



Athens, 26 May 2021

2020 ACTIVITY REPORT OF THE AUDIT COMMITTEE

PREAMBLE

On April 16, 2021, the former Alpha Bank Société Anonyme was demerged by way of hive-down of the banking business sector and contribution thereof to a newly-formed credit institution incorporated under the same corporate name, i.e. “Alpha Bank Société Anonyme” (the “Demerger”). **Upon completion of the Demerger:**

- (1) the newly-incorporated credit institution “**Alpha Bank S.A.**” (under G.E.MI. number 159029160000) substituted the demerged entity, former Alpha Bank S.A., by way of universal succession, to all the transferred assets and liabilities of the banking business sector of the former Alpha Bank S.A.; and
- (2) the former Alpha Bank S.A. ceased to be a credit institution, retained activities, assets and liabilities not related to the banking business sector, changed its corporate name to “**Alpha Services and Holdings S.A.**” (under G.E.MI. number 223701000), holds 100% of the share capital of Alpha Bank S.A. and has become the direct or indirect ultimate parent holding company for all other companies that, prior to the Demerger, comprised the “**Group**” (as defined herein).

In this Report references to “Alpha Bank”, “Alpha Bank S.A.” or to the “Bank” should be read and construed to be references to **Alpha Services and Holdings S.A.** (formerly Alpha Bank S.A.) both prior to and after the completion of the Demerger, except to the extent otherwise specified or the context otherwise required.

A. COMPOSITION AND FREQUENCY OF MEETINGS

In 2020, the Audit Committee of the Board of Directors of Alpha Bank was comprised of five Non-Executive Members of the Board of Directors, of which three independent in accordance with the requirements of Laws 3016/2002 and 3864/2010 as well as article 74 of Law 4706/2020 as in force.

Its composition was the following:

Ms. Carolyn G. Dittmeier, Non-Executive Independent Member and Chair of the Committee, Mr. Jan A. Vanhevel, Non-Executive Independent Member, Mr. Efthimios O. Vidalis, Non-Executive Member, Mr. Jean L. Cheval Non-Executive Independent Member, until 31.7.2020, Ms. Elanor R. Hardwick, Non-Executive Independent Member since 31.7.2020 and Mr. Johannes Herman Frederik G. Umbgrove, Non-Executive Member and representative of the Hellenic Financial Stability Fund.

In 2020, the Audit Committee convened thirteen times in order to examine the areas of internal control systems, internal audit, compliance, financial reporting and external audit, as foreseen by the Bank’s corporate governance policies.

B. ACTIVITIES CARRIED OUT

Internal Control Systems, Internal Audit and Regulatory Compliance

The Audit Committee evaluated the following reports for the year 2019 which were submitted to the Bank of Greece:

- a) The Report by the audit firm PricewaterhouseCoopers (PwC) on the “Evaluation of the System of Internal Controls of Alpha Bank and the Group for the years 2017-2019”, in accordance with the Bank of Greece Governor’s Act 2577/9.3.2006 (ΠΔΤΕ 2577),
- b) the Annual Report of the Internal Audit Division on the Internal Control System of the Alpha Bank Group for the previous year, as per the Bank of Greece Governor’s Act 2577/9.3.2006 (ΠΔΤΕ 2577),
- c) the Annual Report of the Compliance Division as per the Bank of Greece Governor’s Act 2577/9.3.2006 (ΠΔΤΕ 2577),
- d) the Annual Report of the Compliance Division on Anti-Money Laundering and Combating the Financing of Terrorism,
- e) the Annual Independent Assessment Report regarding the custody of Alpha Bank customer assets.

In addition the Committee approved 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.

The Audit Committee assessed the Internal Control System of the Bank and the Group for 2020 based on the relevant information provided by the Internal Audit Division, the Compliance Division and the Management, as well as the findings and recommendations from both the Statutory Certified Auditors of the Bank and the Regulatory Authorities. The Committee was also informed of the results of the PricewaterhouseCoopers’s (PwC) review of the External Quality Assessment (EQA) of the Internal Audit Division and related report.

The Audit Committee reviewed the quarterly activity reports of the Internal Audit Division and the Compliance Division, based on the plans previously endorsed by the Audit Committee. In light of the Covid-19 pandemic, the Audit Committee reviewed and endorsed the re-assessment of the 2020 annual Audit Plan of the Internal Audit Division, and reviewed the incorporation therein of newly-emerged risks, following a risk-based approach. During the year, the Committee also reviewed the Annual and Semi-annual Follow-Up Framework of the Internal Audit Division, a procedure which ensures proper management oversight over audit remediation plans.

In addition, the Audit Committee was informed about the Compliance Framework and updated perimeter, the Annual Plan and the Objectives for 2021 along with the Organizational Structure of the Compliance Division for the year 2020. Moreover, the Committee endorsed the Annual Compliance Risk Assessment for 2020, as well as the Compliance Risk Appetite framework for the same period, both produced under new, well-defined procedures implemented by the Compliance Division.

The Audit Committee, in the context of the periodic review of the Bank’s Policies, endorsed the revised policies for approval by the Board of Directors of the “Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Policy” and the “Policy on the Prevention of Conflict of Interests”.

In addition to its review of internal audit results and compliance activity, the Audit Committee met with the Bank’s Management, was informed about the progress of significant projects affecting the Bank’s internal control systems and had several meetings with Executives from various Bank Divisions. The Audit Committee also 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.

Within its competence, the Audit Committee supervised the Internal Audit Division and monitored the operation of the Compliance Division. This process included the assessment of their effectiveness and independence as well as of their organizational structure and resources. In a meeting without the presence of the Bank's Management, the Head of Internal Audit assured the Audit Committee of their independence. During 2020 the Audit Committee supervised the selection process of the new Head of Internal Audit and assisted the Remuneration Committee regarding the definition of her remuneration.

The Audit Committee acquired a full understanding of the Risk Management Division through the participation of some of its Members in the Risk Management Committee, selected joint meetings and the review of the operational risk reports for relevant impacts on the internal control system.

Financial Reporting Processes and External Audit

The Audit Committee submitted to the Board of Directors and to the General Meeting of Shareholders for approval the fees of Deloitte Certified Public Accountants S.A. and of SOL S.A. for the statutory audit of the Financial Statements of the Bank and the Group Companies for the year 2020 and the issuance of a tax certificate (where applicable).

The Committee performed oversight over the financial reporting processes and procedures for preparing the Financial Statements of the Bank and the Group, reviewing the impact of any evolution in accounting standards. It also reviewed the annual Financial Statements preparation for the Bank and the Group for the year 2019 as well as the quarterly Financial Statements of the Group, the semi-annual Financial Statements for the Bank and the Group for the year 2020 and the Press Release regarding the 2020 Group's results, prior to their submission to the Board of Directors for approval. Moreover, the Committee was informed of the Hive-down and the Carve-out projects as part of the Bank's business strategy to reduce NPEs and reviewed the Transformation Balance Sheet of the Bank and the related KPMG's Report.

The Audit Committee monitored the Statutory Certified Auditors' (Deloitte) activity and performance and reviewed the Statutory Certified Auditors' Audit Plan for 2020 with reference to the planned audit approach, key audit matters and risks, audit standards and regulation, etc. The Committee evaluated the internal control issues regarding financial reporting processes identified by the Statutory Certified Auditor and the adequacy of the responses provided by the Management. It also reviewed the Non-Audit Services provided to the Bank and the Group by the Statutory Certified Auditor, on the basis of the Manual of the Bank "Assignment of Non-Audit Services to Auditors", which the Audit Committee updated during the year. It performed the overall reviewing and monitoring of issues related to its objectivity and independence.

Other activities

The Audit Committee ascertained that the procedure for the Related Parties Transactions monitoring was fully implemented by the Bank during 2020. The Committee also monitored the procedure followed for the drafting of the Non-Financial Information Report and the Corporate Responsibility Report for the year 2019 in accordance with Laws 4548/2018 and 4403/2016, subsequently endorsing them for approval by the Board of Directors. During 2020 the Audit Committee was informed about the related Limited Assurance Report by Deloitte Certified Public Accountants S.A. prepared in accordance with the International Standard on Assurance Engagements (ISAE) 3000.

In this context, the Audit Committee was informed of the Framework of Sustainable Development including among others the Corporate Responsibility Policy, the Group Environmental Policy and the Group Environmental and Social Risk Management Policy on Legal Entities Lending. The Committee was also informed of the Bank's initiatives to raise awareness on environmental issues and protect the environment which are key priorities for

the Bank. It took cognizance of the recent document published by the Task Force on Climate-related Financial Disclosures (TCFD), the draft European Central Bank Guidelines on climate-related and environmental risks for which a dedicated project has been initiated by the Bank as well as the Group Environmental Policy and procedures according to the requirement of ISO 14001 and the Corporate Responsibility Policy and the Code of Ethics.

With regard to the Subsidiaries, the Committee met on a regular basis with the Audit Committees of the most significant Subsidiaries i.e. Alpha Bank Romania S.A., Alpha Bank Cyprus Ltd, Alpha Bank Albania SHA, Alpha Bank London Ltd and ABC Factors S.A., and reviewed the Annual Activity Reports for 2019 and the Semi-Annual Activity Reports for 2020 requested and received from all Audit Committees of Group Subsidiaries pertaining to the fulfillment of their responsibilities.

C. CONCLUSIONS

The Audit Committee performed all activities foreseen in the Bank's Audit Committee Charter, in full support of the Board of Directors' responsibilities. The cooperation of the Committee with all the Executives of the Bank was considered fully satisfactory. After each meeting, the Chair of the Audit Committee informed the Board of Directors of its activity and the issues that had been addressed.