Programme, starting from the inclusion of Diners cards which took place this year, a fact which strengthens the leadership of the Bank regarding reward programmes and at the same time reduces the overall rewarding cost.
- By including Attica Department Stores and other stores such as Sephora, Adidas and Kalogirou in the Bonus Programme partners.
- By including in the premium tier of the Bonus Programme, Bonus Exclusive, the premium card Customers, along with the Gold Personal Banking, Gold Business Banking and Private Banking Customers.
- By altering the Programme's communication strategy and rebranding it, placing emphasis on the "Bonus experience", which strengthens the Bank's brand values such as extroversion and innovation.
- With the introduction of the new interactive Bonus app whose users already amount to 80,000. The new Bonus app, which is already rated 4.7 in the App store, is another important tool in the Bank's effort towards digital transformation, enhancing the daily positive experience

of Customers and allowing the Bank to communicate with them in real time and at an extremely low cost.

In February 2018, more than 20,000 visitors participated in Alpha Bank's third Restaurant Week, Dine Athens, in more than 100 selected restaurants in the city offering special menus at Euro 15, 30 and 60 (providing extra discount for the Bank's cardholders). Dine Athens has now become a trend for Athens, with excellent reception from both the restaurants and the public, and aims at supporting and strengthening Customers in the restaurant/catering area as well as at creating positive experiences for Individuals-Customers.

### Small Business Loans

In 2018, Alpha Bank, aiming at a comprehensive approach towards Small Businesses and in order to enhance their competitiveness in the internal and international market, developed initiatives in order to meet their daily needs, support their growth prospects and stimulate their investment activity to modernise their fixed assets.

At the end of 2018, the total balance of loans to Small Businesses (with credit limits up to Euro 1 million) stood at Euro 5.2 billion.

In 2018, with regard to the Small Businesses segment, the Bank focused on:

- The promotion of the "Alpha Bank Gold Business Banking" service, providing a new banking experience addressed to High Value Small Business Customers.
- The extension of the agreement with the European Investment Fund (EIF) to participate in the promotion of two new Guarantee Financial Instruments, namely COSME-LGF and INNOVFAN (HORIZON 2020).
- The new agreement with the Hellenic Fund for Entrepreneurship and Development (ETEAN) for its participation in the Action of the Entrepreneurship Fund I "Business Restarting - Intermediate" for co-funding between the Fund and the Bank.
- The boosting of the operations of Small Businesses active in tourist areas of Greece with "Alpha Tourist Entrepreneurship", a full range of products, services and privileges, in order to cover all their day-to-day banking needs and to reward them for their cooperation with the Bank.

- The development of the primary sector by promoting "Alpha Agricultural Entrepreneurship", thus responding to the challenges and the opportunities arising in this sector.
- The organisation of one-day conferences, aiming to strengthen the relationship with the Bank's Customers throughout Greece.

#### Alpha Bank Gold Business Banking

In 2018, Alpha Bank kept on offering integrated value added solutions to Small Businesses via "Alpha Bank Gold Business Banking" service, thus contributing to the effective management of the growing challenges in the business environment.

Having completed the second year of its operation, the "Alpha Bank Gold Business Banking" service which invests in the quality upgrading of its specialised Officers and in the exploitation of the new technologies, has attracted a significant number of Small Businesses - Customers, who enjoy its privileges today, and has increased its members by 30%.

Aiming to reinforce the relationship with the Gold Business Customers, Alpha Bank carried out, during 2018, a series of Informative Events at cities of regional Greece, as well as a series of targeted meetings with Small Businesses - Customers.

The "Alpha Bank Gold Business Banking" service, utilising the Bonus Reward Programme, rewarded the Gold Business Customers with Bonus points, thus acknowledging their unhindered cooperation with the Bank in the business financing segment.

The new "Alpha Bank Gold Business Banking" website that was made available to the public in 2018 constitutes a dynamic communication channel with the Gold Business Customers, providing timely and complete information on the latest developments regarding the Service.

#### Development Programmes for Small and Medium-sized Enterprises (SMEs)

Alpha Bank remains loyal to its commitment to actively support Greek entrepreneurship by providing liquidity to SMEs, in order to enhance their competitiveness within the domestic and the international market.

In this context, the Bank extended its agreement with the

European Investment Fund (EIF) in August 2018 regarding the "Cosme Loan Guarantee Facility (COSME-LGF)" programme with an increase of the total budget by Euro 300 million, thus ensuring the provision of liquidity up to Euro 500 million to Small and Medium-sized Enterprises, with reduced collateral requirements, given the EIF's guarantee.

Until 31.12.2018, applications totaling Euro 280.67 million have been approved, while total disbursements stood at Euro 221.10 million.

During 2018, the promotion of the INNOVIN (HORIZON 2020) programme continued successfully to eligible innovative SMEs and Small Mid-Caps, facilitating their access to funds of Euro 100 million, under favourable terms and decreased collateral requirements, due to the EIF's guarantee.

Until 31.12.2018, applications totaling Euro 73.63 million have been approved, while total disbursements stood at Euro 62.76 million.

In 2018, Alpha Bank stepped up its cooperation with the Hellenic Fund for Entrepreneurship and Development (ETEAN), in order to co-finance with preferential terms the needs of Greek Small and Medium-sized Enterprises.

In particular, in January 2018, the Bank signed with the ETEAN a new Cooperation Agreement for its participation in the Action of the Entrepreneurship Fund I "Business Restarting - Intermediate". The Action constitutes co-funding between the Fund and the financial institutions, with a contribution analogy 1:1 and a total budget of Euro 384 million for granting investment loans and working capital for developmental purposes with privileged pricing, reduced at 50% due to the interest-rate free participation of the Entrepreneurship Fund in the capital of each financing.

Until 31.12.2018 applications totaling Euro 72.38 million have been approved, while the total disbursements stood at Euro 38.73 million.

Furthermore, in December 2018 the Bank signed another Cooperation Agreement with the ETEAN for its participation in the Action of the Entrepreneurship Fund II "Business Funding". The Action constitutes co-funding between the Fund and the Financial Institutions with a contribution analogy 1:1.5 and a total budget of Euro 915.75 million (Financial Institutions: Euro 549.45 million and Fund: Euro 366.3 million),

with specific geographical distribution within regional Greece.

Following the above agreement, as of March 2019, Alpha Bank will grant to eligible Small and Medium-sized Enterprises investment loans and working capital for developmental purposes, totaling at least Euro 250 million with privileged pricing, reduced by 40% due to the interest-rate free participation of the Entrepreneurship Fund II in the capital of each financing.

Through these programmes, Alpha Bank provides financing to eligible SMEs and contributes to the implementation of their investment and development plans and to meeting their needs in working capital and credit limits through favourable pricing terms.

Moreover, with the constant aim of supporting every sustainable business initiative, Alpha Bank assisted Small and Medium-sized Enterprises that have submitted requests for the inclusion of sustainable investment plans in the National Strategic Reference Framework (NSRF) Actions 2014-2020 and in the Regimes of Development Law 4399/2016 launched in 2018.

In addition, the Bank participated in the implementation of the approved investment plans of its Business Customers, providing favourable and flexible terms on tailored financial products, namely:

- Long-term investment loans
- Short-term funding with assignment of grant
- Letters of Guarantee in order to receive pre-payment of the grant

#### Alpha Tourism Entrepreneurship

In 2018, the Bank provided, for the third consecutive year, the "Alpha Tourist Entrepreneurship" programme, seeking to boost Small Businesses operating in tourist areas regardless of their activity, in order to cater to all their banking needs and to reward them for their cooperation with the Bank. The Programme consists of a set of products and services aiming to boost entrepreneurship in the tourism industry as well as facilitate the companies' day-to-day business, especially during the tourist season, and upgrade the quality of the products and services offered in order to enable them to improve their status within the local and global market.

In addition, the Bank, with a clear orientation towards strengthening the tourism sector, supported the submission of applications for the integration of comprehensive investment projects in the Action "Strengthening Tourism SMEs for their Modernisation and Quality Improvement of Service" under the Operational Programme Competitiveness-Entrepreneurship and Innovation (OPCEI) "NSRF 2014-2020", aiming at enhancing entrepreneurial quality, competitiveness and extroversion, placing emphasis on cutting-edge innovation and on increasing the domestic value added.

#### Alpha Agricultural Entrepreneurship

During the year, Alpha Bank continued to strongly support the development of the primary sector through the Product Line "Alpha Agricultural Entrepreneurship" and fully responded to challenges and opportunities by vigorously supporting entrepreneurship across the agri-food chain.

For the fourth consecutive year, "Flexible Contractual Entrepreneurship Programmes" operate successfully and constitute the most integrated banking programmes regarding mediation and targeted funding both for individual farmers (farmers/stock farmers) and for processing/export/commercial enterprises associated with primary production. This type of financing constitutes a comprehensive proposal for servicing the agri-food sector and contributes to forging partnerships between farmers-producers and businesses-buyers involved in agricultural production, while at the same time it contributes to the rationalisation of agricultural production, the modernisation of the trading circuit and the creation of an expanded network of agribusiness enterprises etc. which strengthens the development of local markets.

Through the "Flexible Contractual Entrepreneurship Programmes", the farmer/producer covers the high production costs, when needed, negotiates better purchase prices via a direct payback and improves the quality and quantity of the production ensuring its disposal at a pre-agreed price. Purchasers, from their side, can achieve the liquidity needed to buy the required agricultural production as well as the timely repayment of the farmers, building in this way a healthy cooperative relationship with the producers. At the same time, the farmer/producer may extend his/her activities to new markets by attracting new producers to the above-mentioned scheme.

A clear demonstration of the successful operation of the hereon programmes is the increase in the number of the participating enterprises/farmers/merchant farms all over the country.

Alpha Bank, in collaboration with the Ministry of Rural Development and Food, launched the "Agro-carta", yet another financing tool which increased liquidity for a significant number of farmers during the cultivation period of 2018, providing them with the ability of a partial discount of the Direct Payments to Farmers (Basic Payment and Greening) in order to meet their short-term working capital needs. In particular, farmers can use their cards to proceed with the following actions:

- Purchase of farm supplies (seeds, pesticides, feedstuff, etc.) and fuels.
- Payment of irrigation bills, farming electricity bills, etc.
- Payment of social security contributions (Greek Agricultural Insurance Organisation (ELGA), Unified Social Security Institution (EFKA) and State) and issue of insurance coupons for land workers.
- Cost coverage for submitting an Application for Agricultural Aid.
- Cash withdrawal (up to a specified amount).

During 2018, Alpha Bank, in collaboration with companies falling under the responsibility of the Wholesale Banking Business Unit, who are leaders in the agricultural machinery industry, offered specialised financing solutions covering the needs for fixed assets such as tractors, agricultural vehicles, collectors, agricultural accessories, etc., in order to meet the farmers' investment needs.

These financing tools provide the appropriate repayment terms, taking into account the actual needs of farmers based on the capacity of their holdings as well as the seasonality of their cash flow based on the cultivation period. With the aforementioned programmes, Alpha Bank provides support to farmers for the renewal of agricultural equipment, the modernisation of their agricultural and livestock farms as well as the adoption of the best cultivation practices and infrastructure.

Within the framework of the Product Line "Alpha Agricultural Entrepreneurship", the Bank, in addition to the financial support also supports farmers at many levels by offering:

- A deposit account with privileged interest rate for the

farmers who chose this particular account to credit state aid in 2018.

- The "My Alpha POS" Programme to affiliated agribusiness trading companies with preferential pricing for the acquisition of a POS terminal, low commissions on clearing card transactions and a financing option of working capital with the "My Alpha POS Credit Line" programme, depending on the amount of transactions carried out through a POS terminal.

#### Other Activities

During 2018, despite the imposition of capital controls, the Bank continued to serve immediately and effectively all import settlement requests made by Small Businesses.

Since the beginning of the year and until 31.12.2018, the Bank responded to 130,000 relative requests, amounting above Euro 1.2 billion.

#### "Greek Entrepreneurship: Prospects, Challenges, Strategy" - Day Conferences

In 2018, the Bank organised a series of Day Conferences (at Kavala, Kefalonia, Rethymno, Naxos, Serres, Korinthos, Kifissia) as well as targeted personalised meetings with Small Business Customers, in order to strengthen business relations.

During the aforementioned Conferences, where representatives of Small Businesses and Freelance Professionals took part, there was increased participation on behalf of Business Customers, who showed great interest.

The agenda focused on the challenges and opportunities emerging in the Small Businesses market, with the presentation of best business practices which contribute to the improvement of competitiveness. In addition, Small Business organisational and operational issues, marketing practices, sales and customer service issues, financial management principles, etc. were discussed.

#### Other Activities/New Initiatives

In 2018, Alpha Bank continued the promotion of the "Alpha in Business" line of financing products to all its Businesses-Customers and responded effectively to new applications for financing short-term requirements in working capital

and/or covering investment costs for business premises and equipment. Moreover, through the revolving working capital account "My Alpha POS Credit Line", My Alpha POS is upgraded to a modern and flexible tool securing immediate liquidity for the businesses that have selected the Bank to clear their transactions.

The Bank provided, from the very first moment, multi-faceted support to the people stricken by the fires of 23 and 24 July 2018 in the regions of Eastern and Western Attica. In particular, concerning its affected business Customers, Business and Freelance Professionals operating in the fire-stricken areas, the Bank offered the possibility of suspending the payment of installments (interest and capital), for a period of up to twelve (12) months, facilities in the way of servicing financings granted under development programmes and a comprehensive management of the business cooperative relationship, following a relevant application submitted by 31 December 2018 at the Alpha Bank Branch they conduct business with.

#### Deposits Products

During 2018, the deposits of the Greek banking system presented the highest increase over the past three years. The overall positive change in the market amounted to approximately Euro 8.1 billion, significantly increased compared to Euro 5 billion in 2017. The largest part of the increase, Euro 6 billion, relates to deposits of Individuals, while Euro 2.1 billion relates to deposits of Businesses. Unlike the previous year, where the highest percentage of deposit inflows (75%) was recorded during the last quarter, in 2018 deposits showed a steadily improving upward trend throughout the year.

The strengthening confidence in the country's prospects, as a result of the completion of the third Economic Adjustment Programme, the improvement in the economic indicators as well as the significant relaxation of capital controls had a positive impact on deposits.

During 2018, Alpha Bank achieved a significant increase in outstanding deposits. In line with the market trend, the Bank's deposits demonstrated positive dynamics throughout the whole year, with the largest increase recorded in the second and third quarters. Overall, the Bank managed to absorb a significant percentage of the domestic market inflows, thus

increasing its market share compared to the competition.

The Bank's reliability constitutes the most significant factor in strengthening its deposit base. The successful completion of the European Central Bank Stress Tests within the year confirmed that Alpha Bank has the strongest capital position in the Greek banking system. A key factor in the Bank's successful performance is also the high level of services offered to its Customers through its Branch Network as well as its alternative networks.

Customer needs are fully met through integrated deposit options, which are constantly expanded and updated in line with market trends. In this context, Alpha Bank focused during the year on the successful products "Alpha Bonus Term Deposit" and on the structured term deposits "Extra Profit". Additionally, it launched for the first time the highly competitive deposit account "Alpha Save Smart", also available through myAlpha Web, as well as the innovative product "Alpha Life Term Deposit", which combines the benefits of term deposits along with personal insurance. Promotional campaigns, in order to support sales and provide information about the products offered, were launched and targeted actions were performed on selected Customers of the Bank, in order to recover funds placed outside the banking system.

Finally, the declining trend recorded in deposit interest rates in the past few years continued in 2018, resulting in the further convergence of the interest rates offered on deposits with those of the other Eurozone countries.

#### Bancassurance

Alpha Bank, in cooperation with AlphaLife Insurance S.A. and AXA Insurance Company S.A., offers comprehensive insurance programmes, designed to fully meet the insurance needs of its Customers. Adapted to the current market conditions, they offer a wide range of options which cover the main insurance sectors such as health, pension/savings and property as well as the corresponding business needs.

In this context, during 2018, three new insurance programmes were added to the respective portfolio aimed at increasing the pension/savings insurance options available to Customers and at further enhancing the cooperation with the associated businesses.



- Following the insurance product “Alpha Exelixis Regular Premium” that was launched in 2017, an innovative insurance product named “Alpha Exelixis Single Premium” was designed in cooperation with AlphaLife Insurance. The programme invests in foreign mutual funds, in particular in the Alpha (LUX) series, managed by Alpha Asset Management A.E.D.A.K., providing the opportunity to create portfolios with a different investment risk profile. It is classified as a unit-linked, insurance-based product and it is an alternative proposal for capital investment over a long-term horizon.
- In order to cover the risks of Small Businesses, two new programmes were created in cooperation with AXA Insurance: the “Third Party Liability” programme, which provides insurance protection against claims for personal injuries or material damage to third parties and to the company’s employees, and the “Personal Accident” programme, which provides coverage for both the entrepreneur and his/her staff.
- In order to provide flexibility and convenience to its Customers, the Bank, in cooperation with AXA Insurance, launched through the online platform [www.alphasafeauto.gr](http://www.alphasafeauto.gr) two new online car insurance programmes, the “Alpha Safe Auto Regular” and the “Alpha Safe Auto Value”, which combine full coverage at highly competitive prices.

Finally, during 2018 the Bank’s marketing communication focused on the completeness of the insurance programmes provided as well as on the reliability and security of a long-term cooperation with AXA Insurance and AlphaLife Insurance.

### Individuals and Personal Banking Division

Acknowledging the trust shown in the Bank by its Retail Customers with high deposit balances and in view of the complete coverage of their financial needs, Alpha Bank offers the “Alpha Bank Gold Personal Banking” service.

“Alpha Bank Gold Personal Banking” service is addressed to Customers with a minimum portfolio of Euro 50,000. Personalised customer services are provided by exclusive Relationship Managers with investment expertise and professional certification in accordance with the provisions of the Bank of Greece, so as to respond accordingly to their role.

At the same time, “Alpha Bank Gold Personal Banking” service offers its members high value services and exclusive privileges in terms of variety of banking products and services, rapid customer service, special pricing and loyalty programmes.

Placing emphasis on modern wealth management solutions, “Alpha Bank Gold Personal Banking” continuously monitors market developments and international practices and upgrades its products accordingly. In this context, new savings, investment and bancassurance programmes were introduced in 2018, aiming to manage as well as to protect existing funds, while at the same time providing long-term financial planning tools for creating new savings.

Constant update constitutes a fundamental value of the services offered to Alpha Bank Gold Personal Banking Customers. In this context, the Bank ensured regular updates on money and capital markets. Information and updates were further strengthened through Customer Events held in various cities across the country, with the participation of experienced analysts and portfolio managers from Alpha Bank, who presented the developments and macroeconomic events affecting the international and Greek markets.

The Bank’s focus on the responsible provision of wealth management services was also demonstrated by the smooth and timely integration of the MiFID II regulatory framework requirements into the investment products’ sales process, thus enhancing the Customer’s-investor’s protection.

During 2018, ongoing projects on customer service upgrade focused on the speed and simplification of transactions from all customer service points. In this context, improvements have been implemented to branch procedures, new remote services have been introduced, existing alternative channels have been further utilised, while the development of new technological solutions is in progress.

Finally, the Division’s prime concern was further professional training and specialisation for the Alpha Bank Gold Relationship Managers, through a series of development programmes, cultivating the know-how necessary for a responsible and effective relationship management regarding affluent Customers.

As a result of the above, “Alpha Bank Gold Personal Banking”

service achieved its 2018 budget targets, increased the total portfolio of funds under management by 5% and contributed to total Bank deposit balances by Euro 774 million.

In 2018, the “Alpha Bank Gold Personal Banking” service maintained one of the top rated positions of domestic competition, focusing on the customer-oriented approach and on the level of the services provided, a fact that has been evidenced by relevant customer satisfaction surveys.

In this context and working consistently on the achievement of the Bank’s Business Plan, the main targets for 2019 are as follows:

- Complete evolution of the customer-oriented approach
- Upgrade of wealth management services
- Further development of customer events
- Further upgrade of the customer service level at all transaction points through the simplification of procedures and the use of technology.

### Large Corporations

In 2018, the macroeconomic environment improved, both for banks and businesses, after a long period of recession.

The Bank, in 2018, continued to stand by its Customers, by meeting their needs in a timely and effective manner, in line with the expected credit criteria. In the context of improved liquidity conditions, the Bank’s priority was to support businesses’ investment plans through the appropriate financial proposal. Furthermore, the Bank continued its policy of restructuring its lending portfolio, where this was considered necessary, in order to assist its Customers in promptly servicing their debts.

In order to provide the Bank’s Customers with targeted coverage of their specialised banking needs, the Corporate Banking Division completed, in 2018, the transfer under its responsibility of multinational Business Groups-Alpha Bank Customers, a process that had started over the past years. At the same time, as part of the Bank’s strategy to further develop and provide specialised services in the tourism industry, the Hotel Groups that were previously part of the Division’s portfolio were gradually transferred to the newly-founded and specialised Hospitality and Island Enterprises Division.

At the end of 2018, the total balance of the Bank’s loans to Large Corporations amounted to approximately Euro 4.8 billion, while the relative balance of letters of guarantee and letters of credit stood at approximately Euro 1.7 billion. The Bank’s lending market share was formed in slightly improved levels compared to the previous year, proving the Bank’s active support to its Customers, the largest Greek enterprises in particular, and the Customers’ confidence in the Bank.

As a result, the Bank was able to meet the cost of money, to offset the increase of the provisions for bad debts and, ultimately, to maintain the satisfactory profitability and the quality of its lending portfolio. For Alpha Bank, balancing the income fees deriving from ancillary business and the net interest income from asset-liability management is a permanent core strategic choice for its growth.

The Bank’s main objectives are:

- to continue pursuing the effective management of its Customers’ portfolio, in terms of income/profitability as well as in terms of mitigating credit and operational risk;
- to selectively develop lending and other financial business with Customers having an acceptable credit risk rating profile, active especially in export-oriented sectors and showing clear prospects for growth; and
- to provide personalised services to multinational Business Groups-Customers, a market segment presenting considerable business prospects.

2018 was the first full year of operation of the Hospitality and Island Enterprises Division, during which Officers of the said Division carried out many visits to and meetings with the Medium-Sized Enterprises and Large Corporations - Customers active in the tourism industry, regardless of their geographical area of activity, as well as the Businesses - Customers based on the Greek islands, regardless of their business activity sector.

During the year, it has been evidenced that the Division’s establishment was an important and useful step, given that an increase in the number of Businesses-Customers and of loan balances has been registered, in the context of the targeted coverage of the specialised needs of this particular customer segment, as tourism is becoming increasingly important for the Greek Economy and, in particular, for the local island economy.

On 31.12.2018, the total balance of loans under management by the Hospitality and Island Enterprises Division stood at Euro 1.4 billion, including letters of guarantee, letters of credit and lending to the Division's Customers by Group Companies in Greece and abroad.

### Shipping Finance

The Bank has been successfully involved in shipping finance since 1997, providing specialised products and services (remittances, foreign exchange transactions, hedging solutions etc.) to Greek-owned ocean-going shipping companies (companies that mainly control ocean-going tankers and dry bulk carriers) and coastal shipping companies.

The Bank remains one of the main lenders in Greek shipping and, in that respect, provided new loans with conservative terms to existing and new Customers in 2018. With a shipping loan portfolio of approximately Euro 2 billion on 31.12.2018, exposure to ocean-going shipping companies accounted for 95% (46% dry bulk carriers, 39% tankers, 10% container carriers), while loans to coastal shipping companies accounted for 5%. Furthermore, 12% of shipping exposures were participations in syndicated loans and 88% in bilateral loans. Apart from the financing, the Bank maintained its position in the shipping sector regarding the provision of banking products (both traditional and/or specialised) to its Customers.

Despite the fluctuations in the freight markets and world economy, Greek shipowners continue to demonstrate their commitment and strong position in the shipping industry. Bank lending, although currently limited, remains the main means of raising funds. Therefore, the Bank will continue to aim for the best possible response to its Customers' needs.

### Leasing

In 2018, the total interest income for the Group Company Alpha Leasing stood at Euro 16.7 million, down by 6.4% compared to 2017, mainly due to the selective deleveraging of the balance sheet and the settlement of debts related to existing leasing contracts. Nevertheless, the production of new contracts stood at Euro 80.6 million, versus 91 million at the end of the previous year. The portfolio of accounts

receivable from leasing agreements prior to impairment, amounted to Euro 651.1 million versus Euro 670.1 million at the end of 2017.

Maintaining a strong coverage ratio led to a further increase in provisions for the impairment of bad debts by Euro 6.8 million. Thus, total provisions were further strengthened, standing at the end of 2018 at Euro 173.1 million and accounting for 27% of the portfolio versus 24% in 2017. Maintaining adequate provisions for credit risk and ensuring solid capital adequacy remain the Company's primary objectives, in order to effectively cope with the crisis. Alpha Leasing's strong capital base places it first in the leasing sector.

In this environment, the Company continued to actively manage its leasing contracts portfolio in 2018 and focused on finding solutions to immediately address the financial difficulties that Customers face through debt restructurings and settlements, while also obtaining additional collateral in order to protect the Shareholders' interests and the viability of its Customers' businesses. In addition, organisational, procedural and regulatory changes were introduced and promotional activities were carried out, despite the Company's intention to selectively acquire new business.

Drawing on the experience gained over the previous years, while applying a prudent pricing policy, Alpha Leasing supports its Customers by providing credit facilities to sectors of the economy with significant growth prospects in the coming years and by developing solutions to help Customers who experience difficulties in servicing their debts.

### Factoring

The Group Company ABC Factors has been a member of Factors Chain International (FCI) since 1995 and of the International Trade and Forfaiting Association (I.T.F.A.) since 2006, regarding forfaiting services. In addition, in 2009 it became a founding member of the Hellenic Factors Association (HFA).

In 2018, the Company's turnover (the value of accounts receivable subject to factoring) increased by 12.11% compared to 2017 and stood at Euro 4,596.6 million, due to the penetration in individual market segments and the promotion of forfaiting and reverse factoring derivative products. Thus, the Company maintained its leading position in the Greek

factoring services market.

In 2018, ABC Factors had yet another profitable year, as earnings before tax stood at Euro 14.1 million, up by 14.7% compared to 2017.

In 2018, the Company continued the successful restructuring of its portfolio, with the average balance of discounts maintained at the same levels as in 2017, while the balance of discounts stood at Euro 546.9 million on 31.12.2018, up by 19% compared to 2017.

On 31.12.2018, non-performing receivables registered a decline by 21.6% compared to 2017 and stood at Euro 8.5 million.

Following the implementation of the provisions of the "Impairment Policy for Receivables from Customers" and of the new International Financial Reporting Standard (IFRS) 9 (Regulation (EU) 2016/2067/22.11.2016), on 31.12.2018 the percentage of receivables from Customers after impairment stood at 1.1% of total discounts.

The Company has introduced a rigorous and prudent management framework for all types of risks, making use of best practices. In accordance with the common European legislation and the existing system of common banking rules, principles and standards, this framework evolves continuously over time, to ensure that it is applied consistently and effectively in the Company's day-to-day activities, thus guaranteeing the effectiveness of the corporate governance function. In 2018, the Company took all the necessary and appropriate measures once more, in order to better protect itself against all types of financial risks.

With the aim of implementing and continuously improving this framework, ABC Factors focused on minimising its exposure to the risk of price fluctuations (interest rate risk), credit and operational risk as well as liquidity and cash flow risk, all of which are monitored by the competent Units.

The Company's capital adequacy is under the supervision of the Bank of Greece, to which relevant data are submitted in accordance with the Bank of Greece Governor's Act 2651/20.1.2012, which replaced Bank of Greece Governor's Act 2640/18.1.2011.

Moreover, the minimum requirements regarding the Tier I ratio and the total capital adequacy ratio of the Company are

determined by a Bank of Greece Governor's Act.

As far as the calculation of capital adequacy for factoring companies is concerned, the Bank of Greece Governor's Act 2622/21.12.2009 applies as of 1 January 2010.

The Tier I ratio and the total capital adequacy ratio, which on 31.12.2018 stood at 24.03% and 28.94% respectively, remain much higher than the minimum requirements of the Bank of Greece and allow the Company to uninterruptedly continue its operation.

To cover "Large Credit Exposures" to its Customers in 2018, the Company received Guarantee Statements by the parent Bank, Alpha Bank.

The main developments that had a major impact on the Company's course during 2018 were the following:

1. The expansion of the Company's customer base in terms of both products and geography, the preservation of the high quality of its portfolio and the promotion of forfaiting and reverse factoring derivative products.
2. The development of synergies with the Bank and the consolidation of its collaboration with the Bank's Business Centres and the Corporate Banking Division.
3. The investigation of the market and the legal and regulatory framework, with the aim of directly developing international factoring services in foreign markets where subsidiaries of Greek businesses are present (Romania, Cyprus).
4. The implementation of the new International Financial Reporting Standard (IFRS) 9 (effective for the financial years starting at 1.1.2018 and onwards).
5. The introduction of quality improvements in the core IT application for factoring services, in order to improve productivity and reduce operational risk, while also improving the Company's regulatory and supervisory compliance.

For 2019, the Company has the following strategic goals:

- To maintain its leading position, in terms of both market share and high profitability, taking advantage of the stressed liquidity conditions as well as of the opportunities arising in the sectors of the Greek Economy, which constitute its support and growth pillars, in anticipation of the economy's recovery in 2019.



- To keep improving the services provided to its Customers and to support them in their business development plans.
- To place emphasis on further developing international factoring, either through direct involvement in foreign markets where subsidiaries of Greek businesses are present or through bilateral factoring, working with members of the FCI.
- To promote forfaiting and reverse factoring derivative products, through the I.T.F.A. network as well as through the Bank's Network.
- To maintain, over time, a low percentage of Non-Performing Exposures.
- To use and improve, via new modules, the options offered by the IT application for factoring services (proxima+), as well as to procure new applications, aimed at:
  - the digitalisation of services, with a view to providing added value in customer service;
  - the expansion of the base for "smart" services, which concern the Supply Chain Finance (SCF);
  - the increase of human resource productivity;
  - the upgrade of existing modules/procedures, regarding the management of all types of risks, using best practices;
  - the development of economies of scale, in conjunction with the effort to improve the services provided to Customers.

The sustained growth of ABC Factors is driven by the quality expertise of its skilled Personnel and the support of Alpha Bank, but mainly by the Company's commitment to creating value for its Customers, by providing them with services and products tailored to their needs.

## Asset Management and Brokerage Services

### Mutual Funds

In 2018, Alpha Mutual Funds' assets under management declined by 8.2% and stood at Euro 1,111 million on 31.12.2018, compared to Euro 1,211 million on 31.12.2017. The reduction of assets is due to the decrease of securities' prices, which occurred in the global capital market, both in bonds and

in equities. In contrast, the positive balance between subscriptions and redemptions of the Bank's sales network in Alpha (LUX) Global Funds based in Luxembourg, largely offset assets' losses derived from the negative performance of the markets. The market share of Alpha Asset Management A.E.D.A.K. in the mutual fund sector remained strong in 2018 and stood at 18.34% compared to 18.19% in 2017. The total assets of mutual funds and institutional portfolios managed by the Company stood at Euro 1,612 million on 31.12.2018.

The Company's revenues from commissions and fees pertaining to the management of mutual funds and institutional portfolios amounted to Euro 19.05 million, presenting a decrease of 2%, mainly due to the decrease of mutual funds' average annual assets, as a result of the negative performance of capital markets in Greece and abroad. The Company's gross profit increased by 6.5% and stood at Euro 7.96 million compared to Euro 7.48 million in 2017. The extraordinary revenues from outperformance fees in managing institutional portfolios as well as the reduced intermediation fees paid to the Alpha Mutual Funds distribution networks contributed to the improvement of the Company's gross profit.

The Company proceeded to rationalise its existing product mix through mergers or through amendments of the mutual funds prospectuses. The mergers were considered appropriate due to the partial overlapping of the investment purpose of these funds and in order to better meet investors' needs. At the same time, the change of the name and the investment purpose of an existing Fund, which was set up ten years ago with a view to the creation of a bancassurance product in cooperation with AXA Insurance Company, was also implemented.

With regard to the management of institutional portfolios, the Company has renewed its cooperation with institutional investors-Customers, such as "Occupational Funds" and insurance companies, by signing portfolio management contracts and raising assets under management.

Finally, in December 2018, Alpha Asset Management A.E.D.A.K. was included in the United Nations-supported Principles for Responsible Investment (PRI) international initiative, the top network for the promotion of responsible investment. This new initiative by Alpha Asset Management

A.E.D.A.K. reinforces the Alpha Bank Group's corporate responsibility policy and supports the 17 Sustainable Development Goals which were set by the United Nations in 2015, so that they can be achieved by 2030.

Alpha Asset Management A.E.D.A.K. manages and offers 42 Mutual Funds, which are addressed to different categories of investors, while investing in Greece and abroad. In 2018, a year of significant fluctuations and developments at an international level, the Alpha Mutual Funds once again took the leading positions in their categories. Furthermore, almost all Alpha Mutual Funds achieved higher returns in relation to their investment objective (benchmark), thereby limiting their losses compared to the losses recorded globally this year in the bond and equity markets.

The consistently high returns of Alpha Mutual Funds place them at the top of each category and rank them even internationally among the best mutual funds of similar investment policy.

It should also be noted that, for the past eight years, the Alpha Mutual Funds have been assessed by the international rating house Morningstar and have consistently received excellent ratings concerning their risk/return ratios. All relevant information is available at the Alpha Asset Management

A.E.D.A.K website ([www.alphamutual.gr](http://www.alphamutual.gr))

2019 will also be a particularly crucial year for our country, during which the domestic mutual fund market will be significantly influenced by developments in the Greek Economy. Moreover, the desired lifting of the capital controls will restore the difficulties in portfolio management and will activate the Alpha Mutual Funds sales network. The primary objectives of the Company are the following:

- The promotion of the new Alpha (LUX) Global Funds and the further increase of the assets under management via a positive balance between subscriptions and redemptions of the Bank's sales network.
- Increased activity in the field of institutional investors' funds management and in the enrichment of the services provided. It is expected that over a five-year period, there will be an increase in demand for professional fund management by insurance institutions, companies and occupational groups which will be called to generate retirement income, relying on a "Defined Contribution" pension scheme.
- The gradual incorporation of Environmental, Social and Governance (ESG) criteria into the investment analysis and the investment decision-making process.

Alpha Mutual Funds Returns	3-year period	5-year period
<b>INTERNATIONAL INVESTMENTS</b>		
Alpha Global Allocation Balanced Classic	3.84%	19.53%
Alpha Global Blue Chips Equity Classic	7.01%	30.44%
Alpha Cosmos Stars USA Equity Fund of Funds Classic	10.40%	48.27%
Alpha Cosmos Stars Silk Route Asia Equity Fund of Funds Classic	11.42%	40.19%
<b>GREEK INVESTMENTS</b>		
Alpha Greek Balanced Fund Classic	27.98%	19.87%
Alpha Greek Bond Fund Classic	55.13%	86.40%
Alpha Euro (€) Corporate Bond Classic	2.97%	7.99%

Source: Hellenic Fund and Asset Management Association (Returns as of 31.12.2018)

- d) The creation of a new website with improved information and interactive operations that will also allow Customers of Alpha Mutual Funds to perform online transactions (subscriptions and redemptions).

### Private Banking

Alpha Bank was named "Best Private Bank in Greece" for 2018 at the "Global Private Banking Awards 2018" that were held in London, on 7 November 2018, organised by the internationally acclaimed publications "Professional Wealth Management (PWM)" and "The Banker" of the Financial Times Group.

This award is a recognition of the consistently high quality that defines the Bank's Private Banking services which meet the Customers' personalised goals and needs. It further highlights Alpha Bank's commitment to providing quality services by incorporating new technologies in wealth management.

The Bank has been providing comprehensive portfolio management and banking services to high net worth Customers (Private Banking) since 1993. These services are provided through Alpha Private Bank Centres in Athens, Thessaloniki, Patra, Iraklion and London, which are staffed by specialised and certified investment advisors. In addition, the Private Banking Division's cooperation with the UK-based Group Company Alpha Bank London Ltd as well as with Société Générale Private Banking in Luxembourg has resulted in a modern structure of open architecture, which allows Customers to receive advisory services from their Private Banker in Greece for the portfolio they maintain abroad.

Private Banking Customers have at their disposal a flexible series of services offered under the trade name "Alpha Private Bank". In particular, the following types of service are available, which can also be combined in order to ensure the broadest possible coverage of investment needs:

- GEM Portfolio Management Service, where the Bank assumes the management of the Customers' funds.
- Portfolio Advisory Service, where the Bank provides active management advice regarding the entire portfolio allocation to Customers who follow it at their discretion.
- Transactional Advisory Service, where the Bank provides active management advice regarding specific transactions,

and not the entire portfolio allocation, to Customers who follow it at their discretion.

- Execution only, where the Bank executes the orders given by Customers who wish to monitor and manage their portfolios themselves.

In line with the Bank's corporate culture and in full compliance with the Markets in Financial Instruments Directive (MiFID), the services are provided after considering the amount to be invested, with a minimum portfolio size of Euro 300,000, the Customer's investment goals (capital protection, maximisation of capital gain, tolerated volatility) as well as time frame, investment experience and known or estimated cash flows, together with the applicable tax framework at the Customer's country of residence.

Specifically, in 2018 the Private Banking Division focused its efforts on the following five priorities:

#### 1. Improvement of Investment Services

- Cooperation with Société Générale Private Banking in Luxembourg, thus expanding the possibilities of Customers who maintain a portfolio abroad through a structure of open architecture, while receiving advisory services from their Private Banker in Greece.
- Establishment of the Portfolio Advisor role, an Executive who presents personalised asset management solutions jointly with the Private Banker, also taking into account the Bank's analyses of the money and capital markets.
- Launch of the Investor Electronic Platform which, through the automation and homogenisation of the advisory selling process, offers Customers an integrated investment approach, in full compliance with MiFID II.
- Use of mobile devices (tablets) for Portfolio Management to facilitate a direct and personalised communication with the Customer.
- Consolidation of the Alpha Private Bank Customer Phone Service, which provides swift and secure specialised banking services to Private Banking Customers during extended working hours, without the need for them to visit an Alpha Bank Branch.

#### 2. Funds under Management

- The funds under management of the Customers

receiving Advisory Services (GEM, Portfolio Advisory, Transactional Advisory) currently account for 86% of the total funds under management.

- The funds invested with Alpha Bank London Ltd increased by approximately 11%, as a result of the improvements in infrastructure and in the framework for cooperation with Customers.

#### 3. Increase of Deposits

The deposits in Greece kept under the control of the Private Banking Division grew by Euro 135 million.

#### 4. Income from Fees and Commissions

- The income of the Private Banking Division rose by 2%.
- The Return on Assets under Management amounted to 0.80%.

#### 5. Reduction of Operating Costs

- Operational risk and operating costs were reduced, while at the same time quality was assured with the establishment, within the Private Banking Division, of the Alpha Private Bank Centres Compliance Support Unit which successfully assumed the centralised management of the necessary supporting and auditing tasks of the Alpha Private Bank Centres.
- An Alpha Private Bank Centre was transferred from the Southern Suburbs of Athens to the premises of the Private Banking Division, without a loss of Customers.

The Private Banking Division maintained its top-tier position in the domestic Advisory Services and Portfolio Management market, remaining strongly focused on innovation and operating in accordance with the customer-oriented approach.

For the year 2019, the Division's objectives are the following:

- Attraction of new Customers with funds abroad by providing advisory services through Alpha Private Bank in Greece and global custody through Société Générale Private Banking in Luxembourg and the UK-based Group Company Alpha Bank London Ltd.
- Digital transformation and redesign of the products and services offered, focusing on Customer Experience. The incorporation of mobile technologies and the e-Signature functionality are already in progress, aiming at a new

simplified model in providing investment services over the next two years.

- Improvement of automations in the sales process, which will increase productivity without compromising compliance with MiFID II.

### Brokerage Services

In 2018, the Athens General Index declined year-on-year by 23.7%, underperforming the main European exchanges. The bank sector, mainly due to rumours for the acceleration of NPLs reduction plans, as well as the massive selloff in emerging markets during the second half of the year were the main reasons behind the 2018 performance. The average daily turnover declined by 5.6% year-on-year and stood at Euro 54.9 million, compared to Euro 58.2 million in 2017.

The Bank is active in the brokerage sector via the Group Company Alpha Finance Investment Services S.A., which in 2018 ranked sixth in the list of the ATHEX Brokerage Members (5.6% market share), while its turnover rose by 9% and stood at Euro 6.5 million compared to Euro 6 million in 2017.

The Company provides retail and institutional investors with a comprehensive range of investment services, which include:

- Trading in the joint Athens and Cyprus Stock Exchange equities and Exchange Traded Funds (ETFs) platform and access to the Athens Exchange Derivatives Market.
- Trading in the international equities and derivatives markets via agents as well as via the "Alpha Global Trading" web-based service.
- Market Making: Alpha Finance acts as a Market Maker in the stock and derivatives market of the Athens Exchange.
- ALPHATRADE: Provision of a complete range of online services accessible via the Customer Service, the mobile applications for iOS and Android-based devices, the automated Interactive Voice Response system as well as via the Company's website at [www.alphafinance.gr](http://www.alphafinance.gr).
- Financial Analyses: Timely provision of accurate information in the form of well-documented corporate, sector-specific and macroeconomic analyses.
- Transaction Clearing and Custody Services: Integrated transaction clearing and custody services for the domestic and the international equities and derivatives markets.

For 2019, the key strategic priority for Alpha Finance is the organic and profitable growth of its business. The Company also focuses on maintaining its good standing and the reputation it enjoys in the market.

## Investment Banking and Treasury

### Corporate Finance

During 2018, the Bank continued to provide financial advisory services in complex, high-profile privatisation projects. In December 2018, it successfully completed the tender process for the sale of 66% of the "Hellenic Gas Transmission Operator" (DESFA), where it served as Financial Advisor to the Hellenic Republic Asset Development Fund (HRADF). The preferred bidder of the tender was the consortium of SNAM-Enagas-Fluxys, which submitted an offer of Euro 535 million for a 66% stake in DESFA. It should be noted that the project to develop state-owned properties is still in progress and the same applies to the project for the commercial exploitation, through a concession agreement, of the "Egnatia Odos" (Motorway), for which the Bank has been appointed exclusive financial advisor.

Furthermore, the Bank successfully concluded landmark capital markets transactions as well as various mergers and acquisitions (M&As) transactions for large Customers. In this field, the Bank undertook the role of Financial Advisor to the "Public Gas Corporation" of Greece (DEPA), in the context of its restructuring, for the sale of a 51% stake in EPA Thessaloniki-Thessalia S.A. to Eni S.p.A. for Euro 57 million and for the acquisition of a 49% stake in EPA Attiki S.A. and EDA Attiki S.A. from Attiki Gas BV for Euro 39 million and Euro 111 million respectively. The sale of the 66% stake in DESFA as well as the previously held transactions of DEPA illustrate the Bank's active participation in the completion of complex investment deals in the energy sector.

In the capital markets sector, the Bank undertook the role of financial advisor for the share capital increase of SFAKIANAKIS S.A., while it also provided advisory services to KAZAR S.A. for the submission of the Voluntary Tender Offer to the shareholders of Druckfarben Hellas S.A. Additionally, it is noted that the Bank actively participated in the corporate bond issues for CORAL S.A., acting as Lead Underwriter and Financial Advisor, and for GEK TERNA S.A., acting as Lead Underwriter.

This is a market that has been particularly active since 2017, thus generating strong interest from investors in 2018, a trend which is expected to continue in 2019.

In 2018, the Corporate Finance Division continued to successfully develop its business as the Bank's main provider of investment banking services and is expecting a further enhancement of its financial market position for 2019, taking advantage of the opportunities emerging in its fields of activity, both in the privatisations and the mergers and acquisitions (M&As) sector as well as in the capital markets sector, through the issuance of corporate bonds and, possibly, through the admission of shares for the first time in the Athens Exchange. Finally, 2019 constitutes a landmark year for the Division, since, through its merger with the Investment Banking Division's real estate investments activities, it will also become active in the management and sale of the Bank's real estate assets.

### Treasury

In 2018 Greece exited successfully the third Economic Adjustment Programme, amid an overall improvement of the country's economic conditions, while fears emerged regarding a global economy slowdown and a volatility increase in the neighbouring countries' economies.

Greece remained on a positive growth trajectory, unemployment kept falling, rating agencies upgraded the country, while deposits inflows allowed for further capital controls relaxation.

In the beginning of 2018, following years of absence from capital markets, Alpha Bank proceeded with a very successful covered bond issuance of Euro 500 million face amount, five-year tenor and 2.50% fixed nominal coupon. The order book reached more than Euro 2 billion, while 90% of the issue was placed to international investors, a fact verifying Alpha Bank's well perceived credit stance by the investor community. It is the longest in terms of tenor, least expensive in terms of cost and with the highest participation of investors, covered bond transaction that has been placed in the market by a Greek bank.

The Emergency Liquidity Assistance (ELA) reliance decreased by Euro 6.7 billion to Euro 300 million at the end of the year, proving the Bank's commitment and ability to achieve full disengagement. A major contributing factor in the

aforementioned successful effort was the increase by almost three times of the repo portfolio volume in the interbank market. The effective exploitation of the asset side of the balance sheet, coupled with the intensified counterparties' interest, led to the material improvement of the terms of funding.

Furthermore, within the spectrum of liquidity issues, in 2018 the Bank received official confirmation by the European Central Bank that it achieved the best refinancing rate under the Targeted Long-Term Refinancing Operations (TLTRO-II), set at -0.40% for a portfolio of Euro 3.1 billion and for a total period of four years. This positive development further contributed to the reduction of the overall funding cost and to the increase of the Bank's net interest income.

Building on its long-standing and strong ties with the domestic and international banking community as well as with supranational organisations, the Bank sought to further strengthen business relationships. This was achieved through constant negotiations to enhance credit lines and improve pricing terms as well as through steady and continuous communication with correspondent banks, placing emphasis on the swift and efficient coverage of the increased volume of transactions in trade finance operations.

In the domestic capital market, 2018 marked the year of return to normality. Following the successful completion of the PSI bonds exchange offer in December 2017, trading activity significantly improved, with domestic market volumes picking up, resulting in increased market depth. During 2018 the Bank sustained its leading role in the Greek Government bond market, conducting almost 50% of the daily trading volume in the Electronic Secondary Securities Market (HDAT), out of 21 primary dealers. At the same time, the Bank was significantly active in the European markets of government, supranational and investment grade corporate securities.

It should be further pointed out that during 2018 high volatility was observed in the Greek bonds' prices. That was attributed either to country specific reasons, such as, indicatively, a significant fall in prices due to the exit from the third Economic Adjustment Programme and the uncertainty over the upcoming national elections timing, or to external developments, such as the political instability in Italy and the economic turmoil in Turkey. In this volatile environment, the Bank managed to capture a remarkable profit stemming

from the active management of the Greek Government bonds portfolio, exploiting all opportunities arising in the most efficient way.

Correspondingly, significant financial profits were recorded for yet another year in the interest rate and currency markets, primarily through financial derivatives transactions that were carried out within predetermined market risk levels and within the limits established by the Bank.

### Structured Finance

Alpha Bank is a leader in the Greek structured finance market, offering financing solutions on a bilateral or syndicated basis as well as related advisory services in the Project Finance area, mainly regarding the implementation of large-scale projects in the infrastructure sector (self-financed roads, airports etc.) and in power generation (renewable energy sources, cogeneration, conventional energy generation by thermal power units). It is also active in Real Estate Finance, in particular regarding projects for the development of commercial centres, hotels, office premises, warehouses, sports venues, a portfolio of residential buildings etc.

In 2018, the Structured Finance Division was actively involved in arranging new structured financings on a syndicated or a bilateral basis, along with other commercial banks but also with International Financial Institutions such as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), with a focus on renewable energy sources (RES) and in particular on wind farms, for an amount higher than Euro 250 million, thus affirming the Bank's dominant position in this sector. By the end of 2018 Alpha Bank had financed RES projects with a total installed capacity of more than 700MW.

The Division also arranged the financing of the Public-Private Partnership (PPP) project for the management of waste in the Region of Peloponnese, budgeted at approximately Euro 115 million.

In the field of advisory services, the Structured Finance Division acts as advisor to the Hellenic Republic Asset Development Fund (HRADF) for the privatisation of the "Egnatia Odos" (Motorway) through a concession agreement.



In the real estate sector, the Structured Finance Division successfully completed a number of selective transactions, mainly with Real Estate Investment Companies (REICs).

The Division's loan book moderately increased and stood at approximately Euro 1.1 billion, due to parallel scheduled repayments.

On the basis of existing mandates pertaining to the arrangement of financing for various projects, the volume and the performance of the loan portfolio are expected to increase in the following years, mainly with regard to RES, PPPs and the development of income properties.

### Venture Capital, Equity Financing

In 2018 Alpha Ventures (AV) and Alpha Ventures Capital Management (AVCM) reported the following results:

- Alpha Ventures reported losses before tax of Euro 964,326 for the year ended on 31 December 2018, due to the impairment of its shareholding in the subsidiary Ionian Equity Participations Ltd by Euro 2,844,840, which was, however, partly offset by a dividend distribution of Euro 1,798,200 received from AVCM and by the revaluation of its shareholding in KEFALONIA FISHERIES by Euro 465,317.
- In its eleventh financial year, Alpha Ventures Capital Management posted losses at Euro 102,874, as a result of a reduction in the management fee received from Alpha TANEAKES (ATA), which has entered its divestment period.

During 2018, the investment activity of AV and AVCM focused on the implementation of the Group's medium-term strategic plan as determined in 2017, aiming at the effective management and liquidation of direct and indirect portfolio investments as well as at exploring new investment opportunities in the digital and Fintech space. In this context, in 2018 and during the first quarter of 2019 a total amount of Euro 4 million was received, as a result of liquidations of direct and indirect investment participations, while an investment is currently in progress, where AV leads an investors' group, contributing an amount of up to Euro 0.5 million to a total investment of an amount of up to Euro 1.55 million.

In general, following the initiative of the European Investment

Fund (EIF) in cooperation with the Greek government to create a national investment fund (Equifund) at the end of 2017, nine new venture capital and private equity funds were created in 2018 to invest in innovative start-ups but also in more mature companies with growth prospects. In this context, approximately Euro 400 million of funds were raised, of which 65% came from Equifund and the remainder from individuals and other institutional investors.

In addition, in early 2019, the New Economy Development Fund (TANEAKES) announced its intention to allocate funds totalling Euro 700 million in newly-established investment vehicles - along with private investors - targeting investments in various sectors of the Greek Economy with an emphasis on small and medium-sized enterprises in need of capital and restructuring.

The above initiatives are expected to give significant stimulus to the venture capital and private equity market and to the Greek Economy as a whole.

### Southeastern Europe

In 2018, all Southeastern European countries in which the Alpha Bank Group has a presence experienced a high economic growth rate. The growth rate of GDP in Cyprus was supported by private consumption, investment and exports. The growth of GDP in Romania was driven by strong private consumption, boosted by wage increases in both the private and the public sector. Albania's economic growth benefitted from agricultural and hydroelectricity production as well as from private consumption and external demand for basic commodities. The average growth rate of the Southeastern European countries is estimated to stand at 3.7% in 2019 from 4% in 2018 and 5% in 2017.

The Alpha Bank Group has a presence in three countries of Southeastern Europe (Cyprus, Romania, Albania) through its Group Companies. On 31.12.2018, the Group had a Network of 185 Branches in these countries and its Personnel amounted to 3,088 Employees.

In 2018, the Group's gross loans in Southeastern Europe stood at Euro 7,195 million, thus constituting 13.7% of total Group loans. Deposits stood at Euro 5,179 million and accounted for 13.4% of total Group deposits.

### Cyprus

Alpha Bank has been active in Cyprus since 1998, with the acquisition of Lombard Natwest Bank Ltd, a subsidiary of the NatWest Group in Cyprus. Following gradual acquisitions of shares, Alpha Bank gained full control of the acquired bank, which was later renamed Alpha Bank Cyprus Ltd. At the end of 2018, the Bank's Network comprised 22 Branches and its Personnel amounted to 693 Employees.

In June 2018, the Bank submitted for the first time a plan for the reduction of Non-Performing Exposures to the Single Supervisory Mechanism (SSM). The Bank was within the set goals of the plan in 2018. Among the key parameters for achieving the goals are the following:

- Enrichment of the existing range of long-term solutions with new products in order to achieve a sustainable settlement.
- Segmentation of the Retail and of the Wholesale Banking portfolio in order to better manage Customers with common characteristics.
- Collaboration with collection companies in Cyprus and in the United Kingdom to achieve a more efficient portfolio management.
- Repossession of real estate through debt-for-asset swap solutions.
- Increase of the number of loan contracts led to the auction process.
- Use of a Net Present Value (NPV) tool to control the proposed settlements.

During the year, the first part of launching the "Alpha Bank Gold Personal Banking" service was concluded by including 6,500 Retail Banking Customers. At the same time, in the context of intensifying actions for the achievement of goals in loan production and the increase of commissions, the Bank included in its bancassurance products the "Inclusive Car Insurance" for car loans and the "Alpha Family Care" plan. Moreover, the Bank re-launched "Alpha Residence Loan" and "Alpha Car Loan" at a competitive pricing and introduced favourable pricing for "Alpha Car Loan" for the purchase of eco cars. Furthermore, the Bank re-priced "Alpha Business Loans". In 2018, products and services were significantly upgraded in order to offer high-quality services to Customers. More

specifically, the "Alpha Express Banking" service was re-designed in order to improve customer experience and the use of electronic banking services. Moreover, the "Alpha Mobile Banking" service was launched for smart mobile telephones and tablets, allowing Customers to have immediate access to their banking transactions through a modern, functional and attractive business environment, offering a sophisticated experience.

In the cards sector, the Bank concluded the migration of the debit cards portfolio from Visa to MasterCard and launched the new "Alpha Bank Business MasterCard". In order to increase the volume of transactions, the "Alpha Spend & Win" promotional action was launched. At the same time, services for cards were upgraded through the introduction of the new "Alpha SecureWeb" platform, while the workflow application for debit cards requests was concluded.

At the end of the year, loans stood at Euro 4,292 million.

In 2018, the Bank, having expanded its deposit base and following the market trend, reduced the deposit interest rates and suspended the products "Alpha Progress 1+", "Alpha Flexibility" and "Alpha Term Deposit with Miles". Moreover, the Bank launched "Alpha online Term Deposit", which is an innovative deposit product for Customers using the "Alpha Express Banking" service. At the end of the year, deposits stood at Euro 2,211 million.

During the year, Alpha Bank Cyprus Ltd implemented projects in the context of compliance with the General Data Protection Regulation (GDPR) and the Directive (EU) 2015/2366 on Payments Services Directive (PSD) 2.

Alpha Bank Cyprus Ltd presented high capital adequacy in 2018, as the Common Equity Tier 1 ratio stood at 16.6%, the Tier 1 Capital Ratio stood at 20.4% and the Total Equity Capital Ratio stood at 20.6%, in accordance with the transitional provisions.

### Romania

Alpha Bank has been present in Romania since 1994 and was the first foreign bank to operate in the country. At the end of 2018, the Bank's Network comprised 130 Branches and its Personnel amounted to 1,976 Employees.

In 2018, Alpha Bank Romania, in a highly competitive

environment, enhanced its customer base and managed to improve its loan portfolio quality through selling a portfolio of Non-Performing Corporate Loans and writing off Non-Performing Loans. Moreover, the Bank upgraded its core banking system and launched the new unified platform for Web Banking and Mobile Banking. During the year, the Bank launched the MasterCard Professional for small and medium-sized enterprises, current accounts for small enterprises and new housing loans with fixed interest rate for the first five years. The "Alpha Bank Gold Personal Banking" service was enriched with the Visa Gold card for Gold Customers and with the Mutual Funds application. At the end of 2018, loans stood at Euro 2,607 million.

During the year, the Bank significantly enhanced its deposit base through attracting deposits both from the internal and the external market and especially from the German market. At the end of 2018, deposits stood at Euro 2,463 million.

In 2018, Alpha Bank Romania presented adequate capitalisation, as the Solvency Ratio stood at 24.3%.

Alpha Bank Romania presented lower profits in 2018 compared to 2017. This was the result both of the increased expenses mainly for investments in technology, human resources and marketing and of lower income.

In 2018, Alpha Bank Romania was named by the European Bank for Reconstruction and Development (EBRD) "The Most Active Issuing Bank in Romania in 2018" in the field of financing international trade.

In the leasing sector, the Alpha Bank Group has been active in Romania since 1998, through Alpha Leasing Romania IFN S.A., which provides Customers with credit facilities. 2018 marks the 20th year of the Company's operation.

In the brokerage sector, the Alpha Bank Group has been active in Romania since 1994 through Alpha Finance Romania S.A., which provides Customers with stock trading services in the Bucharest Stock Exchange and foreign markets, financial advisor services, services of participation in Initial Public Offerings (IPOs), etc.

## Albania

Alpha Bank's presence in Albania dates back to January 1998, while it has been active in the country through the Group

Company Alpha Bank Albania SHA since 2012. At the end of 2018, the Bank's Network comprised 33 Branches and its Personnel amounted to 419 Employees.

In 2018, Alpha Bank Albania SHA, despite operating in an intensely competitive environment, managed to enhance its customer base, reduce the cost of deposits and improve the quality of its loan portfolio, mainly by increasing collections and restructuring loans as well as by writing off Non-Performing Loans. During the year, marketing campaigns were conducted for the housing loan "Alpha Fix Housing Loan" and for consumer loans without collaterals as well as for credit cards and for the Bonus Reward Programme for American Express® cards. Moreover, in December 2018, the new "Alpha Chat Bot" service was approved, aiming to sell Bank products through social networks and to increase customer satisfaction through online support on a 24-hour basis, seven days a week. At the end of 2018, the Bank's loans stood at Euro 296 million. In 2018, Alpha Bank Albania SHA had a strong presence in the card industry, as it issued 9,062 credit cards and 59,651 debit cards. At the same time, the Bank managed to increase its deposits which stood at Euro 504 million at the end of 2018.

Alpha Bank Albania SHA registered adequate capital adequacy and liquidity in 2018, as the Capital Adequacy Ratio stood at 15.8% and the Liquidity Ratio at 31.9%.

## Other Activities

### Real Estate Management

The main activity of the Group Company Alpha Astika Akinita S.A. is the management and development of real estate either self-owned or owned by third parties, the provision of advisory services on related matters or of real estate and brokerage services, the real estate as well as plant and machinery valuation for the Alpha Bank Group and third parties and the participation in businesses having the same or similar purposes.

Alpha Astika Akinita S.A., acting as a real estate consultant, has expanded its operations by undertaking the management of the Group's real estate portfolio in Greece and by coordinating its real estate activities abroad, while it has created databases for all the real estate properties used, leased or rented by the

Group and located in Southeastern Europe.

In that context, Alpha Astika Akinita S.A. in 2018 had a 100% participation in the following Group Companies: Alpha Real Estate Bulgaria E.O.O.D., Chardash Trading E.O.O.D., Alpha Real Estate Services S.R.L. and Alpha Real Estate Services L.L.C.

Total Assets stood at Euro 133 million for the year 2018 compared to Euro 130.5 million in 2017, increased by 1.9%. Cash and cash equivalents amounted to Euro 72.2 million in 2018 versus Euro 68.9 million in 2017. In 2018, profit before tax amounted to Euro 3.5 million against losses of Euro 4.3 million in 2017. Operating Revenues for the year 2018 amounted to Euro 12.2 million compared to Euro 10.8 million in 2017. Operating expenses for the year 2018 amounted to Euro 8.7 million compared to Euro 9.1 million in the previous year.

After many years of remarkable development, Alpha Astika Akinita S.A. possesses a high-quality property portfolio, significant available funds and skilled staff. These features, combined with zero borrowing, are strong prerequisites for dealing with a particularly difficult economic environment.

In 2019 the Company will continue to:

- manage purchases/sales, leases/rentals and tax and insurance issues related to real estate
- organise and test valuations and projects' certifications
- act as project manager of large-scale projects
- provide advisory services on the issues mentioned above.

The Bank, in the context of the centralised management of the Group Real Estate Owned Assets (REOs), except for the Group-occupied Real Estate, completed the establishment of an independent Unit, through the specialised Group Company Alpha Real Estate Management and Investments S.A. ("AREMI") in September 2018. The scope of AREMI is to perform an appraisal of the assets to be acquired by the Group as well as to apply an active asset management or to assign the management, development and sale of any Group Real Estate Owned assets. In particular, when the Bank acquires the ownership of real estate properties in the context of NPEs management, Alpha Real Estate Management and Investments S.A. is responsible for:

- Monitoring the assets' repossession procedure (asset on-boarding) and, subsequently, the assets' assignment to

the appropriate servicers within or outside of the Group.

- Monitoring and coordinating the implementation of the assets' management and development strategies.
- Monitoring and coordinating the assets' commercialisation in accordance with the Group's policy in force.
- Setting and monitoring the appropriate Key Performance Indicators (KPIs) for the asset servicers.



3.  
OPERATING SEGMENT  
AND GEOGRAPHICAL  
SECTOR ANALYSIS



### 3. OPERATING SEGMENT AND GEOGRAPHICAL SECTOR ANALYSIS

#### a. Analysis by Operating Segment

(Amounts in Euro million)

	1.1.2018 - 31.12.2018						Group
	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other/ Elimination Centre	
Net interest income	847.2	597.4	8.1	121.2	199.2	(17.1)	1,756.0
Net fee and commission income	111.2	139.0	44.0	12.1	28.9		335.2
Other income	29.3	(26.7)	3.2	502.1	5.1	(0.6)	512.4
<b>Total income</b>	<b>987.7</b>	<b>709.7</b>	<b>55.3</b>	<b>635.4</b>	<b>233.2</b>	<b>(17.7)</b>	<b>2,603.6</b>
<b>Total expenses</b>	<b>(640.6)</b>	<b>(183.0)</b>	<b>(33.4)</b>	<b>(30.3)</b>	<b>(193.9)</b>	<b>(81.2)</b>	<b>(1,162.4)</b>
Impairment losses and provisions to cover credit risk	(1,057.0)	(450.4)	1.9	(3.2)	(221.8)	(0.1)	(1,730.6)
<b>Profit/(losses) before income tax</b>	<b>(709.9)</b>	<b>76.3</b>	<b>23.8</b>	<b>601.9</b>	<b>(182.5)</b>	<b>(99.0)</b>	<b>(289.4)</b>
Income tax							342.3
<b>Profit/(losses) after income tax</b>							<b>52.9</b>
Assets 31.12.2018	22,108.0	14,438.0	434.9	9,979.2	7,950.5	6,096.2	61,006.7
Liabilities 31.12.2018	24,976.2	7,647.5	2,160.1	11,783.6	6,097.7	198.7	52,863.6
Capital expenditure	93.4	39.6	2.6	8.4	13.7	16.4	174.1
Depreciation and Amortisation	(57.8)	(23.5)	(2.3)	(3.1)	(9.8)	(5.5)	(102.0)

(Amounts in Euro million)

	1.1.2017 - 31.12.2017						
	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other/ Elimination Centre	Group
Net interest income	953.2	633.8	12.2	107.5	232.5	3.4	1,942.6
Net fee and commission income	108.2	125.9	44.5	19.0	25.7	0.2	323.5
Other income	8.4	(22.3)	2.3	139.0	19.7	50.4	197.5
<b>Total income</b>	<b>1,069.8</b>	<b>737.4</b>	<b>59.0</b>	<b>265.5</b>	<b>277.9</b>	<b>54.0</b>	<b>2,463.6</b>
<b>Total expenses (excluding provision for separation schemes)</b>	<b>(670.0)</b>	<b>(174.5)</b>	<b>(31.1)</b>	<b>(29.9)</b>	<b>(187.9)</b>	<b>(106.9)</b>	<b>(1,200.3)</b>
Impairment losses and provisions to cover credit risk	(886.5)	62.2			(181.1)		(1,005.4)
Provision for separation scheme						(92.7)	(92.7)
<b>Profit/(losses) before income tax</b>	<b>(486.7)</b>	<b>625.1</b>	<b>27.9</b>	<b>235.6</b>	<b>(91.1)</b>	<b>(145.6)</b>	<b>165.2</b>
Income tax							(75.6)
<b>Profit/(losses) after income tax from continuing operations</b>							<b>89.6</b>
Profit/(losses) from discontinued operations						(68.5)	(68.5)
<b>Profit/(losses) after income tax</b>							<b>21.1</b>
Assets 31.12.2017	23,996.6	15,411.8	410.7	7,892.2	8,141.4	4,955.2	60,807.8
Liabilities 31.12.2017	23,423.3	5,825.8	1,968.0	13,906.4	5,849.8	207.7	51,181.1
Capital expenditure	58.0	36.3	5.3	17.4	11.8	16.8	145.6
Depreciation and Amortisation	(54.5)	(22.5)	(2.3)	(2.4)	(9.4)	(8.6)	(99.7)

(Amounts in Euro thousands)

	31.12.2018			31.12.2017		
	Balance before impairment	Accumulated impairments	Balance after impairment	Balance before impairment	Accumulated impairments	Balance after impairment
Mortgages	7,600,991	2,263,042	5,337,949	7,753,680	2,518,418	5,235,262
Consumer Loans	3,118,862	1,727,983	1,390,879	3,634,517	1,678,567	1,955,950
Corporate Loans	10,387,296	5,351,417	5,035,879	12,511,587	5,907,700	6,603,887
<b>Total</b>	<b>21,107,149</b>	<b>9,342,442</b>	<b>11,764,707</b>	<b>23,899,784</b>	<b>10,104,685</b>	<b>13,795,099</b>

**b. Analysis by Geographical Sector***(Amounts in Euro million)*

	1.1.2018 - 31.12.2018		
	Greece	Other countries	Total
Net interest income	1,538.3	217.7	1,756.0
Net fee and commission income	302.1	33.1	335.2
Other income	507.3	5.1	512.4
<b>Total income</b>	<b>2,347.7</b>	<b>255.9</b>	<b>2,603.6</b>
<b>Total expenses</b>	<b>(949.3)</b>	<b>(213.1)</b>	<b>(1,162.4)</b>
Impairment losses and provisions to cover credit risk	(1,508.8)	(221.8)	(1,730.6)
<b>Profit/(losses) before income tax</b>	<b>(110.4)</b>	<b>(179.0)</b>	<b>(289.4)</b>
Income tax			342.3
<b>Profit/(losses) after income tax</b>			<b>52.9</b>
Assets 31.12.2018	52,713.0	8,293.7	61,006.7

*(Amounts in Euro million)*

	1.1.2017 - 31.12.2017		
	Greece	Other countries	Total
Net interest income	1,694.4	248.2	1,942.6
Net fee and commission income	291.9	31.6	323.5
Other income	175.5	22.0	197.5
<b>Total income</b>	<b>2,161.9</b>	<b>301.7</b>	<b>2,463.6</b>
<b>Total expenses (excluding provision for separation scheme)</b>	<b>(1,087.3)</b>	<b>(113.0)</b>	<b>(1,200.3)</b>
Impairment losses and provisions to cover credit risk	(824.3)	(181.1)	(1,005.4)
Provision for separation scheme		(92.7)	(92.7)
<b>Profit/(losses) before income tax</b>	<b>250.3</b>	<b>(85.2)</b>	<b>165.1</b>
Income tax			(75.6)
<b>Profit/(losses) after income tax from continuing operations</b>	<b>250.3</b>	<b>(85.2)</b>	<b>89.5</b>
Profit/(losses) from discontinued operations		(68.5)	(68.5)
<b>Profit/(losses) after income tax</b>			<b>21.0</b>
Assets 31.12.2017	52,461.6	8,346.2	60,807.8

4.  
DIGITAL  
TRANSFORMATION  
ACHIEVEMENTS





## 4. DIGITAL TRANSFORMATION ACHIEVEMENTS

Alpha Bank's Digital Transformation Programme was launched in 2017 and its implementation was further intensified in 2018. In parallel to the overall efforts to improve Customer Experience as well as to modernise and rationalise the internal processes of Alpha Bank, made by all the Units of the Bank, the initiatives described below were implemented. These initiatives aim to reshape the Bank's operating model by leveraging digital technologies, in order to address customer needs more effectively through the provision of high-quality digital services and products.

### Detailed planning of the three-year Digital Transformation Programme

In 2018, the detailed planning of the Bank's Digital Transformation Programme was completed. The Programme includes, among others, the following initiatives:

- Redesign and digitalisation of Customer Journeys and implementation of the required electronic infrastructure.
- Upgrade of IT systems to allow maximum flexibility and speed in the implementation of new products and services.
- Development of Application Programming Interfaces (APIs) and leveraging of the Open Banking capabilities.
- Development of ecosystems fostering innovation.
- Change of culture and revision of the way of working within the Bank, through simple and flexible organisational structures, cross-functional teams and Agile methodologies.

The aforementioned initiatives will be concluded within the years 2019-2021, based on a detailed plan incorporating three implementation waves with a number of interim milestones. This plan has been approved by the Board of Directors of Alpha Bank and is already underway.

The Agile methodology has been adopted for the main Digital Transformation projects. This new way of working will be implemented initially in the redesign of Customer Journeys, but is expected to be expanded to the entire Bank for several other projects.

### Redesign and digitalisation of Customer Journeys

In 2018, in the context of its Digital Transformation Programme, Alpha Bank successfully implemented the first

Customer Journey redesign project, launching the bleep app, the first mobile application in Greek banking that allows issuing and managing a prepaid card exclusively through a mobile telephone.

The bleep app is in full alignment with Alpha Bank's strategic objective of optimising Customer Experience. Through the collaboration of different Units of the Bank and focusing on expedited and phased implementation in sprints, as per the Agile methodology, it was ensured that the end product captures the deep know-how of all the competent Bank Units, is in line with the Bank's strategic objectives and, first and foremost, fully addresses the changing needs of Customers.

Since its introduction into the Greek market, the bleep app has been highly successful, continuously attracting new users who benefit from this innovative solution offered by Alpha Bank. Furthermore, bleep has been awarded significant distinctions such as the "Team of the Year: Customer Service of the Year" award (Large Organisation category) at the National Customer Service Awards and the "Product of the Year" award in the "Banking prepaid card" category at the national customer survey conducted by IRI.

### Transformation Project – Transaction Migration

The mass increase in the usage of electronic self-service channels by Customers for their daily transactional needs is a key priority of the Bank's business and digital Strategy.

This increase in the adoption of self-service channels is critical, as it improves Customer Experience through servicing channels that are operational on a 24/7 basis and provide high-quality and complete information, speed, security and ease of use, but it also allows reallocating the time of Tellers in value-adding activities such as sales, customer service and further deepening of the relationship with "high-value" Customers.

Within this context, in 2018 Alpha Bank further promoted the transformational programme that aims to "familiarise" Customers with digital and other self-service channels and, in this way, transfer a significant part of teller transactions to these channels. The programme features an integrated and tested approach that includes focused promotional

activities towards "very frequent users of cash registers", establishment of "digital corners" and branch infrastructure upgrade, new roles and a new operating model, training and incentives for both the Bank Employees and the Customers as well as changes in the pricing of selected transactions.

Until the end of 2018, the programme had been implemented fully in 89 and partially in 71 Branches, a total of 160 Branches, with very positive results in terms of both Customers' training in the usage of digital and self-service channels and the reduction of transaction volumes in cash registers and the associated capacity release.

The Customers are at the centre of the Bank's Digital Transformation Programme. Alpha Bank remains loyal to its core values, actively standing by its Customers, supporting, training and guiding them through their transition to the digital self-service model of the new era.

### Establishment of selected Digital Enablers

A key element of Alpha Bank's Digital Transformation Programme is the establishment of the necessary digital infrastructure, which will be leveraged during the redesign of Customer Journeys and will also facilitate the provision of new digital services and capabilities to Customers and Employees alike.

Offering Wi-Fi connectivity to Alpha Bank's Branch Network is such an activity. This project has already been implemented in more than 350 Branches and is used to effectively support the modern digital communication channels already established by the Bank, while it also improves the overall experience of Branch Network Customers, allowing them to utilise their time effectively, while waiting to be served.

In addition to the Wi-Fi infrastructure, Alpha Bank has initiated the implementation of the necessary infrastructure that will allow Customers to use electronic signatures (e-signature pads and qualified digital certificates in accordance with the eIDAS EU Regulation). The above-mentioned capability will be available within the first half of 2019 for specific transactions and documents and will gradually be expanded to the entire range of transactions made by Customers during their collaboration with the Bank.

### Organisation of the "Digitalized" event

In September 2018, Alpha Bank organised the "Digitalized" event, in the "Hellenic Cosmos" Cultural Centre. The event focused on the changes arising from digital technology in the habits and needs of Customers, the improvement in Customer Experience that all organisations need to achieve, regardless of the business sector in which they operate and the associated challenges as well as the new growth opportunities that emerge.

Senior Executives from Alpha Bank and renowned international experts highlighted the importance of the changes occurring as well as the necessity for all the organisations to quickly adapt to the new conditions, through modernising their operating models and adopting new technologies. Furthermore, they presented examples of digital transformation programmes undertaken by international companies, describing the critical elements for ensuring success. In this context, the main pillars of Alpha Bank's Digital Strategy, the initiatives already underway as well as the significant benefits that are expected for the Bank and primarily for its Customers were also presented.

The event also featured a CEO panel, which covered in detail the approaches that modern organisations adopt in order to respond to the requirements and challenges of the modern digital era, focusing on the Customer.

The event was highly successful, as it attracted great interest from a large number of participants including Executives from Alpha Bank, other established Greek enterprises and other Greek banks.

### PSD2 and Open Banking

Within the context of complying with Directive (EU) 2015/2366 on payment services in the internal market (Payments Services Directive - PSD2), the Bank is developing the new "Alpha Bank Group API Portal", a project which is expected to be completed within the first quarter of 2019. This new service will be Group-wide, covering Greece, Cyprus and Romania, and will allow Third Party Providers (TPPs) to connect to the Bank's Application Programming Interfaces (APIs), which offer the following capabilities:

- Access to account and credit card data of Alpha Bank

Customers.

- Execution of transfers from accounts of Alpha Bank Customers.
- Provision of information regarding the location, address and telephone numbers of Branches, the Automated Cash Transaction Centres and the ATM Network as well as regarding foreign exchange rates.

5.  
OPERATIONAL  
SYSTEMS AND  
DISTRIBUTION  
CHANNELS



## 5. OPERATIONAL SYSTEMS AND DISTRIBUTION CHANNELS

### Operational Systems and IT Projects

In addition to the projects and requests launched and/or implemented during the year, the IT Divisions focused on the Strategic IT Projects initiated in 2016, on the changes required due to the implementation of the Legislative Acts in the context of the capital controls, on meeting regulatory/supervisory requirements and on the projects aimed at meeting operational needs.

In 2018, the main IT activities focused on addressing the operational needs (projects and requests) and contributed significantly to the Digital Transformation Initiative of the Bank as well as to the progress in the major three-year projects that were launched in the framework of the architectural redesign of the Core Banking System. More specifically, the main projects during 2018 concerned the following:

- The architectural redesign, aimed primarily at drastically improving the time to market, while also improving the efficiency of the IT resources. The functionality (banking transactions and services) is provided with the use of modern technologies and a three-tier architecture:
  - Service Oriented Banking Components
  - Open Source Business Processes Orchestration and Business Rules Management
  - Modern and unified Web-based Front-end (User Environment)

The project started in 2016 and until now its main achievement is the delivery of the first release (customer transactions, term deposits, loan disbursements and payments). According to the schedule, within the first quarter of 2019, the second release (most frequent branch transactions, including deposits, payments, cards, cheques, safe deposit boxes and loans management) will be delivered, while all the transactions should have been migrated to the new infrastructure by the end of the fourth quarter of 2019.

- The integration of Lending Systems, seeking to achieve:
  - uniform overview of all loans;
  - reduction of the operating costs;
  - greater flexibility in the introduction of operational changes and regulatory requirements.

The first part of the project, pertaining to the migration of mortgages to the Siglo system, was successfully completed during 2017, while the second part of the project, pertaining to the migration of consumer loans from LMS/FDH to the Siglo system, was completed in the second quarter of 2018.

- The upgrade/replacement of obsolete critical hardware, currently still in progress, in order to minimise operational risk and ensure stability, reliability and security.
- The upgrade and/or replacement of critical hardware and system software, which have reached their expected end date and are no longer supported by their manufacturers.
- The application of the Legislative Acts in the context of the capital controls. Following the changes that were implemented on the basis of the Legislative Act of 28.6.2015 concerning the “Short-Term Bank Holiday” (published in Government Gazette Vol. A 65/28.6.2015), in 2018 the IT Divisions, in collaboration with the Legal Services and the competent Business Units, implemented the necessary adjustments, as required by the changes in the relevant legislation.
- The participation in the design and completion of major large-scale projects, including the Markets in Financial Instruments Directive (MiFID) II, the International Financial Reporting Standard (IFRS) 9 and the Directive on Payment Services (PSD) 2 as well as in the analysis and design of projects concerning the application of the General Data Protection Regulation (GDPR – Regulation (EU) 2016/679).

Additionally, inter alia, the following major Projects per Business Unit were completed in 2018:

- Customer Relationship Management (CRM)/Management Information Systems (MIS)
  - ANACREDIT (Phase 2)
  - SOLAR – Interfaces implementation with doBank
  - CRM – Performance measurement and data reporting requirements
  - CMART Portfolio management
- Deposit Products
  - “Alpha Save Smart” account
  - New service for the savings accounts

- INTERAXION
- EKO II – Supplier payment process automation
- Payment Systems
  - DIAS Credit Transfer – Debtors management
  - Payments Platform – Upgrade of the database infrastructure
  - DIAS Credit Transfer – Creditors’ management: Implementation of a new remittance information standard
  - Payments Platform – Implementation of the messages reconciliation system
  - Replacement of the Alpha File Control (AFC) middleware platform
  - Alpha Mass Payments Platform – Interbank cross-border payments
  - Alpha Mass Payments Platform – Encrypted payment files
- Head Office Units
  - Upgrade of the SAP Bank Analyzer in accordance with the International Financial Reporting Standard (IFRS) 9 requirements
  - DIS 11 – Reporting notifications in accordance with IFRS 9
  - New platform for recruitment applications’ management (CV submission and management) – Oracle Taleo
  - HRMS – Management of Alpha Bank’s organisational structure
  - AXA – Executives’ Savings Programme
  - Human Resources – Automation of the recruitment process
- Credit operations/Non-Performing Exposures/Non-Performing Loans
  - Modification category reporting for Retail Banking Loans
  - ANCHOR - R-1 Portfolio Segmentation
  - Non-Performing Loans – Borrowers’ electronic file – Automation of extrajudicial processes
  - OCW – Extrajudicial agreement for the restructuring of corporate Non-Performing Exposures (continuing from 2017)
  - New assignment engine – Qualco



- Interbanking management of NPL cases under Law 3869
- Projects: Venus – Mercury – Jupiter
- NR-5 – Period 1 - Branches in Qualco (Anchor programme)
- NR-4 – New assignment engine – Qualco (Anchor programme)
- R-7 – Period 1 - Frontline Decision Definition (Anchor programme)
- Alternative Networks
  - Bleep app – A prepaid card that can be issued, loaded and managed through the mobile telephone
  - Onboarding of new subscribers to myAlpha Web and myAlpha Mobile via mobile telephone, without visiting a Branch
  - Online document uploading
  - PSD2 – Strong Customer Authentication – Phase 1
  - Compliance with PSD2
  - Bonus app – Development of new mobile apps for iOS and Android mobile telephones
  - Redesign of Alpha Bank’s website portal (www.alpha.gr)
  - PIN by SMS
  - E-Banking – Anti-fraud system – Phase 1
  - Implementation of new payments’ identification code standards (DCT-DDD)
- Investments
  - Management of custody fees for Private and Gold Customers (Bonds and SICAV)
  - Modifications on dividend payments for listed equities (HELEX)
  - TITAN CEMENT INTERNATIONAL S.A. Public Offer
  - Investor Relations Manager (IR Manager) application
  - Mutual Funds AEDAK Weblogic 12c upgrade for Alpha Bank and Alpha Bank Romania infrastructure
  - European Market Infrastructure Regulation (EMIR) implementation
  - Common Reporting Standard (CRS) and Foreign Account Tax Compliance Act (FATCA) reporting
  - “Alpha Exelixis Single Premium” new insurance scheme

- Treasury and Risk
  - DIS\_10 Fair Value calculation
  - Enterprise Fraud Detection Prevention (EFDP)
  - SLS to ABRS integration
  - ION – trading platform upgrade (MiFID II)

In the context of the IT Service Management System procedures adoption, all the applications and systems of the Bank were defined as IT Services. The Services are defined in terms of the building blocks, which enable their operation and support, i.e. infrastructure, software, human resources and processes. The List of Services as well as the Service management processes (requests, changes, events etc.) are directly supported by the HP Service Management tool, which is used by all the IT Units.

Additionally, the Project Management Division employs the HP Project & Portfolio Management (HP-PPM) tool to manage the major IT projects.

Using this feature, in 2018 the IT Divisions handled 48,276 requests from the Bank’s Business Units, concerning improvements, troubleshooting as well as the provision of information, while they also initiated or completed 168 major projects. With regard to the Group Companies, a total of 6,399 requests concerning changes, improvements and troubleshooting were submitted and 24 major projects were completed.

With regard to process organisation and optimisation, the Bank’s IT Divisions completed the following projects and activities in 2018:

- Certification based on the ISO 22301 Business Continuity Management standard by TÜV Austria
- Certification based on the ISO 20000 IT Service Management standard by Bureau Veritas
- Certification based on the ISO 9001 Quality Assurance standard

Additionally, the IT Divisions participate in projects and handle requests for the Bank’s annual certification in accordance with the Payment Card Industry Data Security Standard (PCI DSS).

The IT Divisions offered vital assistance in collecting and

reporting data as well as in providing operational and technical support to the respective Units of the Bank during major audits and regulatory reporting in 2018, as follows:

- Bank of Greece Governor’s Act (BGGGA) 2651
- IT Risk Self-Assessment Questionnaire 2017 of the Single Supervisory Mechanism (SSM)
- Annual CPA Audit 2017 (Deloitte)
- Bank of Greece – Questionnaire completion of the European Central Bank (ECB) inquiry exercise to review the Blue Book Regulation in 2019
- Bank of Greece – European Central Bank - Blue Book Regulation - Report Payment Statistics 2017
- Single Supervisory Mechanism (SSM) Supervisory Board – Liquidity Exercise
- Single Resolution Board (SRB) – Critical functions template
- Single Resolution Board (SRB) – Questionnaire on governance for resolution crisis management, in the context of Resolution Planning 2018
- Single Resolution Board (SRB) – Questionnaire for Greek banks 2018 (Annexes IX and X) for the preparation of Credit Institutions’ Restructuring Plans and the determination of Minimum Requirement for own funds and Eligible Liabilities (MREL).

At the same time, the IT Divisions handled 31 internal and follow-up audits. In the context of the overall improvement of the systems and applications, the IT Divisions collaborate with the Internal Audit Division and the Market and Operational Risk Division to regularly review the status of the various improvement actions and projects that have resulted from audits and from the Operational Risk Action Plans.

### Business Continuity: Certification of Critical Business Sectors

As part of the constant upgrade of their Business Continuity Management processes, in 2018, the Bank and the Group Companies Alpha Leasing S.A., Alpha Supporting Services S.A. and Alpha Bank Romania S.A. proceeded with the renewal of their existing ISO 22301 (Business Continuity Management System) certification.

Additionally, in the same year, two more Business Sectors of the Bank (Organisation, Cybersecurity and Information Security) as well as the Group Company Alpha Finance Investment Services S.A. were ISO 22301 certified.

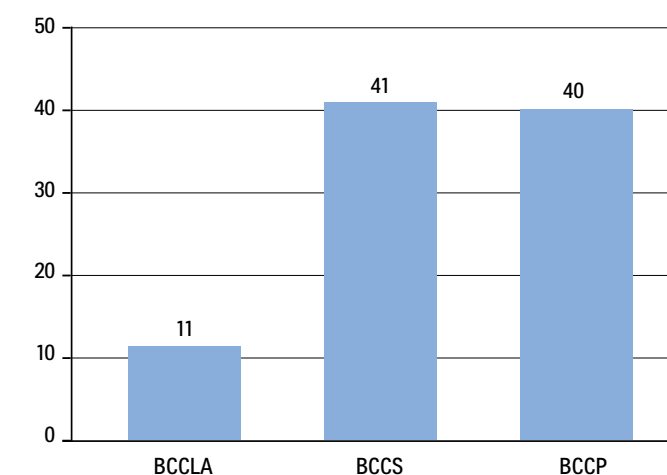
The audit carried out by TÜV Austria as the Certification Body confirmed the full compliance with the said standard and the high level of knowledge, awareness and training of the Personnel, with regard to the business continuity procedures.

It should be noted that, in line with best practices and methodologies, since 2008 Alpha Bank has developed a uniform Business Continuity Management Framework, which applies to the entire Group and has obtained the ISO 22301 Group certification.

Seeking to ensure the efficient implementation of this Framework, Alpha Bank, in collaboration with an internationally recognised institute in the business continuity industry, carried out training programmes, as it had also done in previous years, through which 92 Bank and Group Executives obtained the following Business Continuity certifications:

- Business Continuity Certified Lead Auditors (BCCLA)
- Business Continuity Certified Specialists (BCCS)
- Business Continuity Certified Planners (BCCP)

Business Continuity Certifications - 2018



All of the above demonstrate the Bank's ongoing commitment to the protection, to the maximum extent possible, of its Employees' safety and to the uninterrupted provision of services and information to its Customers and to the other stakeholders (e.g. Shareholders, business partners, suppliers, supervisory and state authorities etc.)

## Branches, Alternative Networks and Electronic Services

### Branch Network

Alpha Bank is successfully active in the Greek and in the international banking markets through a total of 650 Branches and maintains a wide network of correspondent banks, both in Greece and abroad. At the end of 2018, the Alpha Bank Branch Network in Greece numbered 443 Branches and Customer Service Units (including five Business Centres and seven Alpha Private Bank Centres). The number of Branches in Greece was reduced by thirty-eight (38) Units compared to 31.12.2017, as a result of the merger of thirty-five (35) Alpha Bank Branches. Furthermore, in the context of a more effective management of Non-Performing Exposures, in 2018 the Bank operated 21 Regional Retail NPE Workout Centres.

Correspondingly, the Group's International Network numbered 186 Branches, having a presence in Cyprus (Alpha Bank Cyprus Ltd: 22), in Romania (Alpha Bank Romania S.A.: 130), in Albania (Alpha Bank Albania SHA: 33) and in the United Kingdom (London Branch). The number of Branches abroad is lower by one (1) compared to 31.12.2017, as a result of a merger in Alpha Bank Albania SHA.

With a strong presence in both urban areas and the wider region, the Group's extensive Network allows the Bank to adapt to the ever-changing market conditions, to improve its customer reach and to cater to the Customers' needs. In 2019, particular emphasis will be placed on further optimising the Branch Network utilisation and efficiency.

### Alternative Networks and Electronic Banking Services

Committed to the goals of its Business Plan and continuing the improvements in its online services, in February 2018,

the Bank launched an electronic document-posting platform for the validation or the change of personal data, facilitating Customers who no longer have to visit its Branches.

In March 2018, the Bank presented the new function of online registration to the e-Banking services through mobile telephones, which no longer requires Customers' visiting a Branch for the registration procedure.

In the context of further improvements to the products and services of "myAlpha Web for Businesses", in April 2018, an upgrade of the approvals management and user rights functions was carried out, in order to cover all corporate structures and potential particular requirements regarding their approval levels.

In November 2018, with a view to upgrading services to provide robust identification and a common security experience to Customers, the procedure for acquiring an Additional Security Code for sensitive transactions changed and is now carried out through an SMS or through the Viber application on the mobile telephone, while, inter alia, it is now necessary for the subscription to the services. In the same context, payment procedures were also simplified, the majority of which are now carried out without requesting an Additional Security Code.

In December 2018, the registration procedure for myAlpha wallet was simplified. Customers can now subscribe to the application using their existing e-Banking username and password, meaning that all myAlpha electronic services are accessible by using just the e-Banking codes.

### Distinctions in 2018

#### Mobile Excellence Awards 2018

Alpha Bank received five significant distinctions at the Mobile Excellence Awards 2018, continuing to stand out for its new and innovative electronic services. In specific, the "myAlpha Mobile" and "myAlpha wallet" services received one Grand award, two Gold and two Silver awards in the following categories:

- Grand award for all their distinctions
- Gold awards in the "Mobile Banking Services" and «Mobile Wallet" categories
- Silver awards in the "Business Process Re-engineering

through Mobile" and "Use of Mobile for P2P Payment" categories for the "myAlpha Mobile" app.

### myAlpha

Alpha Bank's new "myAlpha" e-banking pillar is currently in its final promotion stage; "myAlpha" includes all the electronic services and electronic products, the existing remote service networks "myAlpha Web", "myAlpha Mobile" and "myAlpha Phone" as well as the digital wallet "myAlpha wallet".

### e-Banking

At the end of 2018, the total of active e-Banking Customers (Web and Mobile) for Individuals and Businesses increased by 23%, with more than 85% of all the transactions executed at the Bank being alternative network transactions.

True to its commitment for integrated electronic services, via "myAlpha Web" and "myAlpha Mobile", the Bank enhanced in 2018 the payment services with 110 new codes thus allowing more than 700 types of payments. At the same time, the effort for upgrading the level of product information, transaction services and available online products continued, resulting in the further improvement of customer experience regarding the use of alternative networks.

To ensure the uninterrupted service and support for its constantly increasing Customers, a series of new functionalities was developed, such as the online registration to e-Banking, which no longer requires visits at the Branch, the online upload of documents for the validation or the change of Customers' personal data and the upgrade of the approvals management and the user rights functions in e-Banking for Businesses.

As regards "myAlpha Mobile", as of September 2018, the new "Scan To Pay" functionality has made the execution of a significant number of payments to organisations and businesses even easier, since users are no longer required to enter payment codes, but simply use their mobile telephone to scan the barcode or the QR code on the bill they want to pay.

### myAlpha Web

The total of active Subscribers to "myAlpha Web for Individuals and Businesses" increased by 15%, while transactions carried out through this service also increased by 11% compared to 2017.

In specific, "myAlpha Web for Individuals" continued its upward trend in 2018, expanding its customer base, with a 14% increase in active users over 2017.

In addition to operational upgrades, new online products were added to the Service, such as the "Alpha Save Smart" account as well as the option to apply for new debit cards. As regards online products, online Term Deposits currently account for approximately 16% of the total number of Term Deposit accounts of Individuals and 9% of their value, while as regards the "Alpha Save Smart" saving product, 50% of new accounts have been opened online, with amounts representing 20% of the total product portfolio.

As part of the effort to constantly improve the services provided and adopt new technologies in electronic banking, the "myAlpha Web for Businesses" service, which was upgraded in 2017 in line with modern design standards, offering Customers new features that ensure greater flexibility and security in their transactions, continued its upward trend in 2018, expanding its customer base with a 19% increase of the total of active users over 2017.

### myAlpha Mobile

The "myAlpha Mobile" service has evolved dynamically in recent years, attracting increasingly more users. More specifically, the total of active users increased by 50% over 2017, while there was an 83% increase in users served exclusively through "myAlpha Mobile" on their mobile telephones. Tellingly for the Service's course in 2018, one out of two Subscribers to the Bank's alternative networks now uses the mobile application on a monthly basis and one out of four e-Banking Subscribers uses only the mobile service to acquire information and carry out transactions.

### myAlpha Phone

The "myAlpha Phone" service provides information to Customers and helps them carry out transactions via an automated system or with the assistance of a Call Centre Agent. It is worth pointing out that this is particularly useful for Customers with reduced mobility or visual impairments.

### Electronic payment services

#### myAlpha wallet

In 2018, Alpha Bank continued its efforts to further develop

electronic banking with innovative solutions and proceeded with introducing new features and services for "myAlpha wallet", the digital wallet for payments and purchases all over the world.

The option to access the Service using the e-Banking or the bleep app codes (for new or existing users) as well as the option to include corporate cards in the "myAlpha wallet" profile have been significant additions to the Service.

#### Mobile App

In addition to the above new features, "myAlpha wallet" has been further improved, always with a view to being increasingly user-friendly. A widget option was added to the "Tap 'n Pay" app, allowing Customers to carry out contactless transactions even faster, while Customers were also given the option to rearrange the card display order in "myAlpha wallet".

"myAlpha wallet" continued its upward trend, marking a 31% increase in users. The Service now has over 85,000 users, who made over 115,000 bill payments this year. At the same time, in 2018, the app was downloaded approximately 85,000 times from the App Store and Google Play. "Tap 'n Pay" users increased by 50% to approximately 20,000, carrying out approximately 300,000 transactions with a total value of Euro 7 million.

#### Electronic Services for Businesses

##### Alpha e-Commerce

In 2018, the features of "Alpha e-Commerce" were upgraded, improving the existing innovative services provided to cooperating businesses.

The increase in new businesses joining the "Alpha e-Commerce" service and in transactions carried out through this Service continued in 2018. Specifically, compared to 2017:

- the number of active Subscribers grew by 27% and
- the number of transactions grew by 39%.

The increase in the number of transactions made through the "MyBank" app was also remarkable, as it more than doubled compared to 2017. In specific, transactions exceeded 125,000, while turnover exceeded Euro 40 million.

Furthermore, the "Alpha e-Commerce" service was also

enhanced with the option to pay using Discover cards, and is now the only e-commerce platform in the Greek market to accept almost all card brands issued globally (Visa, MasterCard, American Express®, Diners Club, Discover and Maestro).

#### "Alpha Mass Payments"

The "Alpha Mass Payments" service is dedicated to collecting dues via standing orders and/or alternative networks as well as carrying out mass payments (e.g. payroll, payment of suppliers etc.). The Service's user-friendly interface offers features that allow users to create, send and monitor the progress of mass payment orders (e.g. payroll or payment of suppliers) and effectively serves Small and Large Enterprises.

#### Automated Banking Services

In order to enhance customer service and increase the efficiency of the Bank's ATM networks, while rationalising their operating costs, approximately 310 feasibility studies, primarily concerning the configuration of the network of off-site ATMs (withdrawals, relocations, new installations, replacements, adjustment of rentals etc.), were carried out in 2018 and cost-benefit reports were compiled on the operation of all off-site ATMs.

The Bank also installed 133 new ATMs (53 off-site and 80 in Branches) and withdrew 59 ATMs (18 off-site and 41 due to changes in the Branch Network). Moreover, as part of the programme for ATM replacement with state-of-the-art machines, launched in 2018, 57% of Branches now offer online cash deposits. Transactions increased by 3% compared to 2017.

Out of a total of 1,154 ATMs, 292 (25%) have special settings, thus allowing use by persons with visual impairments.

In order to better serve Customers and to reduce the workload of Branch tellers involving deposits and cash payments, 100 new Automated Cash Transaction Centres (ACTCs) were installed, covering 76.4% of the Branch Network. Furthermore, six new payments were added and the Service was upgraded with the option of payment through cards, resulting in a 27.5% increase in ACTC transactions compared to 2017 and a 48.3% increase in ACTC transactions' value compared to 2017.

#### Alpha alerts and Alpha e-statements

The "Alpha e-statements" service continued its successful course, significantly contributing to the efforts to reduce paper and ink use and to save resources, as a considerable number of Bank Customers opt for electronic statements instead of paper bank statements.

The "Alpha alerts" and "Alpha e-statements" services offer even greater security in transactions and are now also available via Alpha Bank's digital wallet "myAlpha wallet".

#### Donations for Social Purposes

Regarding donations for social purposes, it should be mentioned that e-Banking supports donations to approximately 70 different organisations.

#### Customer and Bank Officer Information - Training

- Management of the communication with Alpha Bank Subscribers regarding comments on Google Play and App Store about the Bank's smartphone applications.
- Creation of promotional material and management of subscriber feedback on Twitter and LinkedIn, in cooperation with the Marketing and Public Relations Division.
- Promotional actions via text messages sent to mobile telephones and messages sent in the e-Banking environment to directly inform Subscribers about the options and new features of "Alpha e-Banking" and "myAlpha wallet".
- Creation of a new section for the new "myAlpha" e-banking pillar, which includes all the electronic products, tools, networks and e-services of the Bank for Individuals and Businesses.
- Participation in the programme "New Customer Relationship Officers", which includes the Alpha e-Banking for Individuals course, for the continuous training of new Officers in e-services.



6.  
RISK  
MANAGEMENT





## 6. 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 promote the Group's strategic, business and financial objectives. It 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 as well as operational risk. In order to ensure that the impact of the aforementioned risks on the Bank's and the Group's financial results, long-term strategic goals and reputation is minimised, 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 to 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 continuously evolves through the development of a single risk management culture, which is shared across the Bank and the Group.

Throughout 2018, the main objective of the Risk Management Business Unit was to strengthen the Group's risk profile in line with its risk strategy, while maintaining a solid capital and liquidity position, against the backdrop of changing economic conditions and the rapidly evolving regulatory environment. Additionally, the Group continued to improve the Risk Management Framework and corporate governance practices, in order to ensure that the supervisory requirements are adequately integrated into its operation and that the fundamental risk management principles and regulations, which safeguard the observance of the principle of proportionality related to risk versus yield, are enhanced, so that its business activities produce an adequate yield with regard to their inherent risk and remain fully aligned with the risk appetite limits.

The Bank's Board of Directors ensures the Group's proper operation and organisation. 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 each risk appetite, the Board of Directors ensures that the aforementioned policy is 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

The Risk Management Committee convenes on a monthly and/or an ad hoc basis and advises the Board of Directors on the Group's risk profile as well as on the strategy on risk undertaking and risk and capital management. In accordance with the institutional framework, the Committee, taking into account the Bank's and the Group's business strategy and the sufficiency of the technical and human resources available, evaluates 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 and other substantial risks) per category of transactions and Customers and per risk level (country, profession, activity).
- The determination of the applicable maximum risk appetite on an aggregate basis for each type of risk and the further allocation of each of these limits per country, sector, currency, business Unit etc.
- The establishment of stop-loss limits or of other corrective actions.

Furthermore, the Committee reviews and assesses

the methodologies and models applied regarding the measurement of risks undertaken and ensures communication among the Internal Auditor, the External Auditors, the Supervisory Authorities and the Board of Directors on risk management issues.

The General Manager and Chief Risk Officer supervises the Group's Risk Management Business Unit and reports on a regular basis and ad hoc 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.

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 the Greek competent authority that participates in the Single Supervisory Mechanism (SSM), act as the Bank's and the Group's primary supervisors and monitor the latter's compliance with the Greek and the European banking legislations, with the supervisory regulations as well as with the Basel III (CRR/CRD) framework.

In the pursuit of its strategic business goals, the Alpha Bank Group adjusts the risk management framework regularly, to take into account new regulatory requirements, to improve the efficiency of its business activities and to ensure that risk management and the corresponding regulatory risk reports always comply with the relevant regulatory guidelines as well as with the principles of corporate governance.

The Group's risk strategy and risk undertaking and management framework are organised according to the principles of three lines of defence, which have a decisive role in its effective operation. They provide a clear set of rules and standards to be applied with precision and clarity to a cohesive operating model that provides a framework to determine accountabilities and responsibilities concerning risk management across the entire Group.

In particular:

- The Business Units constitute the first line of defence and risk "ownership" which identifies and manages the risks that arise when conducting banking business.
- The risk management Unit and the compliance Unit

- constitute the second line of defence and they are independent from each other as well as from the first line of defence. They are complementary to the first line of defence regarding banking business and they ensure objectivity in decision-making, the measurement of the effectiveness of these decisions in terms of risk undertaking as well as compliance with the existing legislative and institutional framework, including internal regulations and ethical standards and the aggregate view and evaluation of the total risk exposure of the Bank and the Group.
- The Internal Audit constitutes the third line of defence. As an independent function, it reports to the Audit Committee of the Board of Directors and audits the activities of the Bank and the Group, including the risk management function.

## Credit Risk

Credit risk arises from a borrower's or counterparty's potential inability to fulfil their obligations to the Group due to the worsening of his/her creditworthiness, particularly within a deteriorating credit and macroeconomic environment.

Credit risk management is conducted under the supervision of the Group's General Manager and Chief Risk Officer 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 in order to ensure that they are available for day-to-day credit processing at the Business Units and that they meet all regulatory and institutional requirements. A separate Division is responsible for validating the credit risk rating systems and models and has a direct reporting line to the General Manager and Chief Risk Officer of the Group.

The following Risk Management Divisions operate within the Group, under the supervision of the General Manager and Chief Risk Officer and with the responsibility of promptly implementing the risk management framework, according to

the directions of the Risk Management Committee:

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

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

The Group has set a clear credit risk undertaking and management strategy that, in line with its business goals, reflects the risk tolerance and the profitability levels the Group expects to achieve with regard to the risks undertaken. The credit risk management framework evolves according to the following objectives:

- The independence of the credit risk management operations from the risk undertaking activities and from the Officers in charge.
- The complete and timely support of Business Units during the decision-making process.
- The continuous and regular monitoring of the loan portfolio, in accordance with the Group's policies and procedures that ensure a sound credit approval process.
- The monitoring and strengthening of the credit risk profile in accordance with the maximum credit risk appetite, which encompasses credit quality (expected loss) and credit risk concentration (limits on single borrowers, industries and geographical regions).
- The maintenance of a controls framework that ensures that credit risk undertaking is based on sound credit risk

management principles and well-defined, rigid credit standards.

- The accurate identification, assessment and measurement of the credit risk undertaken across the Bank and the Group, at both individual credit and lending portfolio levels.
- The approval of every new credit facility and every material change of an existing credit facility (such as its tenor, collateral structure or major covenants) by the appropriate authority level which is well-defined.
- The assignment of the credit approval authority to the Credit Committees in charge, which consist of Executives from both the business and credit monitoring Units, with sufficient knowledge and experience in the risk management sector, fully capable of applying the Bank's internal policies and procedures.
- The decision-making process for credit terms determination and credit approvals is performed within a clearly defined delegated authority framework.
- The measurement and assessment of all credit exposures of the Bank and the Group Companies to businesses or consolidated business groups as well as to their proprietors, in line with regulatory requirements.

The aforementioned objectives are achieved through a continuously evolving framework of methodologies and systems that measure and monitor credit risk, using a series of credit risk approval, credit risk concentration analysis and review, early warning for excessive risk undertaking and problem debt management processes. This framework is readjusted regularly according to the challenges of the prevailing economic circumstances and the nature and scope of the Group's business activities.

Specifically, the reinforcement and the improvement of this credit risk framework include the following:

- The update of Credit Policy Manuals for Wholesale Banking and Retail Banking in Greece and abroad taking into account the regulatory directives on credit risk management, in order to ensure the proper and effective implementation thereof.
- The implementation of a unified Loan Collateral Policy that includes the framework of the basic principles, rules and criteria governing the process of initial valuation and

reevaluation of all types of collateral of the loan portfolio of the Bank and of the Group Companies.

- The drafting of a unified Credit Control Framework for Wholesale and Retail Banking credit facilities, that defines the type, methodology and content of the credit controls conducted by the Risk Management Unit for Retail Banking, Wholesale Banking and Private and Investment Banking credit facilities for the Bank and the Group Companies in Greece and abroad. At the same time, the second line of defence control mechanisms have been strengthened to ensure compliance with Credit Risk Policies at Bank and Group level.
- The ongoing validation of the Risk Models in order to ensure their accuracy, reliability, stability and predictive power.
- Adjustments within the framework of preparing for the transition of the Bank and the Group Companies in Greece to the Advanced Internal Ratings-Based (IRB) Approach to measure and manage credit risk through:
  - the ongoing validation process of the credit risk rating and management systems of the Bank and the Group;
  - the enhancement of all credit risk-related policies.
- The improvement of the accurate Non-Performing Exposure identification mechanism. More specifically, in 2018, the Unlikelihood to Pay (UTP) Review Committee was established, with the responsibility to assess obligors with UTP triggers and to decide on potential handover to the NPL Units. In addition, the UTP Review Committee assesses and resolves, following the relevant recommendation by the Wholesale Credit Workout Division, on the exit from the non-performing perimeter provided that they fulfil the "absence of concern" criteria.
- A centralised management and an automated approval process of requests and collection mechanisms for Retail Banking in Greece and abroad.
- The update of the Environmental and Social Risk Management Policy. During the credit approval process, in addition to the credit risk assessment, the strict compliance with the principles of an environmentally and socially responsible credit facility is also examined.
- The implementation of an automated Early Warning Mechanism, in accordance with the Group's Credit Risk

Early Warning Policy. More specifically, the said Policy determines the procedures and actions which contribute to identifying in time borrowers or parts of the loan portfolio with probability of non-serving their debts to the Group, so that targeted actions are taken at the level of borrower and/or of portfolio by country where the Group operates.

- The systematic estimation and assessment of the concentration risk per counterparty and per sector of economic activity.
- The design and implementation of initiatives in order to enhance the level of automation, accuracy, comprehensiveness, quality and validation of data, as part of the Bank's strategic objective towards a holistic approach for the development of an effective data aggregation and reporting framework, in line with the Basel Committee on Banking Supervision (BCBS) standard 239 requirements.
- The design and implementation of a significant and complex project related to the Bank of Greece Executive Committee Act No 102/30.8.2016 which aims to:
  - Develop common definitions and establish a "single source" of data retrieval;
  - Enhance the data governance/quality framework with a focus on data creation and the relevant processes;
  - Enhance the data aggregation and reporting mechanism in order to improve the timeliness, accuracy and completeness of the NPEs Reduction Plan levers, enabling the Bank to promptly proceed with the respective remediation actions, in case of divergence from the NPE Reduction Business Plan targets.
- The setting up of the mechanism for the submission of the analytical credit data, the credit risk data, the data of the counterparties for legal entities financing, of the governance framework, of the operational model, as well as of the quality control mechanism pertaining to the analytical credit risk data to be sent to the European Central Bank on a monthly basis, through the submission thereof to the Bank of Greece, according to the Regulation of the European Central Bank 2016/867 and the Bank of Greece Governor's Act 2677/19.5.2017 (Analytical Credit datasets - AnaCredit).
- Periodical performing of stress tests, as a tool for assessing the impact of various macroeconomic scenarios on the

business strategy formulation, on business decisions and on the Group's capital adequacy. The stress tests are conducted in accordance with the requirements of the supervisory framework and constitute a key component of the Group's credit risk management strategy.

Subsequently, the Group revised the internal risk assessment systems and credit risk management processes, in order to ensure compliance of internal and external risk reporting with the new reporting templates and data aggregation practices.

Lastly, in order to enhance and develop the internal credit risk management system, the following actions are in progress:

- The continuous upgrade of databases in order to perform statistical tests in the Group's Credit Risk Rating Models.
- The upgrade and automation of the aforementioned process in relation to the Wholesale and Retail banking credits by using specialised statistical software.
- The gradual finalisation of an automatic interface of the credit risk rating systems with the core banking systems for all Group Companies abroad.
- The reinforcement of the control mechanism of the completeness and quality of crucial fields of Wholesale and Retail Banking Credit for monitoring, measuring and controlling credit risk.
- The update of the validation framework for credit risk models with discrete statistical measures by model type.
- The development of the Credit Risk Model Management Policy, which defines the governance mechanisms and the primary roles and responsibilities encompassing the entire lifecycle for the credit risk models and establishes robust lines of defence for the appropriate identification, quantification, management and control of statistical model risk that can potentially arise over the course of the model lifecycle.
- The update of the framework and policies for the management of overdue and non-performing loans, in addition to the existing obligations, which arise from the Implementing Regulation 2015/227 of 9 January 2015 of the European Commission amending Implementing Regulation 680/2014 of the Commission laying down implementing technical standards with regard to the supervisory reporting of institutions in accordance with Regulation (EU) 575/2013

of the European Parliament and of the Council and Executive Committee Act of the Bank of Greece 42/30.5.2014 and the amendment thereof through the Executive Committee Acts of the Bank of Greece 47/9.2.2015, 102/30.8.2016, 134/5.3.2018 and 136/2.4.2018 which define the framework of supervisory obligations for the management of overdue and non-performing loans by credit institutions. This framework develops based on the following pillars:

- the establishment of an independent function for the management of the "Troubled Assets" and of administrative bodies represented in the Wholesale Banking Announcement Review Committee, in the Troubled Assets Committee as well as in the Arrears Committees;
  - the establishment of a separate management strategy for these loans;
  - the improvement of IT systems and processes in order to comply with the required periodic reporting to the Management and to the supervisory mechanisms.
- A review and follow-up of the compliance of the credit risk management framework, which includes reporting to the General Manager and Chief Risk Officer of the Group, with the minimum regulatory requirements set in the Capital Requirements Regulation (CRR)/Capital Requirements Directive (CRD) IV regarding the Internal Ratings-Based (IRB) approach pertaining to governance as well as to system development and credit risk modelling issues.
  - Monitoring the effectiveness of the forbearance types which were developed according to the new regulatory framework as well as the closure solutions for debtors under the management of the Business Units and of the Non-Performing Loans Divisions.
  - The enhancement of the risk data management systems that support the relevant reporting to regulatory and other authorities. Their technical infrastructure pertains to the relevant legal entities and Business Units of the Bank and the Group and aims to provide a uniform basis for reporting on risk positions, capital adequacy and limit utilisation on a regular and/or on an ad hoc basis.

At the end of 2018, the Non-Performing Loans of the Group reached Euro 17.6 billion and the Non-Performing Loans Ratio

stood at 33.5% compared to Euro 19.8 billion and 34.9% respectively at the end of 2017.

The Group Total Provisions Stock reached Euro 12.23 billion at the end of December 2018 and the Non-Performing Loans Coverage Ratio stood at 69.7%, compared to 67.3% in 2017. Similarly, the Ratio of Provisions Stock to Total Loans reached 23.3% at the end of 2018.

On 31.12.2018, the Group's forborne outstanding loans stood at Euro 19.19 billion with a total collateral value of Euro 11.4 billion.

Tables 1 and 2 present on a consolidated basis the Bank's loans and advances to Customers by asset quality and the ageing analysis of loans and advances to Customers by product line.

## Market Risk

Market risk is the risk of reduction in economic value arising from unfavourable changes in the value or volatility of interest rates, foreign exchange rates, equities and commodities markets. Market risk may arise from either the trading book or the Assets and Liabilities management.

### 1. Trading Book

Market risk for the trading book is measured by calculating the Value at Risk (VaR), using a dedicated system. The methodology applied to calculate the VaR is historical simulation. The Bank uses a one and a ten-day holding period, depending on the time required to liquidate the portfolio. Back-testing is performed on a daily basis, in order to validate the VaR model. Furthermore, independent validation of the internal model is conducted at a minimum on an annual basis.

In order to calculate the one-day VaR for the Bank's trading book, historical data of two years and a 99% confidence level are used. Table 3 shows the VaR calculated for the Bank's trading book during 2018. The Group Companies have very low exposure and limits for the trading book and, consequently, market risk exposure is immaterial.

In addition to applying the VaR methodology for the measurement of the trading book's market risk, the book's behaviour is also tested against hypothetical changes in market parameters (scenarios) and extreme parameter



**Table 1**  
**Loans and Advances to Customers by Asset Quality**

31.12.2018

(in Euro thousand)

	Loans measured at fair value through profit or loss (FVPL)				Loans measured at amortised cost									
	Not past due	Past due	Net carrying amount	Value of collateral	Not past due	Past due	Stage 1 Carrying amount (before provision for impairment losses)	Expected credit losses	Net carrying amount	Not past due	Past due	Stage 2 Carrying amount (before provision for impairment losses)	Expected credit losses	Net carrying amount
<b>Retail Lending</b>	-	1,152	1,152	1,152	6,997,137	578,822	7,575,959	25,267	7,550,692	2,667,355	1,772,103	4,439,458	213,747	4,225,711
Mortgage	-	-	-	-	4,915,537	477,842	5,393,379	3,251	5,390,128	1,851,494	1,475,377	3,326,871	61,640	3,265,231
Consumer	-	1,152	1,152	1,152	720,842	65,718	786,560	6,323	780,237	293,599	151,095	444,694	58,368	386,326
Credit Cards	-	-	-	-	939,981	18,390	958,371	13,297	945,074	48,239	53,493	101,732	25,787	75,945
Small Business	-	-	-	-	420,777	16,872	437,649	2,396	435,253	474,023	92,138	566,161	67,952	498,209
<b>Corporate Lending</b>	301,204	16,105	317,309	257,538	10,780,589	397,807	11,178,396	90,704	11,087,692	1,152,598	327,050	1,479,648	67,278	1,412,370
Large	283,125	16,105	299,230	256,873	6,736,467	229,971	6,966,438	64,879	6,901,559	905,290	274,043	1,179,333	50,489	1,128,844
SME's	18,079	-	18,079	665	4,044,122	167,836	4,211,958	25,825	4,186,133	247,308	53,007	300,315	16,789	283,526
<b>Public Sector</b>	-	-	-	-	831,828	2,777	834,605	24,649	809,956	28,010	265	28,275	939	27,336
Greece	-	-	-	-	772,002	2,777	774,779	24,383	750,396	27,696	-	27,696	905	26,791
Other Countries	-	-	-	-	59,826	-	59,826	266	59,560	314	265	579	34	545
<b>Total</b>	301,204	17,257	318,461	258,690	18,609,554	979,406	19,588,960	140,620	19,448,340	3,847,963	2,099,418	5,947,381	281,964	5,665,417

**Table 2**  
**Ageing Analysis of Loans and Advances to Customers**

31.12.2018

(in Euro thousand)

	Loans measured					at amortised cost					Total net carrying amount at amortised cost	Value of collateral
	Not past due	Past due	Stage 3 Carrying amount (before provision for impairment losses)	Expected credit losses	Net carrying amount	Not past due	Past due	Purchased or originated credit impaired loans (POCI) Carrying amount (before provision for impairment losses)	Expected credit losses	Net carrying amount		
<b>Retail Lending</b>	1,601,627	10,437,168	12,038,795	5,035,026	7,003,769	958,572	4,536,218	5,494,790	1,857,745	3,637,045	22,417,217	18,195,948
Mortgage	612,768	6,041,686	6,654,454	2,410,223	4,244,231	480,176	2,705,641	3,185,817	785,680	2,400,137	15,299,727	14,451,678
Consumer	404,317	1,519,085	1,923,402	1,086,335	837,067	342,317	947,960	1,290,277	563,368	726,909	2,730,539	1,139,852
Credit Cards	23,734	220,038	243,772	190,518	53,254	4,860	48,792	53,652	42,771	10,881	1,085,154	84,563
Small Business	560,808	2,656,359	3,217,167	1,347,950	1,869,217	131,219	833,825	965,044	465,926	499,118	3,301,797	2,519,855
<b>Corporate Lending</b>	1,701,253	5,541,421	7,242,674	3,923,577	3,319,097	515,850	884,476	1,400,326	761,965	638,361	16,457,520	13,607,976
Large	891,620	2,469,707	3,361,327	1,828,608	1,532,719	343,966	204,085	548,051	200,938	347,113	9,910,235	7,945,542
SME's	809,633	3,071,714	3,881,347	2,094,969	1,786,378	171,884	680,391	852,275	561,027	291,248	6,547,285	5,662,434
<b>Public Sector</b>	3,321	952	4,273	3,269	1,004	26,375	3,526	29,901	22,202	7,699	845,995	189,371
Greece	3,321	952	4,273	3,269	1,004	26,375	3,526	29,901	22,202	7,699	785,890	165,994
Other Countries	-	-	-	-	-	-	-	-	-	-	60,105	23,377
<b>Total</b>	3,306,201	15,979,541	19,285,742	8,961,872	10,323,870	1,500,797	5,424,220	6,925,017	2,641,912	4,283,105	39,720,732	31,993,295



**Table 3**  
**Trading Book VAR**

(in Euro)

	2018					2017
	Currency Risk	Interest Rate Risk	Price Risk	Covariance	Total	Total
31 December	1,967,445	951,434	5,682	-1,148,208	1,776,353	2,098,065
<b>Average</b> daily value (annual)	1,818,875	779,195	12,015	-897,098	1,712,987	1,452,691
<b>Maximum</b> daily value (annual)	1,972,905	350,410	24,651	-225,823	2,122,143	2,227,702
<b>Minimum</b> daily value (annual)	1,237,747	877,949	0	-876,786	1,238,910	444,026

changes noted in the past (stress testing).

In 2008, the Bank of Greece validated the internal model used and further approved its application to calculate the trading book capital requirements. Since 31.12.2011, the Stressed VaR (SVaR) has been calculated along with the VaR, in order to estimate capital requirements for general market risk. Following the incorporation of Emporiki Bank's positions in the Bank's portfolios during 2013, the Bank of Greece revalidated the application of the internal model by Alpha Bank, in order to measure the market risk capital requirements.

As part of the financial risk management policy implemented by the Assets-Liabilities Management Committee (ALCo), maximum exposure stop-loss and VaR limits have been set

for products comprising trading and investment positions, taking into account the current Group needs and market conditions.

The Bank uses a dedicated system to monitor and examine in real time the exposure and stop-loss limits of the Athens trading and investment positions regarding the corresponding limit utilisation and limit excess. The local Risk Management Units monitor the investment limits set for the corresponding Units abroad, on a daily and intra-day basis. The relevant results are consolidated on a daily basis in order to examine the utilisation and excess of the Group investment limits. The corresponding VaR limits are monitored and examined on a daily basis as well.

During 2018, the Bank's internal model for the calculation

**Table 4**  
**Foreign Exchange Position (Group)**

(in Euro million)

	31.12.2018								
	USD	GBP	CHF	JPY	RON	RSD	Other FC	EUR	Total
<b>Assets</b>	<b>2,203.1</b>	<b>487.4</b>	<b>1,015.8</b>	<b>29.4</b>	<b>1,573.7</b>	<b>10.6</b>	<b>293.1</b>	<b>55,393.5</b>	<b>61,006.7</b>
<b>Liabilities</b>	<b>2,274.3</b>	<b>261.6</b>	<b>64.6</b>	<b>2.5</b>	<b>1,135.6</b>	<b>0.0</b>	<b>408.5</b>	<b>48,716.6</b>	<b>52,863.6</b>
Net Balance Sheet Position	-71.2	225.8	951.2	26.9	438.1	10.6	-115.4	6,676.9	8,143.1
Derivatives Forward Foreign Exchange Position	107.7	-226.7	-946.1	-26.5	-341.2	0.0	176.1	1,268.6	11.9
<b>Total Foreign Exchange Position</b>	<b>36.6</b>	<b>-0.9</b>	<b>5.1</b>	<b>0.4</b>	<b>96.9</b>	<b>10.6</b>	<b>60.7</b>	<b>7,945.5</b>	<b>8,155.0</b>

of market risk capital requirements was subjected to the Targeted Review of Internal Models (TRIM) by the Single Supervisory Mechanism. The assessment focused on four key areas: a) Portfolio Analysis and Own Fund Requirements, b) Organisational Structure and Governance, c) Back-testing and d) Value at Risk (VaR) and Stressed VaR (SVaR) Methodology. The findings identified have no material impact on capital requirements. During the year, the creation of a new market risk system was in progress. Furthermore, the Market and Operational Risk Division undertook the provision of the risk and return analysis, in the context of the Bank's compliance with Regulation (EU) No 2017/653 on Key Information Documents for Packaged Retail and Insurance-based Investment Products (PRIIPs KIDs), hence the dedicated system was selected and users received training.

## 2. Banking Book Financial Risks

The banking book financial risks arise from the structure of the Assets and Liabilities and mostly from the Group's loan and deposit portfolios. The banking book financial risks are the exchange rate risk, the interest rate risk and the liquidity risk.

### a. Exchange rate risk

The General Management sets limits on the open foreign exchange position for the total position as well as for each currency. The total position is calculated by adding the current position for the balance sheet items to the forward position held on derivatives.

The exchange rate risk undertaken by the Group derives mainly from holdings and the goal is to offset this risk, provided that the corresponding instruments in the said currencies are available.

### b. Interest rate risk

Interest Rate Risk in the Banking Book (IRRBB) refers to the risk to the Bank's capital and earnings arising from adverse movements in interest rates. There are three main sub-types of IRRBB:

- 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).

- 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.

Interest rate risk management in the banking book is performed on a monthly basis according to the policy and procedures for Assets Liabilities Management that have been developed and adopted by all Group Units.

For interest rate risk assessment and monitoring, the following estimation techniques are used on a regular basis and in line with the European Banking Authority (EBA) guidelines:

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

When performing an Interest Rate Gap Analysis, the 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 working capital open accounts as well as savings and sight deposits) are allocated into time buckets according to a statistical model that takes into consideration the behavioural analysis of the respective accounts.

Table 5 presents the Interest Rate Gap Analysis of the Group balance sheet as of 31.12.2018.

The Stress Scenario analysis is employed in order to calculate the impact of extreme movements of interest rates on the Net Interest Income (NII) as well as on the Economic Value of Equity (EVE). The stress scenarios imply the parallel movement and the non-parallel movement of the yield curve. Specifically, the IRRBB is measured under the following scenarios:

- Parallel shock up/down ( $\pm 200$  basis points)
- Steepener shock (short rates down and long rates up)
- Flattener shock (short rates up and long rates down)
- Short rates shock up

**Table 5**  
**Interest Rate Gap Analysis**

(in Euro million)

	31.12.2018							
	< 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	19,127.2	6,272.3	2,390.2	1,214.7	13,971.9	8,759.3	9,271.2	61,006.7
Liabilities	18,391.2	6,317.3	5,028.1	4,165.0	12,414.4	4,960.3	1,587.2	52,863.6
Equity	0	0	0	0	0	0	8,143.1	8,143.1
Total Liabilities and Equity	18,391.2	6,317.3	5,028.1	4,165.0	12,414.4	4,960.3	9,730.4	61,006.7
<b>Gap</b>	<b>736.0</b>	<b>-45.0</b>	<b>-2,637.9</b>	<b>-2,950.4</b>	<b>1,557.5</b>	<b>3,799.0</b>	<b>-459.2</b>	<b>0</b>
<b>Cumulative Gap</b>	<b>736.0</b>	<b>691.0</b>	<b>-1,946.9</b>	<b>-4,897.3</b>	<b>-3,339.8</b>	<b>459.2</b>	<b>0</b>	<b>0</b>

- Short rates shock down
- Long rates shock up
- Long rates shock down

Table 6 presents the change on both the NII and EVE, after the implementation of the stress scenarios on the market yield curves.

During 2018, the interest rate risk in the banking book remained at low levels without any excess of limits. Additionally, the Interest Rate Risk in the Banking Book total limit has been updated, while an additional buffer has been approved in order for the Bank not to breach any limits in case of high market volatility. Furthermore, the total IRRBB Economic Value Group Limit has been allocated to the Group Companies in terms of both Risk Appetite and Risk Capacity.

The new IFRS 9 Chart of Accounts has been finalised in the Sendero Asset-Liability application. Therefore, the current structure of the Balance Sheet differentiates Loans at Amortised Cost and Fair Value through Profit and Loss Accounts. Additionally, the loans credit risk is presented in Stages (i.e. Stage 1, Stage 2 and Stage 3) on the basis of the IFRS 9 requirements, while the loans portfolio products are analysed based on rate flag and Repricing Index.

Consequently, the liquidity and repricing conventions of non-maturing assets-liabilities have been adjusted to the new structure of analysing products in accordance with

IFRS 9, in cooperation with the Asset Liability Management Division. Moreover, the project concerning the automation of the update of the Sendero system database with regard to the risk parameters, which are necessary for the loans and deposits fair value calculation, was completed in cooperation with the Information Technology Division and in accordance with the methodology incorporating the IFRS 9 requirements.

The volatility of the Banking Portfolio Net Interest Income and of the economic value of the Customers' loans and deposits is estimated based on the new Guidelines of the European Banking Authority (EBA February 2018) with the aim of monitoring the impact on the short- and medium-to-long-term interest rate risk as well as on the Earnings at Risk (EaR) and on the Economic Value of Equity (EVE).

### Liquidity Risk

The liquidity risk concerns the Group's ability to maintain adequate liquidity to fulfil its transactional obligations, either regular or extraordinary. The most significant part of the Group's Assets is financed through customer deposits and wholesale funding.

During 2018 capital controls in the Greek banking system, which were imposed for the first time on 29 June 2015, remained, resulting in the reduction of capital sources from

the banking system. However, since 1 October 2018, cash withdrawals from credit institutions in Greece are permitted without limitation. The deposit gathering campaigns of the Bank during the year through which it offers new products has led to an increase of customer deposits both at Bank and at Group level by the end of the year. Thus, on 31.12.2018 the Bank's deposits increased by Euro 3.24 billion, almost 10.7% compared to 31.12.2017, whereas during the respective period, the deposits in the Greek banking system increased by 6.4%. Correspondingly, the Group's deposits increased by 11% (Euro 3.84 billion) mainly due to an inflow of deposits in Alpha Bank Romania S.A. The above amounts include Greek Government deposits, which increased from null as of 31.12.2017 to Euro 1.3 billion on 31.12.2018.

In 2018, the improvement of the economic climate as well as the restoration of confidence in the Greek Economy were reflected in interbank transactions. Specifically, an increase of Euro 3.2 billion in the Group's repurchase agreements (both repos and reverse repos transactions) was evident. In addition, in 2018 there was an increase in the investment portfolio due to the purchase of securities amounting to Euro 1 billion.

During 2018, the Bank completed successfully three Covered Bonds issuances of a total amount of Euro 2.55 billion. Two out of the three issuances (amounting to Euro 2.05 billion)

were placed in securities repurchase agreements providing funding of Euro 1.6 billion to the Bank, while the third issuance of Euro 0.5 billion was sold to third parties.

In addition, the Bank disposed successfully of portfolios of Non-Performing Loans, with a total outstanding principal of more than Euro 4.2 billion, through the Venus, Mercury and Jupiter transactions.

As a result of the above developments, on 31.12.2018 the Bank's financing from the Eurosystem decreased by 67% compared to 31.12.2017 reaching the level of Euro 3.4 billion, of which Euro 0.3 billion came from the Emergency Liquidity Assistance (ELA) of the Bank of Greece. At the same time, the Eurosystem's Long-term Banking Loan (Targeted Longer-Term Refinancing Operations - TLTRO-II) was maintained at Euro 3.1 billion, despite the restoration of the waiver for the Greek Government securities on 21.8.2018 by the European Central Bank (ECB). The Greek Government securities were placed in repurchase agreements. In 2018, the ECB Governing Council decreased the maximum limit of the Emergency Liquidity Assistance (ELA) to the Greek banking sector by Euro 20.8 billion, from Euro 24.8 billion to Euro 4 billion.

Liquidity management is performed through the timely identification of liquidity needs, the identification of all available sources to cover these needs and by obtaining

**Table 6**  
**Net Interest Income and Equity Sensitivity**

(in Euro million)

Interest Rate Change Scenario (parallel yield curve shift)	Net Interest Income Sensitivity (for a one year period)	Equity Sensitivity
Parallel shift of -200bps	-74	938
Parallel shift of +200bps	5	-117
Steepening	-24	202
Flattening	-18	-71
Short Rates Up	-14	-68
Short Rates Down	-38	338
Long Rates Up	12	-50
Long Rates Down	4	226

liquidity through the most cost-effective ways for the Group. The most important areas under continuous monitoring are funding structure, evolution and relevant cost, the loan-to-deposits ratio, loan disbursements, collateral status, evolution of maturity mismatches, regulatory liquidity ratios and funding needs under stress test conditions.

Both the Bank and the Group Companies monitor closely the evolution of short- and long-term funding and send respective reports on a daily basis. Furthermore, in the context of monitoring the new regulatory Liquidity Ratios pursuant to Basel III requirements (Liquidity Coverage Ratio – LCR and Net Stable Funding Ratio – NSFR), special attention is paid to the monitoring of liquidity assets and other balance sheet assets that can be used for additional funding.

During 2018, the regulatory reporting for Liquidity Risk monitoring purposes at Bank and Group level was reviewed and enhanced. Under the new requirements of the Regulatory Environment (Basel III) with regard to liquidity and following the implementation of IFRS 9, the stability, cost and diversification of liquidity sources along with the maturity ladder profile of all on- and off-balance sheet accounts are monitored and submitted on a monthly basis to the Single Supervisory Mechanism (SSM). In 2018, the Bank participated in the yearly Liquidity SSM Exercise, during which, it had to submit daily all of the above-mentioned regulatory reports at Group level for five consecutive days. Furthermore, in accordance with the updated guidelines of the European Banking Authority (EBA), the Alpha Bank Group reviewed and revised in 2018 the Contingency Funding Plan and the Recovery Plan, along with the Internal Liquidity Adequacy Assessment Process (ILAAP).

Apart from the regulatory requirements, Alpha Bank monitors on a monthly basis the Liquidity Gap Analysis at a Bank and Group level. According to the Liquidity Gap Analysis, cash flows arising from all assets and liabilities are estimated and allocated into time buckets based on their maturity date, with the exception of the accounts without contractual maturity (e.g. demand customer deposits, rollover working capital loans, etc.) which are allocated to time buckets according to a statistical model that takes into consideration the behavioural analysis of the respective accounts. Table 7 presents the Liquidity Gap Analysis at

Group level as of 31.12.2018.

## Counterparty and Country Risk

Counterparty risk is the risk of a counterparty defaulting before the final settlement of all existing transactions' cash flows against the Group. An economic loss would occur if the portfolio of transactions with the counterparty had a positive economic value to the Group at the time of the counterparty's default.

Country risk is the collection of risks associated with investing in a country. Risk per country may either be direct (including exposure to the Central Government, public utility companies, local authorities and the Central Bank), indirect (referring to funding Group Units' operations in the country) or related to the country's banking and private sector.

The monitoring and the examination of counterparty limit utilisation and limit excess are carried out in real time using a dedicated system for the Bank, Alpha Bank London Ltd and Alpha Bank Romania S.A. As far as the other Group Companies are concerned, it is carried out on a daily basis. Country risk is monitored across all countries where the Group operates, irrespective of whether it has an actual presence. Furthermore, according to the relevant policies and procedures, certain interbank counterparty and country factors, e.g. credit rating, bond credit spread, etc., are monitored on a regular basis, since their change may trigger the review of the corresponding limits.

Derivatives transactions with Customers are taken into account when considering the total exposure against them and the establishment of credit limits per Customer. The corresponding limits for derivatives transactions are monitored and examined on a regular basis for the limit utilisation and any limit excess.

The Bank uses a dedicated system in order to quantify the credit valuation adjustment for the derivatives portfolio (Bilateral Credit Valuation Adjustment - BCVA). The methodology applied is the Monte Carlo simulation, which takes into consideration market observable data, such as Credit Default Swap (CDS) spreads or the output of the Bank's internal models. The credit valuation adjustment for the derivatives portfolio is performed on a monthly basis and

**Table 7**  
**Liquidity Gap Analysis**

(in Euro million)

	31.12.2018					
	< 1 month	1 to 3 months	3 to 6 months	6 to 12 months	> 1 year	Total
Assets	13,076.5	1,211.2	1,603.7	2,732.6	42,382.8	61,006.7
Liabilities	16,301.5	6,172.8	5,111.4	4,708.6	20,569.3	52,863.6
Equity	0	0	0	0	8,143.1	8,143.1
Total Liabilities and Equity	16,301.5	6,172.8	5,111.4	4,708.6	28,712.4	61,006.7
<b>Gap</b>	<b>-3,225.1</b>	<b>-4,961.6</b>	<b>-3,507.7</b>	<b>-1,976.1</b>	<b>13,670.4</b>	<b>0</b>
<b>Cumulative Gap</b>	<b>-3,225.1</b>	<b>-8,186.6</b>	<b>-11,694.3</b>	<b>-13,670.4</b>	<b>0</b>	<b>0</b>

affects the fair value of the transactions.

The same system is used to calculate the Potential Future Exposure for customer derivatives, which depends on the derivative's type, its nominal value and the remaining time to maturity.

The Bank uses a dedicated system to measure the Expected Credit Loss (ECL) for Treasury Products on a daily basis. During 2018, the Bank enhanced the implementation of the AnaCredit Reporting requirements, as set out in Regulation (EU) No 2016/867, regarding the collection of granular credit and credit risk data, which include Treasury exposures, by providing the full set of analytical data requested in the context of the monthly data submission.

## Operational Risk

Operational risk is the risk of loss from inadequate or failed internal processes and IT systems, people (intentionally or unintentionally) and external events. Operational risk also includes legal risk.

The Group has adopted the Standardised Approach for the operational risk capital calculation and fulfils all quality requirements set therein. In particular, for the effective management of operational risk, the Group has adopted and implements an appropriate Operational Risk Framework, which pertains to the following issues:

- The collection and management of operational risk events, including lawsuits filed against the Group.
- The operational risk identification and assessment, performed through operational risk self-assessment processes and other relevant techniques.
- The operational Key Risk Indicators' (KRIs) development and monitoring.
- The operational risk reporting.
- The introduction of operational risk mitigation techniques, which concern the implementation of action plans that improve the current internal control system as well as the purchase of insurance policies against specific risks.
- The calculation of capital requirements for operational risk.

The Framework is continuously reviewed and specific initiatives have been introduced aiming at its improvement. It is supported by an appropriate organisational structure with clear roles and responsibilities, under the core assumption that the prime responsibility for operational risk management remains with all the Units of the Bank and the Group Companies.

During 2018, the Group updated its Outsourcing Policy and further enhanced its Outsourcing Risk assessment approach in compliance with the increased requirements of the Regulatory Authorities in the said risk category. In addition,

the Group revised and enhanced its Operational Risk Appetite Framework, the Risk Control Self-Assessment (RCSA) Framework and its overall Operational Risk Management Framework by introducing additional specific metrics such as Key Risk Indicators (KRIs). Furthermore, the Group introduced a risk assessment methodology pertaining to the confidentiality and security of the information processed by its suppliers, in the context of the project for complying with the General Data Protection Regulation (GDPR), while also improving the Group insurance policies management procedures. Further enhancements to the Operational Risk Management Framework are planned for 2019.



7.  
NON-PERFORMING  
EXPOSURES  
MANAGEMENT



## 7. NON-PERFORMING EXPOSURES MANAGEMENT

As a result of the extended recession of the Greek Economy from 2009 onwards, the NPE levels increased across all the business segments, resulting in the deterioration of the Bank's loan portfolio.

However, in a challenging economic environment, the Bank set as a top priority the effective management of NPEs, as this will lead not only to the improvement of its financial strength but also to the release of funds towards households and productive business sectors, contributing to the development of the Greek Economy in general.

On 30 September 2016, the Bank submitted to the Single Supervisory Mechanism (SSM) the targets pertaining to the Non-Performing Exposures (NPEs) and to the Non-Performing Loans (NPLs), along with a relevant action plan depicting its full commitment towards the active management and reduction of NPEs over the period 2016-2019. On 29 September 2017, the Bank submitted to the SSM the updated NPE/NPL targets, which include the progress made in reducing NPEs/NPLs against the first year's targets as well as the key changes to the Bank's strategy and its Business Plan regarding NPEs.

During the first two years of the Business Plan, the Bank managed to achieve its SSM targets, despite the non-conducive macroeconomic environment and the presence of certain impediments in the NPEs resolution. More specifically, the NPEs balance in the Bank's portfolio as of 31.12.2018 is lower by Euro 48 million compared to the target set in the NPEs Business Plan.

On 30 September 2018, the Bank submitted a revised Business Plan, including targets per asset class for the period 2018-2021 according to the recent request made by the SSM. The Bank's objective for the management of troubled assets is to significantly reduce the solo-level NPE volume at Euro 8 billion, implying an NPE ratio of approximately 20% by 2021, while curtailing new NPE/NPL formation and minimising medium-term losses for the Bank.

The achievement of the objectives is driven by the implementation of the following initiatives:

- Increased oversight in governance, policies and operating model issues along with the active involvement of the Management and of the Board of Directors, with

clear roles and accountabilities through the relevant Committees.

- Portfolio segmentation and analysis based on detailed execution roadmaps, within a strict and defined segmentation framework under continuous review, update and improvement.
- Establishment of new flexible restructuring products, which are based on the debtors' current repayment ability and outlook, aiming at long-term viable restructurings.
- Effective human resources management focusing on know-how and training, which is further improved through attracting specialised executives.
- Strategic joint venture initiatives:
  - With Cepal for Retail exposures;
  - With Pillarstone (a subsidiary of the international private equity firm KKR) on the management of large corporate Non-Performing Exposures;
  - With doBank Hellas – in cooperation with the other Greek systemic banks – an assignment agreement has been signed for the management of Non-Performing Exposures of SMEs of approximately Euro 400 million over total SMEs Exposures of the Greek systemic banks of approximately Euro 1.8 billion. The aim of this common initiative of the four Greek systemic banks is to tackle NPEs of SMEs in cases where the banks have common exposure, in coordination and with a uniform credit policy, as well as by providing common solutions.
- The development and implementation of a unified management strategy for not owned, used and repossessed real estate properties, aiming at:
  - Monitoring the assets' repossession procedure (asset on-boarding) and, subsequently, the assets' assignment to the appropriate servicers within or outside of the Group.
  - Supervising and coordinating the implementation of the assets' management and development strategies.
  - Supervising and coordinating the assets' commercialisation in accordance with the Group's policy in force.
  - Setting and monitoring the appropriate Key Performance

Indicators (KPIs) for the asset servicers.

The successful implementation of the Bank's NPE strategy is affected by a number of external/systemic factors that include, inter alia, the following:

- Taking advantage of the continuously improving macroeconomic conditions.
- Intensification of the electronic auctions, aiming to create an effective tool towards non-cooperative Customers.
- Acceleration of Law 3869 court decisions – further legislative changes that facilitate interbank cooperation in managing cases within the framework of the said Law.
- Implementation of the new protection scheme on primary residences of vulnerable households, which is under discussion.
- Improvements in the framework pertaining to the management and sale of NPLs; significant transactions are now finalised, while the conditions are steadily improving for a series of portfolios to be transferred within the upcoming period.
- Realisation of the interbank NPL Forum for the resolution of common large corporate cases and the cooperation of the banks aiming at a joint management of SMEs loans respectively.
- Out-of-Court Workout (OCW) recent enhancements are expected to contribute to the resolution of Non-Performing Corporate Loans.
- Implementation of the revised framework pertaining to the legal protection of bank executives related to NPL sales and restructurings with debt forgiveness.

The Bank's commitment towards the active management and reduction of NPEs over the Business Plan period is reinforced through the constant review and calibration of its policies, products, and processes in the evolving macroeconomic environment.

8.  
CAPITAL  
ADEQUACY



## 8. CAPITAL ADEQUACY

### Capital Adequacy Ratios

The policy of the Group is to maintain a strong capital base, in order to ensure the Bank's development and the trust of depositors, Shareholders, markets and business partners. Share capital increases are conducted following resolutions of the General Meeting of Shareholders or of the Board of Directors, in accordance with the Articles of Incorporation and the relevant laws. For the period that the Hellenic Financial Stability Fund (HFSF) participates in the share capital of the Bank, the latter may not purchase its own shares without the former's approval, in accordance with the Relationship Framework Agreement (RFA) concluded between the Bank and the HFSF. Alpha Bank, as a systemic bank, has been supervised since November 2014 by the Single Supervisory Mechanism (SSM) of the European Central Bank (ECB), to which data are submitted on a quarterly basis. The supervision is carried out in accordance with Regulation (EU) No 575/2013 (CRR) and the relevant Directive 2013/36/EU (CRD IV), as transposed into Greek Law 4261/2014. This framework is widely known as Basel III and consists of three fundamental pillars:

- Pillar I, which specifies the calculation of minimum capital requirements. The Bank submits to the SSM, through the Bank of Greece, the reports pertaining to its capital requirements on a solo and on a consolidated basis, in accordance with the Implementing Technical Standards developed by the European Banking Authority (EBA).
- Pillar II, which sets the principles, criteria and processes required to assess capital adequacy and the risk management systems of credit institutions.
- Pillar III, which aims at increasing transparency and market discipline and sets the requirements concerning the disclosure of key information regarding the exposure of financial institutions to fundamental risks as well as the disclosure of the processes applied to manage the said risks.

Apart from the above, this framework defines the regulatory capital of credit institutions and addresses a series of other regulatory issues such as monitoring and control of large exposures, open foreign exchange position, concentration risk, liquidity ratios, the internal control system, including the

risk management system, as well as the regulatory reporting and disclosures framework.

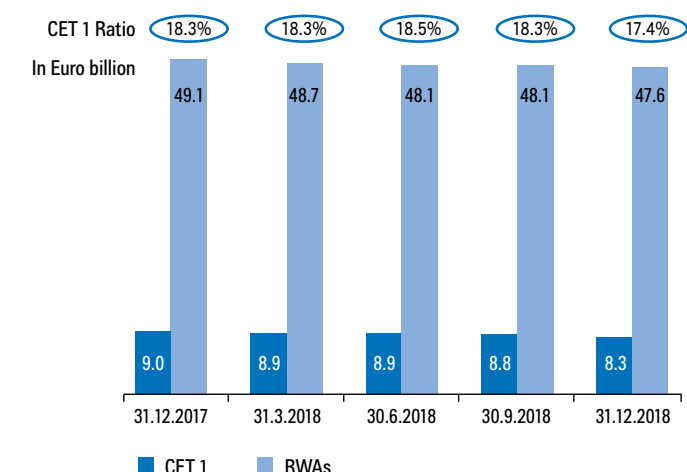
The Capital Adequacy Ratio compares the Group's regulatory capital with the risks assumed by the Group (Risk Weighted Assets - RWAs). Regulatory capital includes Common Equity Tier 1 (CET1) capital (share capital, reserves, minority interests), additional Tier 1 capital (hybrid securities) and supplementary Tier 2 capital (subordinated debt). The RWAs include the credit risk of the banking book, the market risk of the trading book and operational risk.

According to this regulatory framework for the calculation of the Capital Adequacy Ratio, the transitional arrangements in force are followed. Moreover:

- Besides the 8% Capital Adequacy Ratio limit, there are limits of 4.5% for the Common Equity Tier 1 (CET1) ratio and 6% for the Tier 1 ratio.
- The maintenance of capital buffers additional to the Common Equity Capital, from 1.1.2016 and gradually until 31.12.2019, is required. In particular:
  - From 1.1.2018 a capital buffer of 1.875% existed, which rose to 2.5% on 1.1.2019.
  - The Bank of Greece through Executive Committee Acts set the following capital buffers:
    - A countercyclical capital buffer rate for the year 2018 standing at "zero per cent".
    - An Other Systemically Important Institution (O-SII) buffer for 2018, standing at "zero per cent".

The following graph presents the evolution of the regulatory own funds, RWAs and CET1 ratio of the Group.

On 8 February 2019, the ECB informed Alpha Bank that since 1 March 2019 the minimum limit for the Overall Capital Requirements (OCR) is 13.75%, increased by 0.875%, due



to the fully phased-in capital conservation buffer and the gradual increase of the O-SII buffer. The OCR is composed by the minimum own funds requirements (8%), according to article 92(1) of the CRR, the additional Pillar II own funds requirements (P2R), according to article 16(2) (a) of Regulation (EU) No 1024/2013, and the combined buffer requirements (CBR), according to article 128(6) of Directive 2013/36/EU. The aforementioned minimum ratio should be maintained on a phase-in basis under the applicable transitional rules of the CRR/CRD IV, at all times.

Alpha Bank successfully concluded the 2018 Stress Test, which was conducted based on a static balance sheet approach under a baseline and an adverse macro scenario with a three-year forecasting horizon (2018-2020). The starting point was 31 December 2017, re-stated to account for the International Financial Reporting Standard (IFRS) 9 impact. The impact was assessed in terms of CET1 ratio.

Capital Adequacy Ratios	31.12.2018	31.12.2017
CET1 Ratio	17.4%	18.3%
Tier 1 Ratio	17.4%	18.3%
Capital Adequacy Ratio (Tier 1 + Tier 2)	17.4%	18.4%



No hurdle rate or capital thresholds were applied for this exercise.

Under the baseline scenario, the 2020 CET1 ratio reached 20.4%, as a result of an aggregate impact of +212 basis points mainly driven by a strong pre-provision income generation.

Under the adverse scenario, the minimum 2020 CET1 ratio stood at 9.7%, down by 856 basis points, largely driven by the negative impact of credit risk resulting from the stressed macro environment and methodological constraints.

Based on feedback received by the Single Supervisory Mechanism (SSM), the Stress Test outcome, along with other factors, have been assessed by its Supervisory Board, pointing to no capital shortfall. Therefore, no capital plan was required as a result of the exercise.

On 25 October 2017 a political agreement was reached between the European Parliament, the European Council and the European Commission on the proposal for a Regulation of the European Parliament and the European Council amending Regulation (EU) No 575/2013 regarding the transition period to mitigate the impact of the introduction of IFRS 9 on regulatory capital. Regulation (EU) 2017/2395 was adopted by the European Parliament and the Council and was published in the Official Gazette of the European Union on 12 December 2017.

In accordance with the transitional provisions, starting from the first date of application of IFRS 9 and for a period of five years, banks are allowed to add to the CET1 ratio the post-tax amount of the difference in provisions that will result from the transition to the new IFRS 9 in relation to the provisions that would have been recognised on 31.12.2017 in accordance with

the IAS 39 ("Static" amount). The amount of the difference in provisions to be added to the CET1 ratio will decrease annually on a weighting basis so that the amount of provisions added to the CET1 ratio gradually decreases, until the full impact of IFRS 9 is absorbed by the end of the five-year period (phase-in). The weighting factors were set per year at 0.95 in the first year, 0.85 in the second, 0.7 in the third, 0.5 in the fourth and 0.25 in the last year.

In addition, for a period of five years from the first application of the IFRS 9, banks may add/restore to the CET1 ratio the amount, weighted annually with the aforementioned weighting factors, of the post-tax provisions of the impairment categories 1 and 2 at the date of the annual financial statements, to the extent that it exceeds the amount of the corresponding provisions at the date of the initial application of IFRS 9 (1.1.2018). Impairment categories 1 and 2 are respectively defined as the expected impairment losses based on the 12-month expected credit losses and the lifetime expected credit losses, excluding credit-impaired financial instruments.

Alpha Bank makes use of Article 473A of the above Regulation and will apply the transitional provisions for the calculation of Capital Adequacy on both a solo and a consolidated basis. The Bank is adequately capitalised to meet the needs arising from the application of the new standard as the Group Common Equity Tier 1 (CET1) ratio stands at 17.4% as at 31.12.2018 based on the transitional provisions, while the impact from the full implementation is estimated at approximately 3.4% and the ratio for the Group stands at 14% as at 31.12.2018.

#### Stress Test Results

	31.12.2017	31.12.2020	31.12.2020
		Baseline Scenario	Adverse Scenario
CET1 (in Euro million)	8,987	10,380	4,745
RWAs (in Euro million)	49,240	50,949	48,982
CET1 (%)	<b>18.3%</b>	<b>20.4%</b>	<b>9.7%</b>

9.  
CYBERSECURITY  
AND INFORMATION  
SECURITY



## 9. CYBERSECURITY AND INFORMATION SECURITY

### Cybersecurity and Information Security

The Cybersecurity and Information Security Division has developed a new strategic plan which is aligned with the Business Strategy and the corresponding IT Strategies of the Bank and the Group, taking into consideration the rapidly changing banking and technological environment. High importance has been placed on the contemporary threat landscape as this is generated by the growing business presence in cyberspace.

In the context of this strategic plan, the Division has been restructured and its Functional Areas reflect the activities for the definition, formulation and implementation of the cybersecurity and information security strategy within the Bank and the Group. The Division designs, proposes, implements and revises the Group Cybersecurity and Information Security Framework and ensures its correct implementation by the Bank and the Group Units, providing guidance, advisory support and awareness.

The redesign of the Group Cybersecurity and Information Security Framework was carried out in close cooperation with related Bank Units and is risk based, with a focus on flexibility and compliance with contemporary best practices.

The Division operates in six Functional Areas:

- I. Cybersecurity and Information Security Framework Development and Management
- II. Cybersecurity and Information Security Architecture
- III. Cybersecurity and Information Security Infrastructure Management
- IV. Cybersecurity and Information Security Risk Management
- V. Cybersecurity and Information Security Threats and Incidents Management
- VI. User Identity and Access Management

Based on this structure, the Division:

- Designs the cybersecurity architecture, sets the information security assessment criteria, carries out evaluations of infrastructure and solutions and undertakes the responsibility of their management, in order to ensure the complete and efficient protection of the Bank and the

Group information.

- Establishes the risk assessment and management methodology and criteria as well as the cybersecurity and information security incidents response plan, in cooperation with the relevant Units.
- Establishes the user identity and access policy and ensures its proper implementation.
- Supervises the Information Security Officers of the Group Companies on cybersecurity and information security issues and provides guidance and support to the Group Companies abroad, where Information Security Officers have not been appointed.

In 2018, the most important activities of the Division pertained to the establishment of the three-year Cybersecurity Strategic Plan (2018-2020), based on the results of the overall maturity level (Cybersecurity Programme Management). The Plan includes projects and actions at a governance, organisational structure and technologies level. The major/most critical projects listed below constitute part of this Plan:

1. Reorganisation and restructuring of the Division, placing emphasis on the Cybersecurity functions.
2. Complete revision of the Group Cybersecurity and Information Security Framework which has been designed in close cooperation with Divisions of the Bank, including the Information Technology Divisions as well as the Market and Operational Risk, the Compliance, the Human Resources, the Procurement, Property and Security and the Organisation Divisions. The revised Framework meets the increasing regulatory and supervisory requirements, having been designed on the basis of international standards and best practices, such as ISO 27000, 20000 and 22301, the ISF Standard of Good Practice, PCI DSS, COBIT 5 and the NIST Cybersecurity Framework.
3. Revision of the Information Security Risk Assessment Methodology and Classification in the context of the Group Operational Risk Management Methodology as well as of the European Banking Authority (EBA) Guidelines on the Information and Communication Technology (ICT) Risk assessment.
4. Review and development of the requirements and

participation in the negotiation process for cybersecurity risks, in the context of the annual renewal of the Bankers Blanket Bond (BBB) insurance contract.

5. Monitoring of the implementation of the plan pertaining to the correction of deviations from the Group Cybersecurity and Information Security Framework by all the Units of the Bank and the Group Companies as well as supervision and coordination of the Information Security Officers locally.
6. Certifications:
  - Annual evaluation of the Bank's certification as a Level 1 Service Provider and a Level 4 Merchant, under the PCI DSS v3.2 international security standard.
  - Annual evaluation of the Division's certification in accordance with the ISO/IEC 27001:2013 standard for the design, development, operation, management and support of Information Security for the Alpha Bank Group.
  - Evaluation of the certification of the Division in accordance with the ISO/IEC 22301 international standard for Business Continuity.
7. Upgrade of the Security Information and Event Management (SIEM) capability through the Q-Radar system installation and operation and by:
  - providing the system with the logs of security infrastructure and critical business systems,
  - developing correlation rules for event identification,
  - monitoring of security incidents and alerts on a 24/7 basis throughout the year and implementing security measures to prevent and respond to attacks.
8. Enhanced services regarding the provision of information about current and emerging threats to the Bank and other organisations, in the context of Threat Intelligence.
9. Upgrade of the protection of central infrastructure as well as workstations through the following main actions:
  - Redesign of the cybersecurity infrastructure to support the new high-speed data network (10Gbps);
  - Deployment of specialised workstation protection against Advanced Persistent Threats (APTs);
  - Design, installation and customisation of the Privileged Access Management (PAM) solution;



- Implementation of projects and technical controls to meet the requirements of the General Data Protection Regulation (GDPR) (EU) 679/2016.
10. Design and implementation of standardised cybersecurity activities and procedures as Services and incorporation thereof into IT Service Management through the relevant tool (HPSM).
  11. Evaluation of outsourcing contracts as regards information security clauses as well as evaluation, design and definition of cybersecurity requirements of the Bank's and the Group Companies' new systems and infrastructure.
  12. Cooperation with the IT Divisions as well as with the Internal Audit and the Market and Operational Risk Divisions in regular reviews, audits and risk assessments, including regular and on-demand external audits, in the context of the overall enhancement of systems and applications.
  13. Performing security audits and improvement actions on the security of critical systems, infrastructure and procedures of the Group. The Division conducted 73 penetration tests and vulnerability assessments at System and Application level. Furthermore, the Division conducted 42 Information Security Risk Assessments to information resources.
  14. Information Security training and awareness for the Personnel of the Bank and the Group Companies.

Finally, the Division was involved in further projects and activities pertaining to the management and monitoring of the Cybersecurity and Information Security of the Bank and the Group Companies, in accordance with its Operating Regulation.

The main objectives of the Division for the year 2019 are summarised as follows:

1. Update of the Personnel on the new Group Cybersecurity and Information Security Framework and evaluation of its implementation in the Bank and the Group Companies.
2. Performance of systems classification and Information Security Risk Assessments in the Bank and the Group. Use of the "Continuity Guardian" information system to carry out the processes more efficiently and easily.

3. Revision of the Gap Analysis methodology and the related tools in aligning the critical systems and infrastructure of the Group with the security guidelines/standards.
4. Implementation of a formal asset management programme in cooperation with the IT Divisions for the enrichment of critical information of the IT Services and of the systems in the uCMDB repository, aiming to support critical activities such as data classification, risk assessment, gap analysis and Business Impact Analysis (BIA).
5. Design and definition of security requirements in new systems of the Bank and the Group Companies. Security audits and improvement actions in the security of critical systems, infrastructure and processes of the Group.
6. Implementation of an enhanced programme for the management of vulnerabilities in information resources as well as issues arising from risk assessments and gap analysis.
7. Renewal of the certifications:
  - for the Bank as Level 1 Service Provider and Level 4 Merchant, in accordance with the International Security Standard PCI DSS.
  - for the Cybersecurity and Information Security Division, in accordance with the ISO/IEC 22301 International Standard for Business Continuity.

Moreover, expanding the scope of the Bank's Information Security Management System with the IT Units' processes and certification in accordance with the ISO/IEC 27001/2013 standard.

8. Evaluation of new technologies and security measures, replacements, upgrades and improvements of security infrastructure in the Bank and the Group Companies.
9. Cooperation with the IT Divisions in designing and implementing projects based on the Microsoft Office 365 products and the Azure platform. Development of services to improve productivity and teleworking.
10. Integration of additional applications into the user access central management system (IDM). Optimisation of the IDM system interface for the faster integration of systems/applications.
11. Enhancement of the threat management team by

participating in cybersecurity exercises in cooperation with national and industry peers and building cooperation as regards Threat Intelligence and threat assessment.

12. Design and implementation of the renewed programme for the awareness, training and periodic updating of the Employees of the Bank and the Group Companies on cybersecurity matters as well as a specialised training programme for Information Technology and Cybersecurity Officers.

### General Data Protection Regulation

Alpha Bank has implemented the General Data Protection Regulation (EU) 2016/679 of the European Parliament and of the Council, also known as GDPR, since 25 May 2018. Through the implementation of the said Regulation, the Bank, apart from complying with the law, enhances Customers' trust and safeguards its reputation and its competitive presence in the market.

The Bank, with respect for the data subjects' rights and freedoms, collects, stores, manages and processes personal data of natural persons during the course of its business activities and always in accordance with the legislative framework in force.

For the scope of the provision of information to natural persons as regards the processing of their personal data by the competent Units of the Bank or third parties acting on the Bank's behalf, a document entitled "Notification on the Processing of Personal Data" was drafted. The said document includes all the relevant information which is deemed necessary for the natural person to be aware of, such as the purposes of processing its personal data, the sources of its collection, the data recipients, the data retention period, the rights of the data subjects and the ways to exercise them as well as the contact details of the Bank's competent Units.

The provision of the above-mentioned information to natural persons is carried out through all the available channels of communication, i.e. press and digital press announcements, physical correspondence, e-mail and SMS messages, notes on ATM screens, the Branch Network and myAlpha Web e-Banking as well as through Alpha Bank's web page,

where the "Notification on the Processing of Personal Data" document is uploaded.

Additionally, the Bank has proceeded with a series of actions towards enhancing personal data protection, which are indicatively mentioned, as follows:

- The development of the Personal Data Protection Framework through the issuance of the "Group Personal Data Protection Policy" along with relevant Manuals on procedures and guidelines, extended to all Personnel.
- The establishment of a Data Protection by Design and by Default Framework.
- The establishment of the appropriate infrastructure to support:
  - The consent obtained by the data subject for the processing of his/her personal data as well as the withdrawal of such consent.
  - The effective management of the above-mentioned consent.
- The training of the entire Personnel (over 9,000 Employees appointed in the Bank and the Group Companies) in issues related to the implementation of GDPR.
- The drafting of standard contractual documents for personal data processing by service providers/third parties who process personal data on behalf of the Bank, acting as "Data Processors".
- The development of a tool for the assessment of third parties/vendors' compliance with GDPR-foreseen requirements.
- The alignment of Alpha Bank's website with GDPR requirements, through the uploading of the "Personal Data Protection Policy", the Terms of Use and the Cookies Policy.
- The creation of a microsite exclusively dedicated to GDPR-related issues within the intranet site of the Bank.
- The development of a Record of Processing Activities for all the operations involving personal data processing as well as the issuance of the relevant procedure on its updating.
- The execution of a data protection impact assessment whenever data processing is likely to result in high risks for the data subjects as well as the introduction and



implementation of all the appropriate measures to mitigate such risks.

- The enhancement of technical and organisational measures for the protection of personal data by updating the Group Information Security Framework and by implementing, as appropriate, all the required technical measures, such as, indicatively, anonymisation or pseudonymisation, data encryption, identity access management, etc.

It should be noted that Alpha Bank is already certified in accordance with the ISO/IEC 27001:2013 standard for Information Security and in accordance with the ISO/IEC 22301:2012 standard for Business Continuity, both of them demonstrating the high level of personal data protection the Bank provides and enhancing the relation of trust with its Customers and partners.

Further to the above, the Bank has proceeded with amendments to its internal governance scheme through the appointment of a Group Data Protection Officer (GDPO), the establishment of a dedicated GDPR support Unit as well as through the appointment of Data Protection Coordinators for each Business Unit that processes personal data. The aforementioned organisational structure amendments are expected to contribute to the optimum coordination of the actions for the upgrading and further development of personal data protection.

Additionally, aiming to achieve a more effective management of any Personal Data Breaches, a Personal Data Breach Incident Assessment Committee has been established, in order to assess said breaches and coordinate the necessary actions initiated by the competent Units of the Bank, as appropriate. A relevant Manual has been drafted.

The General Data Protection Regulation is applied Group-wide by adopting a harmonised Policy and procedures framework as well as a common approach and methodology, albeit minimum differences deriving from local legal and regulatory requirements do exist in the countries where the Group operates. More specifically, the Group-level application of GDPR covers Alpha Bank Romania S.A., Alpha Bank Cyprus Ltd and Alpha Bank London Ltd as well as the 16 largest Group Companies in Greece and abroad.

Personal data entrusted to the Bank by natural persons

constitute a major asset for it, therefore their protection is acknowledged as being of utmost importance, as it has been established by the aforementioned. Obviously, effective personal data protection is determined not only by the actions which have already been carried out but also by an ongoing effort of the Bank to undertake multiple-level relevant initiatives (i.e. Personnel Awareness programmes, improvement of procedures, upgrading of application systems and further enhancement of information security). This commitment of the Bank to protecting the personal data of data subjects enhances the embedded relationship of trust with its Customers and safeguards its reputation and its corporate information overall.

10.  
CORPORATE  
GOVERNANCE



## 10. CORPORATE GOVERNANCE

### Corporate Governance Code and Practices

Effective corporate governance constitutes an expressed goal of the Bank, which is constantly pursued.

In particular, the Corporate Governance Code as well as the corporate governance practices which are implemented by the Bank are in accordance with the requirements of the relevant legislative, supervisory and regulatory framework, both of Greece and of the European Union, and with the international best practices in corporate governance. They aim at increasing the long-term economic value of the Bank, taking into consideration the interests of the Shareholders, those transacting with the Bank, the Employees and other Stakeholders. The Bank complies with the legislation requirements for corporate governance pertaining to listed companies, the special legislation of the Hellenic Financial Stability Fund and the provisions applied to credit institutions pursuant to Greek and European Union law as well as with the guidelines issued by the European Banking Authority, the European Securities and Markets Authority and the European Central Bank on this thematic area.

Alpha Bank has always been implementing principles of corporate governance, enhancing transparency in communication with the Bank's Shareholders and keeping investors promptly and continuously informed. In this context, the Bank has adopted the following modifications, prior to their establishment as regulatory and legal requirements: the separation of the Chair's duties from those of the Managing Director - CEO and the establishment of the Audit Committee of the Board of Directors.

The Bank constantly enhances the corporate governance framework it applies by adopting practices and measures beyond those defined in the relevant legislation, such as a larger number of Non-Executive Independent Members of the Board of Directors, adopting additional independence criteria to be fulfilled by the Non-Executive Independent Members than those provided for in the relevant legislation, the establishment of monthly meetings of the Audit Committee, the Risk Management Committee and the Remuneration Committee of the Board of Directors as well as the establishment of joint meetings of the Audit Committee with the Risk Management Committee.

Furthermore, the Board of Directors examines periodically corporate governance issues and during 2018 it revised the Corporate Governance Code and the Charters of all Board of Directors' Committees in order for them to be fully aligned with the relevant regulatory framework and with the most recent best practices of corporate governance. Each Committee has been assigned with explicitly defined and distinct responsibilities.

The Bank operates within the framework of the Alpha Bank Corporate Governance Code, which is posted on the Bank's website (<https://www.alpha.gr/en/group/corporate-governance>).

### Board of Directors

The Board of Directors convenes at least on a monthly basis. In 2018, it convened 18 times. The average participation rate of the Members of the Board of Directors in the meetings stood at 93% (based on the composition of the Board of Directors on 31.12.2018).

The current Board of Directors was elected by the Ordinary General Meeting of Shareholders held on 29.6.2018. The Board's tenure ends at the Ordinary General Meeting of Shareholders which will take place in 2022.

At the annual Meeting of the Non-Executive Members of the Board of Directors, the Non-Executive Members recognised that the Board operations are conducted in an effective manner and that the Members of the Board of Directors contribute to very effective and productive Board meetings. During the meetings, the Members deliberate openly in an

environment of trust and they feel free to express their views and the relevant arguments. The Non-Executive Members also evaluated the performance of the Executive Members and highlighted the contribution of each and every one of them to the accomplishment of satisfactory results during these highly volatile economic circumstances which the country is experiencing as well as their excellent cooperation with their Non-Executive peers.

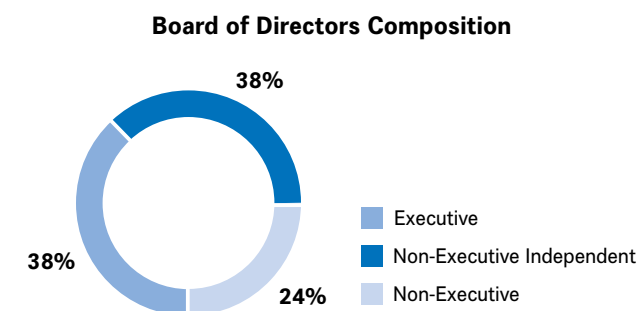
The Board has established an attendance objective which stipulates that the Members should attend more than 85% of the Board of Directors meetings. The Corporate Governance and Nominations Committee deemed that there were no Member absences from Board meetings without a valid reason.

During 2018, the following changes took place in relation to the composition of the Board of Directors, with an aim to elect persons who possess broad international experience in Banking, Audit, Risk and Non-Performing Loans Management. Two (2) new Board Members, Mr J.-H.-F.G. Umbgrove (as representative of the Hellenic Financial Stability Fund) and Mr J.L. Cheval were elected, in accordance with the legislative and regulatory requirements, further enriching collective knowledge and performance. Within the same year, Mr Spyridon-Stavros A. Mavrogalos-Fotis (representative of the Hellenic Financial Stability Fund) and Mr Ibrahim S. Dabdoub departed the Board of Directors of the Bank.

On 29.6.2018, during the Ordinary General Meeting of Shareholders, Mr D.P. Mantzounis, Managing Director - CEO of the Bank, announced his intention to initiate his succession. On 29.11.2018, following a thorough search conducted by Egon Zehnder (a recruitment firm) and in accordance with the Policy for the Succession Planning of Senior Executives and Key Function Holders, the Board of Directors unanimously elected Mr V.E. Psaltis as a Member of the Board of Directors and new CEO. He assumed the duties of CEO on 2.1.2019.

The Board of Directors, in accordance with the Corporate Governance Code and the Policy for the Annual Evaluation of the Alpha Bank Board of Directors it has adopted, assesses on an annual basis its effectiveness as well as that of its Committees.

Within 2018, a roadshow took place, aiming to inform



*(Based on the composition of the Board of Directors on 31.12.2018)*

investors on matters of corporate governance of the Bank. In addition, the Bank enhanced its relations with proxy advisors and institutional investors who focus on corporate governance, providing them, where necessary, with further information so as to facilitate their decision-making process on corporate governance matters of the Bank in view of the Annual Ordinary General Meeting of Shareholders.

The Bank, aiming to further enhance the collaboration within the Group, has launched a series of meetings between the Members of the Board of Directors of the Bank and representatives of the Group Companies. In this context, in 2018 the Board of Directors and Bank Executives visited Alpha Bank Romania S.A. Alpha Bank's Board Members had meetings with their counterparts from Alpha Bank Romania S.A., including joint Committee meetings. Important issues of mutual interest were discussed and the necessary guidance was provided.

Additionally, the Bank conducted a review of all the corporate governance documents used by Group Companies. Following a thorough gap analysis, the Group Companies' Corporate Governance Codes and the Charters of their Board of Directors' Committees were fully aligned with the legal and regulatory requirements, the European Banking Authority guidelines as well as with Alpha Bank's corporate governance practices.

The Bank has adopted a Code of Ethics for the performance of duties with the purpose to implement the standards required by modern corporate governance and effective Internal Audit. Specifically, the Code describes the commitments and the practices of the Bank regarding its activities, the management, the rules of conduct of Executives and Employees towards each other, but also towards those transacting with the Bank and towards the Shareholders. The said Code, as in force, is posted on the Bank's website (<https://www.alpha.gr/en/group/corporate-governance/code-of-ethics>).

The Bank offers the new Members of the Board of Directors an induction programme on Legal and Regulatory requirements, Corporate Governance principles, Risk Management, Internal Audit, Compliance, Capital Adequacy, Financial and Accounting Services, Information Technology and Security, and Strategic Planning as well

as the possibility for relevant information seminars and information meetings.

Moreover, the Bank provides continuous informative sessions to the Members of the Board of Directors in order to update them on current issues of the banking market and on the regulatory developments in the financial sector. In particular, for the year 2018 all the Members of the Board of Directors have been offered informative sessions on the following subjects:

- Policy on Related Parties Transactions
- Non-Executive Directors Remuneration
- Legal framework for providing funding to companies that are felt to be near bankruptcy
- Single Resolution Mechanism (SRM)
- Ethics Committee

The Bank also provides its Board Members with the opportunity to participate in training and education sessions offered by external institutions. Upon request by any Member, the Bank may offer tailor-made programmes to further enhance the Members' knowledge and competences. One Member of the Board of Directors participated in such a session during 2018.

## Board Members' CVs

### HONORARY CHAIRMAN

#### Yannis S. Costopoulos

He was born in Athens in 1938. He holds a BSc in Naval Architecture from King's College, University of Durham, England. He joined the Commercial Credit Bank (as Alpha Bank was then called) in 1963. He served as Managing Director and General Manager of the Bank from 1973 and was Chairman of the Board of Directors and General Manager from 1984 to 1996. From 1996 to 2005 he served as Chairman of the Board of Directors and Managing Director of Alpha Bank. From February 2005 to May 2014 he served as Executive Chairman of the Board of Directors of the Bank, while in June 2014 the Ordinary General Meeting of Shareholders conferred upon him the title of Honorary Chairman of the Board of Directors.

The Board of Directors comprises the following Members:

### CHAIR

#### Vasileios T. Rapanos (Non-Executive Member)

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 Chair of the Board of Directors of the Bank since May 2014.

### EXECUTIVE MEMBERS

#### MANAGING DIRECTOR - CEO (until 2.1.2019)

##### 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. In 2002 he was appointed General Manager and from 2005 to 2018 he served as Managing Director. On 2.1.2019 he was appointed Non-Executive Member of the Board of Directors. Based on the annual international survey conducted by Eitel, he was voted among the 20 best CEOs of European banks at a Pan-European level in 2014, 2016 and 2018. Moreover, based on the same survey, he was voted Best CEO in Greece in 2014 and in 2016 and Second Best CEO in Greece in 2018. He has been a Member of the Board of Directors of the Bank since 1995.

#### CEO (as of 2.1.2019)

**Vassilios E. Psaltis** (Member of the Board of Directors as of 29.11.2018 and CEO as of 2.1.2019)

He was born in Athens in 1968 and holds a PhD and an MBA from the University of St. Gallen in Switzerland. He has worked as Deputy (acting) Chief Financial Officer at Emporiki Bank and at ABN AMRO Bank's Financial Institutions Group

in London. He joined Alpha Bank in 2007. In 2010 he was appointed Group Chief Financial Officer (CFO) and in 2012 he was appointed General Manager until 2019 when he assumed the position of CEO. Through these posts, he spearheaded capital raisings of several billions from foreign institutional shareholders, diversifying the Bank's shareholder base, as well as significant mergers and acquisitions that contributed to the consolidation of the Greek banking market, reinforcing the position of the Bank. He was voted seventh best CFO among European banks (2014 and 2018) by institutional investors and analysts in the Eitel international survey. He has been a Member of the Board of Directors of the Bank since November 2018 and Chief Executive Officer since January 2019.

### 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. He currently supervises the Retail and Wholesale Banking Business Units. 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 a non-executive member of the Board of Directors of TITAN CEMENT COMPANY S.A. and of Future Pipe Industries. 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

##### **Jean L. Cheval** (as of 29.6.2018)

He was born in Vannes, France in 1949. He studied Engineering at the École Centrale des Arts et Manufactures, while he holds a DES (Diplôme d'Études Spécialisées) in Economics (1974) from the University of Paris I. After starting his career at BIPE (Bureau d'Information et de Prévisions Économiques), he served in the French public sector (1978-1983) and then worked at BANQUE INDOSUEZ-CRÉDIT AGRICOLE INDOSUEZ (1983-2001), wherein he held various senior management positions. He served as CEO and then as Chairman of the Banque Audi France (2002-2005), while he was Head of France at the Bank of Scotland (2005-2009). As of 2009 he has been working at Natixis in various senior management positions. He is currently a member of the Board of Directors of HIME-SAUR, France and of EFG-Hermès, Egypt. He has been a member of the Board of Directors of the Bank since June 2018.

##### **Ibrahim S. Dabdoub** (until 30.8.2018)

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 was a Member of the Board of Directors of the Bank from May 2014 until August 2018.

##### **Carolyn G. Dittmeier**

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.

##### **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 to 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 to 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 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.

##### **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 NBD 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 to 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.

#### NON-EXECUTIVE MEMBER

(Pursuant to the provisions of Law 3864/2010)

##### **Spyridon-Stavros A. Mavrogalos-Fotis** (until 26.4.2018)

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 was a Member of the Board of Directors of the Bank, representing the Hellenic Financial Stability Fund, from February 2017 until April 2018.

**Johannes Herman Frederik G. Umbgrove** (as of 26.4.2018)

He was born in Vught, the Netherlands in 1961. He holds an LL.M. in Trade Law (1985) from Leiden University and an MBA from INSEAD (The Business School for the World), Fontainebleau (1991). He worked at ABN AMRO Bank N.V. (1986-2008), wherein he held various senior management positions throughout his career. He served as Chief Credit Officer CEEMEA of the Global Markets Division at The Royal Bank of Scotland group (2008-2010) and as Chief Risk Officer and member of the Management Board at Amsterdam Trade Bank N.V. (2010-2013). From 2011 until 2013 he was Group Risk Officer at Alfa Bank Group Holding. As of 2014 he has been a Risk Advisor at Sparrenwoude B.V. and as of 2018 he has been the Chairman of the Supervisory Board of Demir Halk Bank (Nederland) N.V. He has been a Member of the Board of Directors of the Bank, representing the Hellenic Financial Stability Fund, since April 2018.

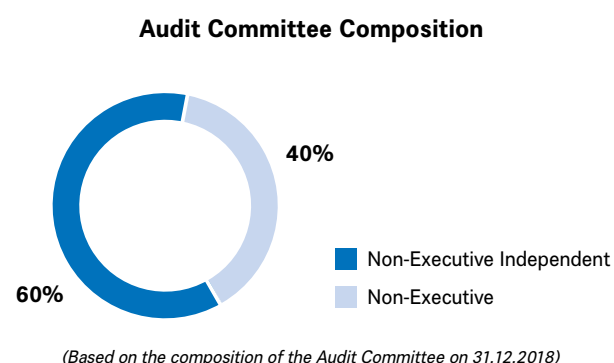
**SECRETARY**

**George P. Triantafyllides**

**Audit Committee**

Audit Committee	
Chair:	Carolyn G. Dittmeier
Frequency:	At least once every month
Number of meetings in 2018:	13
Average participation rate of the Members:	96% (based on the Committee's composition on 31.12.2018)

The specific duties and responsibilities of the Audit Committee are determined in its Charter, which was amended in October 2018 and is posted on the Bank's website (<https://www.alpha.gr/en/group/corporate-governance/committees>).



In 2018, the Audit Committee of the Board of Directors of Alpha Bank was comprised of the following Non-Executive Members of the Board of Directors:

- Carolyn G. Dittmeier, Chair
- Efthimios O. Vidalis
- Jean L. Cheval (as of 29.6.2018)
- Jan A. Vanhevel
- Spyridon-Stavros A. Mavrogalos-Fotis (until 26.4.2018)
- Johannes Herman Frederik G. Umbgrove (as of 26.4.2018)

The Committee assessed the Group Internal Auditor, the Group Compliance Officer and the Internal Control System of the Bank and the Group for 2017, based on the relevant data and information of the Internal Audit Division, the Compliance Division and the Management as well as on the findings highlighted and the recommendations made by both the Statutory Certified Auditors of the Bank and the Regulatory Authorities.

Within its competence, the Committee supervised the Internal Audit Division and monitored the Compliance Division, including the assessment of their effectiveness and independence as well as their organisational structure and resources.

The Committee was informed about the scope and the results of the audits and activity of the Internal Audit Division and the Compliance Division and especially about their findings related to the adequacy and effectiveness of the Internal Control System, in accordance with the Bank of

Greece Governor's Act 2577/2006 as in force. Additionally, it monitored the on-going improvement of the Internal Control System in light of the evolving risks of the Bank and the Group.

The Committee reviewed the audit risk assessment and planning process as well as the 2019 Group Audit Plan and the Group (multiannual) Audit Plan for the years 2019-2023, which were submitted to the Board of Directors for approval. In addition, it was informed about the Compliance Framework, Annual Plan and Objectives for 2019 along with the Organisational Structure of the Compliance Division for the year 2019.

The Committee took cognizance of the minutes of the Whistleblowing Committee as well as of the outcome of the investigations with regard to the reported cases, in accordance with the Whistleblowing Policy and Procedures.

The Committee evaluated the following annual reports for the year 2017 which were submitted to the Bank of Greece:

- a) the Regulatory Compliance Report,
- b) the evaluation of the adequacy and effectiveness of the Anti-Money Laundering and Combating the Financing of Terrorism Policy,
- c) the evaluation of the adequacy and effectiveness of the Internal Control System of the Alpha Bank Group by the Internal Audit Division,
- d) the Independent Assessment Report regarding the custody of Alpha Bank customer assets.

In addition, the Committee drafted and submitted to the Bank of Greece its assessment reports on the adequacy and effectiveness of the Anti-Money Laundering and Combating the Financing of Terrorism Policy as well as on the Internal Control System of the Alpha Bank Group.

In 2018, the Committee submitted to the Board of Directors and the General Meeting of Shareholders for approval the remunerations of "DELOITTE CERTIFIED PUBLIC ACCOUNTANTS S.A." and "SOL S.A." for the statutory audit of the Financial Statements of the Bank and the Group Companies for the year 2018 and the issuance of tax certificate (where applicable).

The Audit Committee monitored the financial reporting

process and procedures for preparing the Financial Statements of the Bank and the Group.

Furthermore, in four joint meetings with the Risk Management Committee, it monitored the annual Financial Statements of the Bank and the Group for the year 2017 as well as the semi-annual Financial Statements of the Bank and the Group for the year 2018, prior to their submission to the Board of Directors for approval.

The Committees also reviewed jointly the Group quarterly Financial Statements, the progress of the International Financial Reporting Standard (IFRS) 9 implementation project and Operational Risk issues.

The Committee monitored the Statutory Certified Auditors' performance. It held five meetings with the Bank's and the Group's Statutory Certified Auditors concerning the Financial Statements as of 31.12.2017 and 30.6.2018. The Statutory Certified Auditors of Deloitte as well as the Executive General Manager of Internal Audit and Group Internal Auditor assured the Audit Committee of their independence. The Statutory Certified Auditors stated that they did not identify any issue which would have a material impact on the Financial Statements and on the operation of the Bank. The Committee evaluated the internal control issues regarding financial reporting processes evidenced by the Statutory Certified Auditors and the adequacy of the responses provided by the Management.

The Committee took cognizance of the Additional Report of "DELOITTE CERTIFIED PUBLIC ACCOUNTANTS S.A." based on regulation EU 537/2014, article 11 and submitted it to the Board of Directors.

Furthermore, the executives of Deloitte presented the Statutory Certified Auditors' Audit Plan for 2018 with reference, inter alia, to the planned audit approach, the significant risks, the recent changes of the audit regulation and its independence in relation to the Alpha Bank Group.

The Committee took cognizance of and provided approvals, when required, regarding the provision of Non-Audit Services to the Bank and to the Group by the Statutory Certified Auditors, on the basis of the relevant Policy of the Bank, and performed the overall reviewing and monitoring of issues related to the existence and maintenance of the Statutory

Certified Auditors' objectivity and independence.

The Committee was informed about the progress of significant projects including those pertaining to (a) the Cyber and Information Security Strategic Plan, (b) the General Data Protection Regulation (GDPR), (c) the IT infrastructure, (d) the Review of the Control Environment and (e) the Operational Risk. Within the year, the Committee had several meetings with Executives from various Bank Divisions.

To ensure the Committee's independence, its meetings were held without Members of the Management being present. There were no disagreements on material issues. After each meeting the Chair of the Audit Committee informed the Board of Directors of the issues that had been discussed and decided upon.

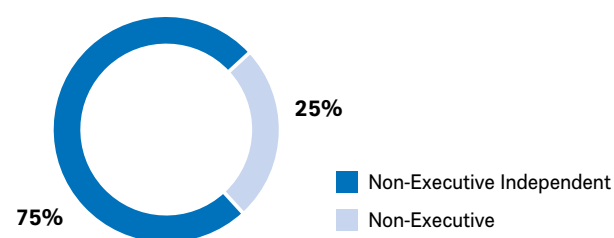
### Risk Management Committee

#### Risk Management Committee

Chair:	Jan A. Vanhevel
Frequency:	At least once every month
Number of meetings in 2018:	15
Average participation rate of the Members:	95% (based on the Committee's composition on 31.12.2018)

The specific duties and responsibilities of the Risk Management Committee are determined in its Charter, which was amended in October 2018 and is posted on the Bank's website (<https://www.alpha.gr/en/group/corporate->

#### Risk Management Committee Composition



(Based on the composition of the Risk Management Committee on 31.12.2018)

governance/committees).

In 2018, the Risk Management Committee of the Board of Directors was comprised of the following Non-Executive Members of the Board of Directors:

- Jan A. Vanhevel, Chair
- Richard R. Gildea
- Carolyn G. Dittmeier
- Spyridon-Stavros A. Mavrogalos-Fotis (until 26.4.2018)
- Johannes Herman Frederik G. Umbgrove (as of 26.4.2018)

During the past year, the Committee reviewed, endorsed and proposed for approval by the Board of Directors the Group's Capital Adequacy Statement (CAS) and the Liquidity Adequacy Statement (LAS) for 2018, the Internal Liquidity Adequacy Assessment Process (ILAAP) and the Internal Capital Adequacy Assessment Process (ICAAP) Reports for 2018 and the respective Frameworks, the Pillar III Disclosures Report as of 30.6.2018, the 2018 Recovery Plan, the Risk Appetite Framework for 2018, the Risk and Capital Strategy for 2018, the updated Non-Performing Loans/Non-Performing Exposures (NPLs/NPEs) operational targets submitted to the Single Supervisory Mechanism (SSM) as per the new NPLs/NPEs Business Plan, the Retail NPLs/NPEs Transformation Plan, the Cyprus NPLs/NPEs Plan.

The Committee reviewed on a monthly basis the progress made with regard to the achievement of the targets submitted to the SSM.

Moreover, the Committee took cognizance of the Annual Report of the Risk Management Business Unit for the year 2017 and submitted an Evaluation Report of the Risk Management Business Unit for the year 2017. Following the above, it proposed the approval of the Annual Report by the Board of Directors, in order for it to be submitted to the Bank of Greece, in accordance with the Bank of Greece Governor's Act 2577/2006.

Furthermore, the Committee took cognizance of and approved the data submitted by the Bank in the context of the EBA EU-wide Stress Test of 2018.

Moreover, it was updated on a regular basis on the Single Supervisory Mechanism and the Single Resolution Board Agendas for 2018 as well as on issues regarding the Minimum

Requirement for own funds and Eligible Liabilities (MREL). Furthermore, the Committee was informed about the Single Resolution Board's Annual Decision on the Alpha Bank Group Resolution Plan and the Annual Assessment thereof by the Single Resolution Board.

The Committee was informed about the Pillar II Capital Requirements for all risk types, including credit risk, the Single Supervisory Mechanism Liquidity Exercise, the European Central Bank's Targeted Review of Internal Models (TRIM) and the European Banking Authority's 2018 Transparency Exercise.

In addition, the Committee was informed of the SSM's on-site inspections of the Greek NPEs portfolio Management and of the Wholesale portfolio respectively.

The Committee was briefed on the secured funding transactions and the repo transactions pertaining to securitised portfolios. Moreover, the Committee was updated regularly regarding the evolution of the Liquidity Coverage Ratio (LCR) Restoration Plan.

Further to the above, the Committee was briefed on the projects undertaken by the Bank regarding the sales of NPL portfolios, namely Projects Mars, Jupiter and Venus, as well as on the progress achieved in the CEPAL project.

Furthermore, the Committee, in joint meetings with the Audit Committee, took cognizance of the final results of the Deloitte IFRS 9 Report and approved the newly- developed Staging Models which were utilised during the EBA EU-wide Stress Test of 2018.

The Committee took cognizance of the Excerpt from the 2017 Internal Control System Assessment Report concerning the assessment of the risk management procedures.

The Committee assessed the Chief Risk Officer's performance for the year 2017 and was informed of the range of his remuneration for the year 2018, which was determined in cooperation with the Remuneration Committee of the Board of Directors. Furthermore, the Committee reviewed the Chief Risk Officer's Key Performance Indicators (KPIs) for 2018.

The Committee was updated regularly on the key indicators of the Group Risk and Capital Strategy and Recovery Plan Dashboard, recommended to the Board of Directors the risk

undertaking and capital management strategy as well as the risk appetite corresponding to the business objectives of the Bank and the Group and monitored and checked their implementation.

The Committee took cognizance of the Non-Performing Loans Write-Offs and Write-Downs for the fiscal year 2017 and those anticipated for 2018.

The Committee evaluated 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, of the determination of the applicable maximum risk undertaking limits on an aggregate basis for each type of risk and the further allocation of each of these limits per country, sector, currency, business unit etc. and of the establishment of stop-loss limits or of other corrective actions. It also took cognizance of the various corrective measures taken to contain the Bank's exposure to risks. It recommended further steps in operationalising risk appetite at all levels of the Bank.

It ensured communication among the Internal Auditor, the External Auditors, the Chief Risk Officer, the Regulatory Authorities and the Board of Directors on risk management issues.

During the year, the Committee was informed of the international and Greek economic environment. It responded to the emerging conditions and made proposals on the measures needed to address the economic developments. After each meeting the Chair of the Risk Management Committee informed the Board of Directors of the issues that had been discussed and decided upon.

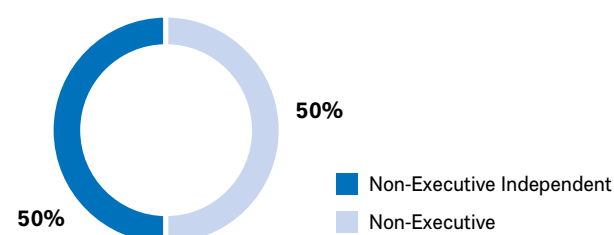
### Remuneration Committee

#### Remuneration Committee

Chair:	Richard R. Gildea
Frequency:	At least twice a year
Number of meetings in 2018:	12
Average participation rate of the Members:	95% (based on the Committee's composition on 31.12.2018)



**Remuneration Committee Composition**



(Based on the composition of the Remuneration Committee on 31.12.2018)

The specific duties and responsibilities of the Remuneration Committee are determined in its Charter, which was amended in October 2018 and is posted on the Bank's website (<https://www.alpha.gr/en/group/corporate-governance/committees>).

In 2018, the Remuneration Committee of Alpha Bank was comprised of the following Non-Executive Members of the Board of Directors:

- Richard R. Gildea, Chair (as of 25.1.2018)
- Ibrahim S. Dabdoub (Chair until 25.1.2018 and Member from 25.1.2018 until 30.8.2018)
- Efthimios O. Vidalis
- Jean L. Cheval (as of 29.6.2018)
- Spyridon-Stavros A. Mavrogalos-Fotis (until 26.4.2018)
- Johannes Herman Frederik G. Umbgrove (as of 26.4.2018)

The Committee issued an opinion on the level of remuneration of the Members of the Board of Directors and its Committees.

The Committee endorsed the updated Remuneration Policy and the updated Benefits Policy for Alpha Bank and the Group Companies and proposed to the Board of Directors their approval.

The Committee took cognizance of and reviewed the audit on the Remuneration Policy and the Benefits Policy for Alpha Bank and the Group Companies for the year 2017, which was carried out by the Internal Audit Division.

The Committee recommended to the Board of Directors and to the General Meeting of Shareholders the approval of the Defined Contribution Plan and the Senior Executives Severance Payment Policy.

After each meeting the Chair of the Remuneration Committee informed the Board of Directors of the issues that had been discussed and decided upon.

**Corporate Governance and Nominations Committee**

**Corporate Governance and Nominations Committee**

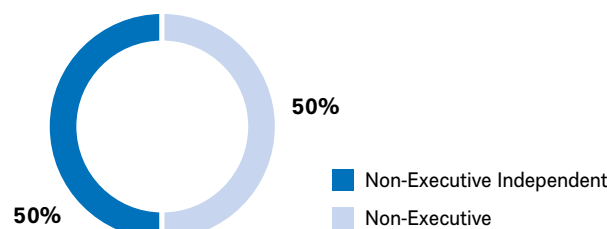
Chair:	Shahzad A. Shahbaz
Frequency:	At least twice a year
Number of meetings in 2018:	12
Average participation rate of the Members:	100% (based on the Committee's composition on 31.12.2018)

The specific duties and responsibilities of the Corporate Governance and Nominations Committee are determined in its Charter, which was amended in October 2018 and is posted on the Bank's website (<https://www.alpha.gr/en/group/corporate-governance/committees>).

In 2018, the Corporate Governance and Nominations Committee of Alpha Bank was comprised of the following Non-Executive Members of the Board of Directors:

- Shahzad A. Shahbaz, Chair
- Efthimios O. Vidalis
- Jean L. Cheval (as of 29.6.2018)
- Ibrahim S. Dabdoub (until 30.8.2018)

**Corporate Governance and Nominations Committee Composition**



(Based on the composition of the Corporate Governance and Nominations Committee on 31.12.2018)

- Spyridon-Stavros A. Mavrogalos-Fotis (until 26.4.2018)
- Johannes Herman Frederik G. Umbgrove (as of 26.4.2018)

The Committee reviewed the attendance of the Members of the Board of Directors at Board Meetings during the year 2017 and deemed that there were no Member absences without a valid reason.

The Committee took cognizance of the Corporate Governance Statement for the year 2017 and recommended its approval by the Board of Directors.

During the past year the Committee proposed to the Board of Directors the approval of the following documents:

- Corporate Governance Code
- Charters of the Board of Directors' Committees
- Policy for the Succession Planning of Senior Executives and Key Function Holders
- Suitability and Nomination Policy for the Members of the Board of Directors and Key Function Holders
- Suitability and Nomination Process for the Members of the Board of Directors
- Diversity Policy
- Induction and Training Policy for the Members of the Board of Directors.

The overall evaluation of the Board of Directors for the year 2017 was conducted by Nestor Advisors, a London-based corporate governance consulting firm. The relevant report was presented to the Committee as well as to the Board of Directors. Subsequently, the Committee took cognizance of the action plan drafted upon the conclusion of the overall evaluation of the Board of Directors for the year 2017.

The Committee was informed about the conclusions of the individual evaluation of the Members of the Board of Directors for the year 2017 which was conducted by the Chair of the Board of Directors Mr V.T. Rapanos.

After taking into account the results of the overall evaluation of the Board of Directors as well as of the individual evaluation of the Board of Directors for the year 2017 and following the conclusion of the General Meeting of Shareholders on 29.6.2018, the Committee proposed to the Board of Directors a new composition of the Board of Directors of the Bank with

a four-year tenure and new compositions of its Committees.

The Corporate Governance and Nominations Committee ascertained that the current composition of all the Committees of the Board of Directors, namely the Audit Committee, the Risk Management Committee, the Remuneration Committee and the Corporate Governance and Nominations Committee, meets the requirements of the regulatory framework, is consistent with the principles of corporate governance of the Bank and contributes to the effective and smooth operation of the Committees and the Bank.

It also ascertained that the Members of the Board of Directors represent different business sectors as well as different geographical areas and are acknowledged for their character, integrity, ability of leadership, management, thought and constructive collective operation in a team environment as well as for their financial knowledge and other professional and business experience. The level of experience and knowledge of all the Members of the Board of Directors and its Committees was evaluated by the Board of Directors as very high, while their work was evaluated as extremely effective.

Following the statement made by the Managing Director - CEO, Mr D.P. Mantzounis, at the Ordinary General Meeting of Shareholders, where he announced his intention to initiate the process of his succession, the Committee requested and received proposals from three reputable recruitment firms and resolved to propose to the Board of Directors that EgonZehnder should be chosen to conduct the search for the succession of the CEO. The Committee successfully implemented the CEO succession plan leading to the election of the new CEO.

After each meeting the Chair of the Corporate Governance and Nominations Committee informed the Board of Directors of the issues that had been discussed and decided upon.

**Executive Committee**

The Executive Committee is the senior executive body of the Bank.

The indicative main responsibilities include but are not limited to: overall service model of the Bank and the Group, three-



year Business Plan, major investment and de-investment decisions, Credit and Operational Risk Policies, the Human Resources Policy, Capital allocation to Business, High-level Communication issues, major issues of the Board of Directors.

It convenes at least once a week under the chairmanship of the Managing Director and with the participation of the Deputy CEOs and the General Managers. Depending on the subjects under discussion, other Executives or Members of the Management of Group Companies participate in the meeting.

On 31.12.2018, the Executive Committee of Alpha Bank was comprised of the following Members:

- Demetrios P. Mantzounis, Managing Director - CEO, Chair
- Spyros N. Filaretos, Deputy CEO - COO
- Artemios Ch. Theodoridis, Deputy CEO, Non-Performing Loans and Treasury Management
- George C. Aronis, Deputy CEO, Retail, Wholesale Banking and International Network
- Spiros A. Andronikakis, General Manager - CRO
- Vassilios E. Psaltis, General Manager - CFO

On 2.1.2019 Mr Vassilios E. Psaltis assumed the position of CEO and in February 2019 Alpha Bank strengthened its Executive Committee with the appointment of Mr Sergiu-Bogdan A. Oprescu as General Manager of International Network as of 11.2.2019 and Mr Nikolaos V. Salakas as General Manager - Chief Legal and Governance Officer as of 1.3.2019.

Mr Sergiu-Bogdan A. Oprescu oversees the Group Companies in four countries as well as the international Branches, strengthening visibility of international operations and ensuring alignment with core Group functions.

Mr Nikolaos V. Salakas further upgrades and coordinates key functions that are critical in ensuring the Bank's effective governance and control and strengthens the Bank's internal legal expertise in areas such as regulatory and capital markets matters. His role covers the areas of Legal Services, Compliance, the Secretariat of the Board of Directors and Data Protection.

On 31.3.2019 the Executive Committee was comprised of the following Members:

- Vassilios E. Psaltis, CEO, Chair
- Spyros N. Filaretos, Deputy CEO - COO
- Artemios Ch. Theodoridis, Deputy CEO, Non-Performing Loans and Treasury Management
- George C. Aronis, Deputy CEO, Retail and Wholesale Banking
- Spiros A. Andronikakis, General Manager - CRO
- Lazaros A. Papagaryfallou, General Manager - CFO
- Sergiu-Bogdan A. Oprescu, General Manager of International Network
- Nikolaos V. Salakas, General Manager - Chief Legal and Governance Officer

### Statutory Certified Auditors

The mandatory audit of the financial year 2018 has been assigned to the audit firm "DELOITTE CERTIFIED PUBLIC ACCOUNTANTS S.A.".

### Internal Audit

In order to protect the Bank's assets and safeguard its Shareholders' and Customers' interests, an Internal Control System is in place, which includes operation procedures as well as control and auditing mechanisms and procedures that cover all its activities on a continuous basis and contribute to its effective and secure operation.

The audit methods are risk-based and a specialised internal audit project management software is used. These allow for organising, executing and evaluating the audit process, as well as for compiling MIS reports at Group level.

In every country where the Group conducts business, there is an Internal Audit Unit that applies the same methodology as the one that is used in Greece and reports to the Internal Audit Unit of the parent company.

In 2018, the Internal Audit Units carried out audits at the Branches as well as at the Central Units of the Bank and the Group Companies.

The Audit Committee of the Bank's Board of Directors was informed of the audit results and of the Internal Auditor's opinion on the adequacy and effectiveness of the Internal Control System.

### Regulatory Compliance

The Bank identifies, evaluates and manages the risks it may be exposed to due to its failure to comply with the applicable regulatory framework (compliance risk). To this end, the legal and regulatory obligations of the Group are recorded and the compliance level is assessed. In cases of identified deviations, their repercussions are evaluated in time and the appropriate measures are implemented, so that the Customers' and Shareholders' interests are protected along with the Bank's reputation.

In particular, the most important actions that took place in this area during 2018 include the following:

- Updating the Compliance Policy of the Bank to depict the Compliance Division's role as second line of defence, in the context of the Bank's three lines of defence.
- Updating the Group Code of Ethics in order to take into account the requirements of the compliance framework, the international best practices regarding corporate governance as well as the recommendations by the Supervisory Authorities.
- Assessing compliance risk for all the Bank's participations and adjusting the levels of supervision to every participation in accordance with the degree of risk involved.
- Monitoring and efficiently coordinating the Compliance Officers of the Group Companies in Greece and abroad.
- Completing the project for the alignment with MiFID II requirements, prioritising investors' protection.
- Updating the Policy on Related Parties Transactions in order to ensure transactions' control and monitoring, emphasising transactions transparency and protecting Customers' and Shareholders' interests.
- Updating the Whistleblowing Policy and Procedures in accordance with the MiFID II statutory framework regarding investment products governance and transactions.
- Concluding necessary actions for the alignment with Directive 2014/92/EU of the European Parliament and of the Council of 23 July 2014 "on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features", which was transposed into the Greek legal framework through

Law 4465/2017.

- Reviewing the update of the "Framework of Cooperation - General Transaction Terms" in order for them to be aligned with Directive 2015/2366/EU "on payment services in the internal market" (PSD), which was transposed into the Greek legal framework through Law 4537/2018.
- Providing an opinion on the Risk Control Self-Assessment (RCSA) process of the Group Companies in Greece and abroad.
- Ensuring Customers' protection by aligning products and services as well as their pricing to the applicable regulatory framework.
- Monitoring the compliance of the Bank with the deadlines set for the fulfilment of its obligations with regard to the reporting to the Supervisory Authorities.
- Participating in Working Groups of the Hellenic Bank Association and of the Bank regarding the compliance with the new regulatory framework and the improvement of services and products offered.
- Updating the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Functional Area Policy Manual, in order to ensure consistency and alignment to existing processes of the Bank.
- Providing an opinion to the Bank of Greece, in the context of the issuance of the new Decision that will replace Decision 281/17.3.2009 of the Banking and Credit Committee.
- Completing the project of Customer Identification through "myAlpha Web", "myAlpha Mobile" and the Bank's website, aiming at improving the identified Customers rate and at keeping updated data or information of the Bank's clientele.
- Designing and implementing the Ultimate Beneficial Owner (UBO) Project, aiming to collect and record information on legal entities' Ultimate Beneficial Owner in the "Customer Data Integration" (CDI) system.
- Submitting files concerning services or products to the Bank of Greece, in compliance with the Bank of Greece Governor's Act 2651/2012, in order to assess the Money Laundering (ML) risk for the year 2017 and for the first half of 2018.
- Participating in the meetings with the Financial Action Task

## Composition of the Board of Directors and the Board of Directors' Committees until 31.3.2019

	Board of Directors	Audit Committee	Risk Management Committee	Remuneration Committee	Corporate Governance and Nominations Committee
<b>Tenure</b>	<b>4 years</b>	<b>2 years</b>	<b>2 years</b>	<b>2 years</b>	<b>2 years</b>
<b>Chair</b> (Non-Executive Member)					
<b>Vasileios T. Rapanos</b>					
<b>Executive Members</b>					
<b>Vassilios E. Psaltis</b>	CEO as of 2.1.2019 Member of the BoD as of 29.11.2018				
<b>Spyros N. Filaretos</b>	Deputy CEO				
<b>Artemios Ch. Theodoridis</b>	Deputy CEO				
<b>George C. Aronis</b>	Deputy CEO				
<b>Non-Executive Members</b>					
<b>Efthimios O. Vidalis</b>		<b>M</b>		<b>M</b>	<b>M</b>
<b>Demetrios P. Mantzounis</b>	Managing Director - CEO until 2.1.2019				
<b>Non-Executive Independent Members</b>					
<b>Jean L. Cheval</b> (as of 29.6.2018)		<b>M</b> (as of 29.6.2018)		<b>M</b> (as of 29.6.2018)	<b>M</b> (as of 29.6.2018)
<b>Ibrahim S. Dabdoub</b> (until 30.8.2018)				<b>C</b> (until 25.1.2018) <b>M</b> (from 25.1.2018 until 30.8.2018)	<b>M</b> (until 30.8.2018)
<b>Carolyn G. Dittmeier</b>		<b>C</b>	<b>M</b>		
<b>Richard R. Gildea</b>			<b>M</b> (until 25.1.2018) <b>C</b> (as of 25.1.2018)		
<b>Shahzad A. Shahbaz</b>					<b>C</b>
<b>Jan A. Vanhevel</b>		<b>M</b>	<b>C</b>		
<b>Non-Executive Member</b> (pursuant to the provisions of Law 3864/2010)					
<b>Spyridon-Stavros A. Mavrogalos-Fotis</b> (until 26.4.2018)		<b>M</b> (until 26.4.2018)	<b>M</b> (until 26.4.2018)	<b>M</b> (until 26.4.2018)	<b>M</b> (until 26.4.2018)
<b>Johannes Herman Frederik G. Umbgrove</b> (as of 26.4.2018)		<b>M</b> (as of 26.4.2018)	<b>M</b> (as of 26.4.2018)	<b>M</b> (as of 26.4.2018)	<b>M</b> (as of 26.4.2018)

C: Chair M: Member

Force (FATF) in the context of the evaluation of Greece.

- Evaluating constantly the effectiveness of the Siron AML system in order to improve existing scenarios and design new scenarios, in accordance with the requirements of and the changes in the regulatory framework.
- Implementing the "Mass Customer Import" project, which pertains to the classification into the "High-Risk" category of Customers for whom requests from the Public Authorities (tax, customs, judicial or prosecuting authorities) were received by the Compliance Division or a Suspicious Activity Report (SAR) was submitted to the Financial Intelligence Unit.
- Updating constantly the Compliance Division's Intranet site, aiming at a more effective internal communication and at the Employees' awareness on AML/CFT-related issues.
- Reviewing and reassessing Customers' transactional activity, identifying and detecting deviations, in order to ensure that the transactions performed are in accordance with the Customer's profile, on the basis of the "Know Your Customer" (KYC) principle.
- Conducting training seminars for Bank Employees on AML/CFT issues in order to further improve the Employees' awareness as well as participating as trainees in accredited educational programmes on AML-related issues.
- Identifying and applying corrective actions with regard to audit findings pertaining to Group Companies based abroad.
- Implementing due diligence measures to correspondent banks, at which the Bank holds nostro accounts in various currencies.
- Reassessing the relationships with all correspondent banks in non-EU countries that hold vostro accounts at Alpha Bank, as part of the annual assessment programme.
- Finalising the update of the information published by the Bank in the SWIFT KYC Registry platform.
- Organising and implementing the transfer of the "Deceased Customers Notifications" operations from the "Bank Secrecy and Provision of Information to Third Parties" Functional Area to the Payments Operations Division, following a recommendation by the Audit Committee.

- Appointing six (6) seconded Employees during a four (4)-month period to the "Bank Secrecy and Provision of Information to Third Parties" Functional Area. Training the aforementioned Employees regarding the "Deceased Customers Notifications" procedures and transferring them to the Payments Operations Division, to which the relevant responsibilities were also transferred.
- Updating the Circular and the Procedures Manual on the Lifting of Bank Secrecy and the Management of Relevant Requests.
- Updating the Internal Procedures Manual of the "Bank Secrecy and Provision of Information to Third Parties" Functional Area.
- Completing and launching the Intranet microsite of the "Bank Secrecy and Provision of Information to Third Parties" Functional Area.
- Providing guidelines to the Branch Network on handling third-party requests pertaining to the lifting of bank secrecy, the processing and settlement of a large number of cases regarding the provision of information to Supervisory, Tax, Judicial and Police Authorities.
- Freezing customer property assets in compliance with Tax and Judicial Authorities' orders.
- Completing the Business Continuity Project functional testing regarding the operational requirements of the Bank Secrecy and Provision of Information to Third Parties Functional Area.

Emphasis was placed on the Employees' training, in order to consolidate and ensure the implementation of regulatory compliance principles and to increase their awareness on relevant issues.

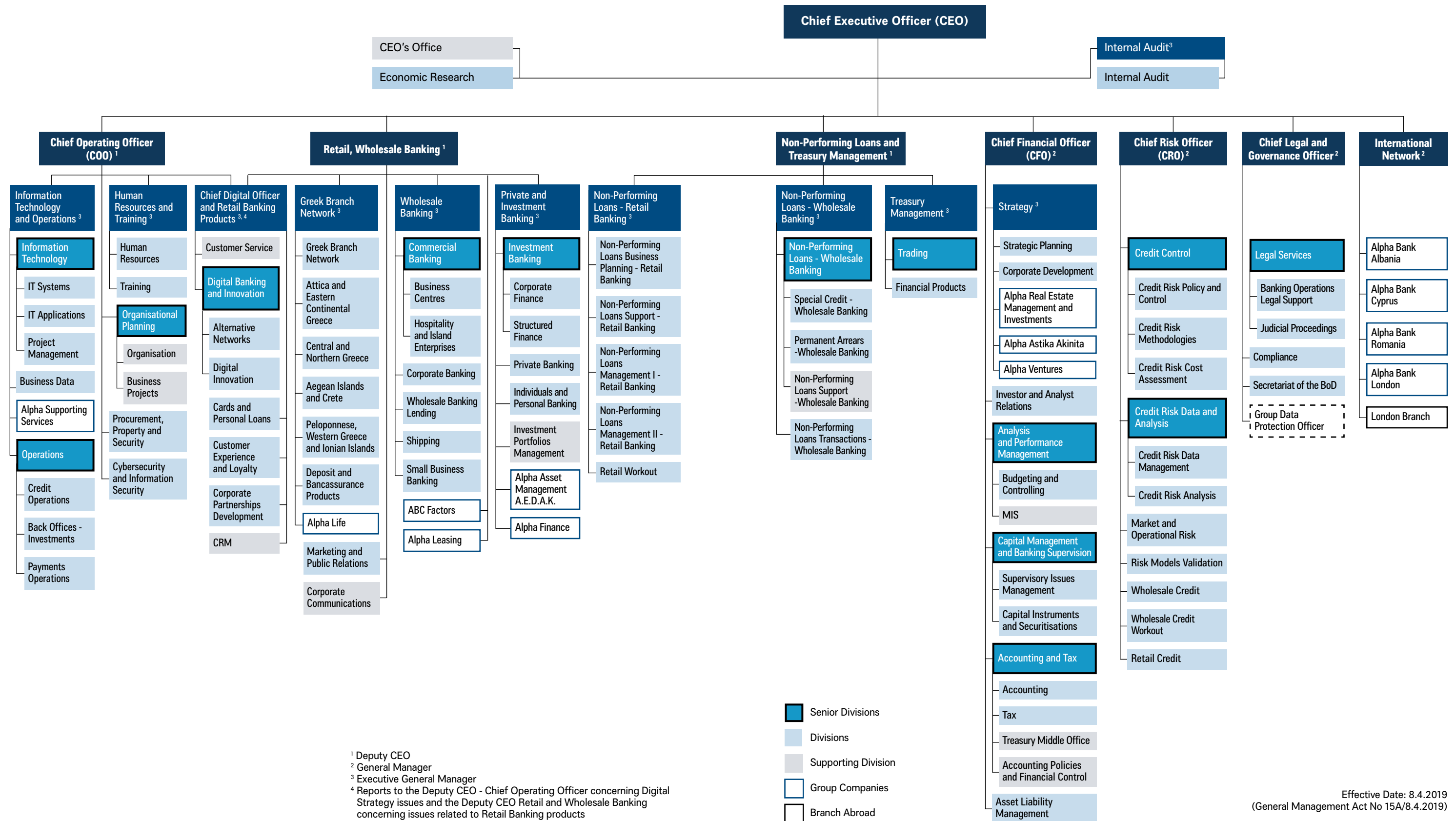
The main objectives for 2019 are the implementation of uniform regulatory compliance policies and procedures in the entire Group, so as to achieve compliance in an ever-changing regulatory environment. The Compliance Division's priority is the smooth and productive cooperation with the Regulatory Authorities at both national and European level, in order to secure customer interests and cater to their needs, as well as the protection of the Bank from money laundering and terrorist financing risks. The above-mentioned objectives will be achieved through the incorporation of the new

regulatory framework into the Bank's procedures following the issuance of the new Decision by the Banking and Credit Committee of the Bank of Greece (in replacement of Decision 281/5/17.3.2009 of the Banking and Credit Committee), through the enhancement of the Siron system for the continuous monitoring and detection of unusual or suspicious transactions and through the continuous AML/CFT education and training of the Bank's Employees.

Concluding, a significant amount of the efforts of the Compliance Division will focus on:

- further enhancing the Compliance Awareness of the Employees through a dedicated training programme;
- enhancing control mechanisms in order to have a full picture of the Bank's compliance level, in accordance with the applicable regulatory framework;
- further aligning with MiFID II requirements as the enhancement of the transparency in Customers' transactions and the increase of their trust are of high priority.

Organisational Chart





11.  
FINANCIAL  
STATEMENTS



## Group Financial Statements as at 31.12.2018

### Consolidated Income Statement

	<i>(Amounts in Euro thousand)</i>	
	From 1 January to	
	31.12.2018	31.12.2017
Interest and similar income	2,278,188	2,514,338
Interest expense and similar charges	(522,143)	(571,746)
Net interest income	1,756,045	1,942,592
Fee and commission income	409,388	395,490
Commission expense	(74,217)	(71,996)
Net fee and commission income	335,171	323,494
Dividend income	1,344	1,435
Gain less losses on derecognition of financial assets measured at amortised cost	(117)	
Gains less losses on financial transactions and impairments on Group Companies	462,789	144,702
Other income	49,690	54,508
Total other income	513,706	200,645
<b>Total income</b>	<b>2,604,922</b>	<b>2,466,731</b>
Staff costs	(475,325)	(474,378)
Provision for separation schemes		(92,719)
General administrative expenses	(532,355)	(554,960)
Depreciation and amortisation	(102,027)	(99,743)
Other expenses	(52,656)	(71,234)
<b>Total expenses before impairment losses and provisions to cover credit risk</b>	<b>(1,162,363)</b>	<b>(1,293,034)</b>
Impairment losses and provisions to cover credit risk	(1,730,647)	(1,005,415)
Share of profit/(loss) of associates and joint ventures	(1,265)	(3,162)
<b>Profit/(loss) before income tax</b>	<b>(289,353)</b>	<b>165,120</b>
Income tax	342,312	(75,611)
<b>Profit/(loss) after income tax, from continuing operations</b>	<b>52,959</b>	<b>89,509</b>
Profit/(loss) after income tax, from discontinued operations		(68,457)

The table above derives from the Annual Report as of 31.12.2018. Therefore, we recommend that the reader should visit the website of the Bank, where the financial statements as well as the auditor's report are available (<https://www.alpha.gr/en/group/investor-relations/group-results-and-reporting/financial-statements-bank-and-group?listfilter=384FFF8B82FB4C95A682BDC8E2424328>).

	<i>(Amounts in Euro thousand)</i>	
	From 1 January to	
	31.12.2018	31.12.2017
<b>Profit/(loss) after income tax</b>	<b>52,959</b>	<b>21,052</b>
<b>Profit/(loss) attributable to:</b>		
<b>Equity owners of the Bank</b>		
from continuing operations	52,961	89,528
from discontinued operations		(68,457)
	<b>52,961</b>	<b>21,071</b>
Non-controlling interests		
from continuing operations	(2)	(19)
<b>Earnings/(losses) per share</b>		
Basic and diluted (Euro per share)	0.03	0.01
Basic and diluted from continuing operations (Euro per share)	0.03	0.06
Basic and diluted from discontinued operations (Euro per share)		(0.04)

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**Consolidated Balance Sheet**

	<i>(Amounts in Euro thousand)</i>	
	<b>31.12.2018</b>	<b>31.12.2017*</b>
<b>ASSETS</b>		
Cash and balances with Central Banks	1,928,205	1,593,850
Due from banks	2,500,492	1,715,649
Trading securities	8,339	8,685
Derivative financial assets	725,173	622,536
Loans and advances to Customers	40,228,319	43,318,193
Investment securities		
- Measured at fair value through other comprehensive income	6,961,822	
- Measured at fair value through profit or loss	42,794	
- Available for sale		5,873,768
- Held to maturity		10,870
Investments in associates and joint ventures	23,194	18,886
Investment property	493,161	553,343
Property, plant and equipment	734,663	733,833
Goodwill and other intangible assets	434,093	389,809
Deferred tax assets	5,290,763	4,330,602
Other assets	1,363,685	1,348,785
	60,734,703	60,518,809
Assets held for sale	272,037	288,977
<b>Total Assets</b>	<b>61,006,740</b>	<b>60,807,786</b>
<b>Liabilities</b>		
Due to banks	10,456,359	13,141,531
Derivative financial liabilities	1,147,895	1,029,421
Due to Customers (including debt securities in issue)	38,731,835	34,890,436

\* The consolidated balance sheet of the comparative year has been restated due to the reclassification of specific account balances.

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	<i>(Amounts in Euro thousand)</i>	
	<b>31.12.2018</b>	<b>31.12.2017*</b>
Debt securities in issue held by institutional investors and other borrowed funds	943,334	655,567
Liabilities for current income tax and other taxes	41,272	42,761
Deferred tax liabilities	18,681	24,997
Employee-defined benefit obligations	86,744	92,038
Other liabilities	908,515	870,682
Provisions	527,386	433,240
	52,862,021	51,180,673
Liabilities related to assets held for sale	1,603	422
<b>Total Liabilities</b>	<b>52,863,624</b>	<b>51,181,095</b>
<b>EQUITY</b>		
<b>Equity attributable to equity owners of the Bank</b>		
Share capital	463,110	463,110
Share premium	10,801,029	10,801,029
Reserves	460,025	809,073
Amounts recognised directly in equity related to assets held for sale	(122)	(122)
Retained earnings	(3,624,847)	(2,490,040)
	<b>8,099,195</b>	<b>9,583,050</b>
<b>Non-controlling interests</b>	<b>28,814</b>	<b>28,534</b>
<b>Hybrid securities</b>	<b>15,107</b>	<b>15,107</b>
<b>Total Equity</b>	<b>8,143,116</b>	<b>9,626,691</b>
<b>Total Liabilities and Equity</b>	<b>61,006,740</b>	<b>60,807,786</b>

\* The consolidated balance sheet of the comparative year has been restated due to the reclassification of specific account balances.

The table above derives from the Annual Report as of 31.12.2018. Therefore, we recommend that the reader should visit the website of the Bank, where the financial statements as well as the auditor's report are available (<https://www.alpha.gr/en/group/investor-relations/group-results-and-reporting/financial-statements-bank-and-group?listfilter=384FFF8B82FB4C95A682BDC8E2424328>).

## Consolidated Statement of Comprehensive Income

	<i>(Amounts in Euro thousand)</i>	
	From 1 January to	
	31.12.2018	31.12.2017
<b>Profit/(loss), after income tax, recognised in the Income Statement</b>	<b>52,959</b>	<b>21,052</b>
<b>Other comprehensive income</b>		
<b>Amounts that may be reclassified into the Income Statement</b>		
Net change in available for sale securities reserve		509,224
Net change in securities reserves measured at fair value through other comprehensive income	(556,366)	
Net change in cash flow hedge reserve	(2,719)	52,774
Exchange differences on translating and hedging the net investment in foreign operations	11,002	(2,192)
Net change in the share of other comprehensive income of associates and joint ventures	(149)	72
Income tax	159,240	(155,234)
<b>Amounts that may be reclassified into the Income Statement from continuing operations</b>	<b>(388,992)</b>	<b>404,644</b>
<b>Amounts that may be reclassified into the Income Statement from discontinued operations</b>		<b>68,457</b>
<b>Amounts that will not be reclassified into the Income Statement from continuing operations</b>		
Net change in actuarial gains/(losses) of defined benefit obligations	1,171	198
Gains/(losses) from shares measured at fair value through other comprehensive income	(7,314)	

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	<i>(Amounts in Euro thousand)</i>	
	From 1 January to	
	31.12.2018	31.12.2017
Income tax	493	(56)
	<b>(5,650)</b>	<b>142</b>
<b>Amounts that will not be reclassified into the Income Statement from discontinued operations</b>		
Net change in actuarial gains/(losses) of defined benefit obligations		(200)
Income tax		30
		<b>(170)</b>
<b>Total of other comprehensive income recognised directly in equity, after income tax</b>	<b>(394,642)</b>	<b>473,073</b>
<b>Total comprehensive income for the year, after income tax</b>	<b>(341,683)</b>	<b>494,125</b>
<b>Total comprehensive income for the year attributable to:</b>		
<b>Equity owners of the Bank</b>		
- from continuing operations	(341,681)	494,149
- from discontinued operations		
	<b>(341,681)</b>	<b>494,149</b>
Non-controlling interests:		
- from continuing operations	(2)	(24)

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## Consolidated Statement of Changes in Equity

<i>(Amounts in Euro thousand)</i>								
	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Hybrid securities	Total
<b>Balance 1.1.2017</b>	<b>461,064</b>	<b>10,790,870</b>	<b>332,061</b>	<b>(2,506,711)</b>	<b>9,077,284</b>	<b>20,997</b>	<b>15,132</b>	<b>9,113,413</b>
<b>Changes for the period 1.1 - 31.12.2017</b>								
Profit for the year, after income tax				21,071	21,071	(19)		21,052
Other comprehensive income after income tax			473,105	(27)	473,078	(5)		473,073
<b>Total comprehensive income for the year, after income tax</b>			<b>473,105</b>	<b>21,044</b>	<b>494,149</b>	<b>(24)</b>		<b>494,125</b>
Conversion of convertible bond loan into shares	2,046	10,159			12,205			12,205
Share capital increase expenses, after income tax				(560)	(560)			(560)

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<i>(Amounts in Euro thousand)</i>								
	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Hybrid securities	Total
Purchases/sales and change of ownership interests in subsidiaries and share capital increases of subsidiaries				(26)	(26)	7,561		7,535
(Purchases), (redemptions)/sales of hybrid securities, after income tax							(25)	(25)
Appropriation of reserves			3,785	(3,785)				
Other				(2)	(2)			(2)
<b>Balance 31.12.2017</b>	<b>463,110</b>	<b>10,801,029</b>	<b>808,951</b>	<b>(2,490,040)</b>	<b>9,583,050</b>	<b>28,534</b>	<b>15,107</b>	<b>9,626,691</b>

The table above derives from the Annual Report as of 31.12.2018. Therefore, we recommend that the reader should visit the website of the Bank, where the financial statements as well as the auditor's report are available (<https://www.alpha.gr/en/group/investor-relations/group-results-and-reporting/financial-statements-bank-and-group?listfilter=384FFF8B82FB4C95A682BDC8E2424328>).

<i>(Amounts in Euro thousand)</i>								
	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Hybrid securities	Total
<b>Balance 31.12.2017</b>	<b>463,110</b>	<b>10,801,029</b>	<b>808,951</b>	<b>(2,490,040)</b>	<b>9,583,050</b>	<b>28,534</b>	<b>15,107</b>	<b>9,626,691</b>
Impact from the implementation of IFRS 9 as at 1.1.2018			37,059	(1,179,336)	(1,142,277)			(1,142,277)
<b>Balance 1.1.2018</b>	<b>463,110</b>	<b>10,801,029</b>	<b>846,010</b>	<b>(3,669,376)</b>	<b>8,440,773</b>	<b>28,534</b>	<b>15,107</b>	<b>8,484,414</b>
<b>Changes for the period 1.1 - 31.12.2018</b>								
Profit for the year, after income tax				52,961	52,961	(2)		52,959
Other comprehensive income after income tax			(388,992)	(5,650)	(394,642)			(394,642)
<b>Total comprehensive income for the year, after income tax</b>			<b>(388,992)</b>	<b>47,311</b>	<b>(341,681)</b>	<b>(2)</b>		<b>(341,683)</b>

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<i>(Amounts in Euro thousand)</i>								
	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Hybrid securities	Total
Purchases/sales and change of ownership interests in subsidiaries and share capital increases of subsidiaries				(198)	(198)	282		84
Appropriation of reserves			2,885	(2,885)				
Other				301	301			301
<b>Balance 31.12.2018</b>	<b>463,110</b>	<b>10,801,029</b>	<b>459,903</b>	<b>(3,624,847)</b>	<b>8,099,195</b>	<b>28,814</b>	<b>15,107</b>	<b>8,143,116</b>

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## Consolidated Statement of Cash Flows

	<i>(Amounts in Euro thousand)</i>	
	From 1 January to	
	31.12.2018	31.12.2017*
<b>Cash flows from continuing operating activities</b>		
Profits/(Losses) before income tax	(289,353)	165,120
<b>Adjustments for gains/(losses) before income tax for:</b>		
Depreciation/impairment/write-offs of fixed assets	89,557	128,998
Amortisation/impairment/write-offs of intangible assets	59,910	51,930
Impairment losses on financial assets and other provisions	1,766,576	1,157,336
Result from sales of loans and debt to equity transactions	(2,606)	
Valuation of financial assets measured at fair value through profit or loss	68,272	(204,486)
(Gains)/losses from investing activities	(635,858)	(307,163)
(Gains)/losses from financing activities	51,007	(15,769)
Share of (profit)/loss of associates and joint ventures	1,265	3,162
	<b>1,108,770</b>	<b>979,128</b>
<b>Net (increase)/decrease in assets relating to continuing operating activities</b>		
Due from banks	(142,653)	506,008
Trading securities and derivative financial assets	(13,529)	(41,744)
Loans and advances to Customers	(558,712)	(49,968)
Other assets	337,225	127,998
<b>Net increase/(decrease) in liabilities relating to continuing operating activities:</b>		
Due to banks	(2,685,172)	(5,964,046)
Due to Customers	3,884,920	1,926,601
Other liabilities	(42,607)	(32,359)
<b>Net cash flows from continuing operating activities before taxes</b>	<b>1,888,242</b>	<b>(2,548,382)</b>
Income taxes and other taxes paid	(30,789)	(13,748)
<b>Net cash flows from continuing operating activities</b>	<b>1,857,453</b>	<b>(2,562,130)</b>

\* Certain figures of the previous year have been restated for comparability purposes.

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	<i>(Amounts in Euro thousand)</i>	
	From 1 January to	
	31.12.2018	31.12.2017*
<b>Net cash flows from discontinued operating activities</b>		<b>7,010</b>
<b>Cash flows from continuing investing activities</b>		
Investments in associates and joint ventures	(5,722)	(9,380)
Amounts received from disposal of subsidiaries	2,100	63,636
Dividends received	1,344	1,435
Acquisitions of fixed and intangible assets	(174,114)	(145,575)
Disposals of fixed and intangible assets	38,827	54,558
Interest received on investment portfolio securities	59,032	145,141
Purchases of Greek State treasury bills	(2,164,218)	(3,356,877)
Disposals/Maturity of Greek State treasury bills	2,594,944	3,678,213
Purchases of investment securities (excluding Greek State treasury bills)	(4,822,335)	(2,761,629)
Disposals/Maturity of investment securities (excluding Greek State treasury bills)	3,394,118	5,183,187
<b>Net cash flows from continuing investing activities</b>	<b>(1,076,024)</b>	<b>2,852,709</b>
<b>Net cash flows from discontinued investing activities</b>		<b>(52,684)</b>
<b>Cash flows from continuing financing activities</b>		
Receipts of debt securities in issue and other borrowed funds	512,279	218,587
Repayments of debt securities in issue and other borrowed funds	(300,877)	(152,566)
Interests paid for debt securities in issue and other borrowed funds	(18,163)	(11,879)
Share capital increase expenses		(639)
<b>Net cash flows from continuing financing activities</b>	<b>193,239</b>	<b>53,503</b>
Effect of exchange rate differences on cash and cash equivalents	11,643	(12,463)
<b>Net increase/(decrease) in cash flows from continuing activities</b>	<b>986,311</b>	<b>331,619</b>
<b>Net increase/(decrease) in cash flows from discontinued activities</b>		<b>(45,674)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,260,833</b>	<b>974,888</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,247,144</b>	<b>1,260,833</b>

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## Bank Financial Statements as at 31.12.2018

### Income Statement

	<i>(Amounts in Euro thousand)</i>	
	<b>From 1 January to</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>
Interest and similar income	2,003,984	2,225,606
Interest expense and similar charges	(482,282)	(531,351)
Net interest income	1,521,702	1,694,255
Fee and commission income	351,404	342,344
Commission expense	(65,011)	(64,245)
Net fee and commission income	286,393	278,099
Dividend income	62,413	35,638
Gains less losses on derecognition of financial assets measured at amortised cost	4,715	
Gains less losses on financial transactions and impairments on Group Companies	95,917	(85,772)
Other income	29,542	16,249
Total other income	192,587	(33,885)
<b>Total income</b>	<b>2,000,682</b>	<b>1,938,469</b>
Staff costs	(369,217)	(375,800)
Provision for separation scheme		(92,719)
General administrative expenses	(433,256)	(460,959)
Depreciation and amortisation	(78,316)	(74,210)
Other expenses	(28,631)	(30,920)
<b>Total expenses before impairment losses and provisions to cover credit risk</b>	<b>(909,420)</b>	<b>(1,034,608)</b>

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	<i>(Amounts in Euro thousand)</i>	
	<b>From 1 January to</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>
Impairment losses and provisions to cover credit risk	(1,478,683)	(798,036)
<b>Profit/(loss) before income tax</b>	<b>(387,421)</b>	<b>105,825</b>
Income tax	450,825	(61,930)
<b>Profit/(loss) after income tax</b>	<b>63,404</b>	<b>43,895</b>
Earnings/(losses) per share:		
Basic and diluted (Euro per share)	0.04	0.03

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**Balance Sheet**

	<i>(Amounts in Euro thousand)</i>	
	<b>31.12.2018</b>	<b>31.12.2017</b>
<b>ASSETS</b>		
Cash and balances with Central Banks	719,959	774,882
Due from banks	2,625,186	2,227,791
Trading securities	6,815	6,544
Derivative financial assets	730,215	628,133
Loans and advances to Customers	35,648,197	38,521,136
Investment securities		
- Measured at fair value through other comprehensive income	5,691,866	
- Measured at fair value through profit or loss	180,175	
- Available for sale		4,887,356
- Held to maturity		319
Investments in subsidiaries, associates and joint ventures	863,731	2,048,931
Investment property	24,558	26,379
Property, plant and equipment	628,894	628,956
Goodwill and other intangible assets	390,445	350,783
Deferred tax assets	5,339,676	4,282,208
Other assets	1,282,843	1,253,995
	54,132,560	55,637,413
Assets held for sale	1,043,900	217,285
<b>Total Assets</b>	<b>55,176,460</b>	<b>55,854,698</b>

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	<i>(Amounts in Euro thousand)</i>	
	<b>31.12.2018</b>	<b>31.12.2017</b>
<b>LIABILITIES</b>		
Due to banks	10,689,412	13,751,850
Derivative financial liabilities	1,149,513	1,037,174
Due to Customers	33,492,218	30,255,030
Debt securities in issue and other borrowed funds	841,307	557,949
Liabilities for current income tax and other taxes	19,842	17,920
Employee-defined benefit obligations	83,747	89,441
Other liabilities	830,738	824,340
Provisions	218,596	175,307
<b>Total Liabilities</b>	<b>47,325,373</b>	<b>46,709,011</b>
<b>EQUITY</b>		
Share capital	463,110	463,110
Share premium	10,801,029	10,801,029
Reserves	323,104	572,832
Retained earnings	(3,736,156)	(2,691,284)
<b>Total Equity</b>	<b>7,851,087</b>	<b>9,145,687</b>
<b>Total Liabilities and Equity</b>	<b>55,176,460</b>	<b>55,854,698</b>

The table above derives from the Annual Report as of 31.12.2018. Therefore, we recommend that the reader should visit the website of the Bank, where the financial statements as well as the auditor's report are available (<https://www.alpha.gr/en/group/investor-relations/group-results-and-reporting/financial-statements-bank-and-group?listfilter=384FFF8B82FB4C95A682BDC8E2424328>).

## Statement of Comprehensive Income

	<i>(Amounts in Euro thousand)</i>	
	From 1 January to	
	31.12.2018	31.12.2017
<b>Profit/(loss), after income tax, recognised in the Income Statement</b>	<b>63,404</b>	<b>43,895</b>
<b>Other comprehensive income</b>		
<b>Amounts that may be reclassified into the Income Statement</b>		
Net change in available for sale securities reserve		459,969
Net change in securities reserves measured at fair value through other comprehensive income	(495,131)	
Net change in cash flow hedge reserve	(2,350)	53,361
Income tax	144,269	(148,685)
<b>Amounts that may be reclassified into the Income Statement</b>	<b>(353,212)</b>	<b>364,645</b>
<b>Amounts that will not be reclassified into the Income Statement</b>		
Net change in actuarial gains/(losses) of defined benefit obligations	1,123	133
Gains/(losses) from shares measured at fair value through other comprehensive income	(2,577)	
Income tax	422	(39)
<b>Amounts that will not be reclassified into the Income Statement</b>	<b>(1,032)</b>	<b>94</b>
<b>Total of other comprehensive income, after income tax</b>	<b>(354,244)</b>	<b>364,739</b>
<b>Total comprehensive income for the year, after income tax</b>	<b>(290,840)</b>	<b>408,634</b>

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## Statement of Changes in Equity

	<i>(Amounts in Euro thousand)</i>				
	Share capital	Share premium	Reserves	Retained earnings	Total
<b>Balance 1.1.2017</b>	<b>461,064</b>	<b>10,790,870</b>	<b>208,187</b>	<b>(2,735,079)</b>	<b>8,725,042</b>
<b>Changes for the year 1.1 - 31.12.2017</b>					
Profit for the year, after income tax				43,895	43,895
Other comprehensive income after income tax			364,645	94	364,739
<b>Total comprehensive income for the year, after income tax</b>			<b>364,645</b>	<b>43,989</b>	<b>408,634</b>
Conversion of convertible bond loan into shares	2,046	10,159			12,205
Share capital increase expenses, after income tax				(194)	(194)
<b>Balance 31.12.2017</b>	<b>463,110</b>	<b>10,801,029</b>	<b>572,832</b>	<b>(2,691,284)</b>	<b>9,145,687</b>

	<i>(Amounts in Euro thousand)</i>				
	Share capital	Share premium	Reserves	Retained earnings	Total
<b>Balance 31.12.2017</b>	<b>463,110</b>	<b>10,801,029</b>	<b>572,832</b>	<b>(2,691,284)</b>	<b>9,145,687</b>
Impact from the implementation of IFRS 9 as at 1.1.2018			103,484	(1,107,244)	(1,003,760)
<b>Balance 1.1.2018</b>	<b>463,110</b>	<b>10,801,029</b>	<b>676,316</b>	<b>(3,798,528)</b>	<b>8,141,927</b>
<b>Changes for the year 1.1 - 31.12.2018</b>					
Profit for the year, after income tax				63,404	63,404
Other comprehensive income after income tax			(353,212)	(1,032)	(354,244)
<b>Total comprehensive income for the year, after income tax</b>			<b>(353,212)</b>	<b>62,372</b>	<b>(290,840)</b>
<b>Balance 31.12.2018</b>	<b>463,110</b>	<b>10,801,029</b>	<b>323,104</b>	<b>(3,736,156)</b>	<b>7,851,087</b>

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## Statement of Cash Flows

	<i>(Amounts in Euro thousand)</i>	
	<b>From 1 January to</b>	
	<b>31.12.2018</b>	<b>31.12.2017*</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) before income tax	(387,421)	105,825
<b>Adjustments for gain/(losses) before income tax for:</b>		
Depreciation/impairment/write-offs of fixed assets	52,775	71,139
Amortisation/impairment/write-offs of intangible assets	49,405	43,749
Impairment losses on financial assets and other provisions	1,508,284	902,574
Gains less losses on derecognition of financial assets measured at amortised cost	(4,715)	
Valuation of financial assets measured at fair value through profit or loss	71,366	(210,707)
Impairment of investments	394,365	242,418
(Gains)/Losses from investing activities	(678,550)	(315,829)
(Gains)/Losses from financing activities	47,015	(12,187)
	<b>1,052,524</b>	<b>826,982</b>
<b>Net (increase)/decrease in assets relating to operating activities:</b>		
Due from banks	(12,732)	566,056
Trading securities and derivative financial instruments	(30,486)	(23,693)
Loans and advances to Customers	(10,347)	(15,370)
Other assets	366,797	175,375
<b>Net increase/(decrease) in liabilities relating to operating activities:</b>		
Due to banks	(3,062,438)	(5,681,151)
Due to Customers	3,233,390	1,227,331
Other liabilities	(43,523)	(35,656)
<b>Net cash flows from operating activities before taxes</b>	<b>1,493,185</b>	<b>(2,960,126)</b>
Income taxes and other taxes paid	1,922	(1,499)

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	<i>(Amounts in Euro thousand)</i>	
	<b>From 1 January to</b>	
	<b>31.12.2018</b>	<b>31.12.2017*</b>
<b>Net cash flows from operating activities</b>	<b>1,495,107</b>	<b>(2,961,625)</b>
<b>Cash flows from investing activities</b>		
Investments in subsidiaries, associates and joint ventures	(531,585)	38,235
Disposal of subsidiaries, associates and joint ventures	38,320	55,817
Dividends received	78,159	20,188
Acquisitions of fixed and intangible assets	(126,386)	(79,029)
Disposals of fixed and intangible assets	1,171	207
Interest received in investment portfolio securities	34,295	93,866
Purchases of Greek State treasury bills	(2,157,218)	(3,393,016)
Disposals/Maturities of Greek State treasury bills	2,559,786	3,725,963
Purchases of investment securities (excluding Greek State treasury bills)	(3,843,678)	(1,890,799)
Disposals/Maturities of investment securities (excluding Greek State treasury bills)	2,583,014	4,370,351
<b>Net cash flows from investing activities</b>	<b>(1,364,122)</b>	<b>2,941,783</b>
<b>Cash flows from financing activities</b>		
Receipts of debt securities in issue and other borrowed funds	520,929	258,589
Interest paid for debt securities in issue and other borrowed funds	(17,241)	(9,989)
Repayments of debt securities in issue and other borrowed funds	(263,547)	(247,299)
Share capital increase expenses		(273)
<b>Net cash flows from financing activities</b>	<b>240,141</b>	<b>1,028</b>
Effect of exchange rate differences on cash and cash equivalents	1,526	794
<b>Net increase/(decrease) in cash flows</b>	<b>372,652</b>	<b>(18,020)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>630,071</b>	<b>648,091</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,002,723</b>	<b>630,071</b>

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