ALPHA BANK

BUSINESS REVIEW 2016

ALPHA BANK

Alpha Bank actively participates in the cultural life of the country by supporting activities aiming to preserve and disseminate the Greek spirit and to promote culture.

Through the illustration material of the Bank's Business Review 2016, the "ALPHA BANK – CULTURE store" is presented, as well as areas of the Bank's Library in Athens, the Banknote Museum of the Ionian Bank in Corfu and the Alpha Bank Cultural Centre in Nafplio. In all of these sites, the Bank develops and promotes its cultural activities, thus demonstrating in practice its interest for Art and Culture.

All the cultural initiatives of the Bank are presented on the website http://www.alphapolitismos.gr/en

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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 to "Bank of Kalamata". In 1924, the Bank was renamed to "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 February 1, 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 Société Anonymes Register with No 6066/06/B/86/05 and on the General Electronic Commercial Registry with No 223701000.

Key Indicators

		Alpha Bank Group	
(in Euro million)	**Change %**	**2016**	**2015**
BALANCE SHEET			
Total Assets*	-6.4%	64,872	69,298
Loans and Advances to Customers (gross)	-2.1%	56,967	58,208
Allowance for Impairment Losses	4.5%	-12,558	-12,022
Due to Customers	4.8%	32,946	31,434
Total Equity	0.7%	9,113	9,053
PROFIT AND LOSS ACCOUNT**			
Total Income [1]	7.8%	2,384	2,211
Total Expenses	-3.3%	-1,225	-1,267
Profit/(Loss) before Taxes and Impairment Losses	**22.8%**	**1,159**	**944**
Impairment Losses and Provisions to Cover Credit Risk	-60.9%	-1,168	-2,988
Profit/(Loss) after Income Tax	**-103.1%**	**42**	**-1,371**
INDICES			
Net Interest Margin [2]		3.3%	3.0%
Total Capital Adequacy Ratio		17.1%	16.8%
TIER 1 Capital Adequacy Ratio [3]		17.1%	16.6%
CREDIT RATINGS			
Moody's		Caa3	Caa3
Standard & Poor's		CCC+	SD
Fitch Ratings		RD	RD
OTHER INFORMATION			
Branches [4]		721	897
Number of Employees [5]		11,863	13,847

[1] The profit/(loss) from associate companies and joint ventures is included.
[2] The Ratio was calculated based on NII divided by the average interest-bearing Assets.
[3] The Ratio for 2015 has been restated as presented in the Consolidated Financial Statements as at 31.12.2016.
[4] The number of Branches in 2016 does not include the 67 Branches of Alpha Bank Srbija A.D. that have been characterised as discontinued operations. The number of Branches in 2015 does not include the 82 Branches of Alpha Bank in Bulgaria and the 18 Branches of Alpha Bank A.D. Skopje that have been characterised as discontinued operations.
[5] The number of Employees in 2016 does not include the Employees of Alpha Bank Srbija A.D. which has been characterised as a discontinued operation, i.e. 836 persons. The number of Employees in 2015 does not include the total number of Employees of the Group's Units that have been characterised as discontinued operations, i.e. 694 for Alpha Bank in Bulgaria and 238 for Alpha Bank A.D. Skopje.

* *The Total Assets of the comparative year 2015 have been restated due to the completion of the valuation of the net assets of the acquired Group Company.*

** *The figures for the comparative year have been restated due to modification of the presentation of figures related to the Bonus Loyalty Programme for cards and the presentation of Alpha Bank Srbija A.D. as a discontinued operation.*

Letter from the Chairman

Dear Shareholders, Ladies and Gentlemen,

The General Meeting of the Shareholders of Alpha Bank takes place at a time of great uncertainty worldwide, but also with positive prospects regarding the return of the Greek Economy to normality. The year 2016 was marked by important events that had a global geopolitical impact but also affected developments in the international and the Greek Economy. I will briefly mention only some of them: the outcome of the British referendum concerning the United Kingdom's membership in the European Union, the economic and foreign policy agenda of the new President of the United States, the gradual political transformation of Turkey, the increase in the number of terrorist attacks in Europe and the rise of Euroscepticism in almost all European Union countries. In this unstable environment, securing Greece's participation in the Eurozone through the implementation of the third Economic Adjustment Programme proves, once more, to be a strong protective shield.

The Greek Economy is now at a crucial point, which creates the expectation that the sacrifices made by the Greek people will finally bear fruit and that the significant structural reforms implemented over the past seven years will yield results. The achievements of this long period of adjustment are important and should not be overshadowed by the negative impact on income and employment. The completion of the reforms and the consistent implementation of the structural changes will bring the economy back to a sustainable path to growth, which is a cornerstone for the reduction of unemployment and for addressing the huge challenge of public debt.

Economic activity in 2016 remained stagnant, despite initial forecasts for a mild recovery. This development can be attributed to the negative effect on aggregate demand of the tax charges introduced in 2016, as well as to the delay in the completion of both the first and the second review of the Programme. This not only postponed the rise in investment spending, because it maintained uncertainty, but it also held back the rate at which the State settled its arrears to the private sector outstanding debts. As a result, the anticipated boost in liquidity conditions did not fully take place. In the fiscal policy domain, however, developments have been quite positive. The primary fiscal balance was positive and much higher than the initial target. This remarkable performance came as a continuation of the great effort for fiscal adjustment undertaken over the past few years. This is demonstrated by the improvement in primary balance, adjusted to the economic cycle which for the period from 2009 to 2016, stood at 19.2 percentage points of the potential Gross Domestic Product. This performance is much higher compared to that of other European Union countries, whether they participated in adjustment programmes or not. It is true, of course, that this improvement was mainly the result of revenue and less of spending, a fact that was also partly due to the increase in direct and indirect tax rates. It should be stressed, however, that a major contribution to the rise in revenue came from the increase in electronic payment methods.

Despite the spectacular improvement in the fiscal position, public finances are not yet back to a sustainable path. A lot remains to be done, both in revenue and spending, in order to achieve fiscal consolidation. Yet, it will be very difficult for this effort to be realised without the help of our country's partners and creditors. Our partners must proceed with amendments to the main parameters that determine the development dynamics in public debt, so that it becomes sustainable. These amendments must be realistic as regards the country's capacity to create high primary surpluses, as well as absolutely well defined, in order to assist investors and global market analysts in calculating the financial risks that they undertake. This constitutes a necessary condition in order to build confidence.

At the same time, the country must effectively address the problems related to the narrow tax base and the rationalisation of public spending. Fiscal adjustment, so far, has relied excessively on increases of tax rates and social security contributions, undermining growth potential as well as the efforts to fight evasion in taxes and social security contributions. It is imperative that the modernisation of the system for the drafting and implementation of the State Budget goes forward, giving priority to the regular monitoring of spending for all Public Sector organisations and to the introduction of a system that will evaluate government spending.

Given the negative impact of the ambitious fiscal targets on the country's growth dynamics, the recent success in the fiscal domain must be combined with other positive developments, such as, for instance, the unblocking of large investment plans and privatisations, in order for the confidence in the potential of Greek Economy to be fully restored. Additionally, the recovery of economic activity will also allow the targets for very high primary surpluses to be set at a lower level, a fact which will further boost demand.

Another significant achievement of macroeconomic policy was the adjustment in the external sector of the economy. For the past two years, the current account is nearly balanced and has improved by approximately 15 percentage points compared to 2008. This, however, does not mean that we have already changed our production model. The success of the adjustment in external transactions was mostly the result of limiting imports rather than growth in exports. The fact that the relative size of the internationally tradable sectors has considerably increased during the economic downturn is due to the much lower dependence of these sectors on domestic demand. Therefore, a lot remains to be done in this respect as well. Competitiveness has improved spectacularly in terms of the unit labour cost, yet much less so in terms of prices. Based on established indicators such as those of INSEAD and the World Economic Forum, the structural competitiveness of our economy remains low. Furthermore, uncertainty, high tax burdens and the fact that the deregulation of certain markets for goods and services is still pending, have negatively affected the correction of the imbalances in the country's external trade balance. It is true, however, that uncertainty has been significantly curbed recently. The Parliament's adoption of the measures which resulted from the completion of the second review is expected to further bolster the business climate, an expectation that is also reflected in the performance of the Greek stock exchange and in the spread between the Greek and the German ten-year government bonds.

The growth rate predicted under the new Mid-Term Fiscal Strategy Framework for the next four years requires a significant increase in investment expenditure, at an annual rate of more than 10% on average, as growth in consumer spending is expected to be positive but will also remain subdued, due to the implementation of the new fiscal measures for 2019 and 2020 that were recently adopted by the Parliament. The reduction of the tax-free threshold in the income taxation and the cuts made to the "personal difference" in pensions will certainly have a negative effect on aggregate demand. Investment expenditure, however, may stimulate demand in the economy, thus overcompensating for the weak private consumption, provided that a stable and simple legislative framework is established, which will support entrepreneurship and encourage innovation, offsetting the negative effects of high tax rates on business activity.

A question that is often raised concerns the availability of investment capital. It is true that domestic savings are not just low, but have now become negative. The savings accumulated in the past are now being used to repay debts and to sustain a satisfactory living standard. Consequently, domestic savings are not sufficient to finance the required level of investment. Attracting foreign capital for investments is therefore of particular significance. The complete elimination of uncertainty and the reinstatement of confidence in the Greek Economy, which will also lead to the lifting of capital controls, are expected to contribute to this effort. Furthermore, the increased absorption of the funds available under the European Structural and Investment Funds for the 2014-2020 programming period will be an additional success factor. These developments will allow the restructuring of the economy towards a new, outward-looking growth model that will focus on internationally tradable goods.

Finally, and most importantly, I would be remiss not to mention the role of the banking system in the recovery of the Greek Economy. The banking system acts as the economy's core pillar in directing financing resources towards the most efficient and viable investment plans. Following the latest round of recapitalisations, Greek banks have amended the imbalances in their Balance Sheets to a great extent and currently focus on ensuring the success of effectively managing Non-Performing Loans. The goal set by the Supervisory Authorities is to reduce Non-Performing Loans by approximately Euro 40 billion by the end of 2019. This project is expected to have a positive effect on the recovery of the Greek Economy, through a growth in credit supply, to the extent that bank funds and liquidity will be released, as well as through the reorganisation of the business and production sectors, which could attract new investment capital for the restructuring of many businesses. Last year, a number of steps were taken regarding legislative initiatives and the regulatory framework which facilitate the operation of banks, such as the establishment of a regulatory framework for the licensing and supervision of firms dealing with debt management or debt acquisition,, the update of the bankruptcy law, the introduction of electronic auctions, the out-of-court settlements, etc.

Alpha Bank is a leader in this effort, through partnerships and joint ventures with internationally renowned companies in order to manage more effectively the Non-Performing Loans in its Retail and Wholesale Banking portfolios. In parallel, the Bank, as proven by its long history, will support a stronger economic growth by strengthening financing conditions for Greek large and small and medium-size enterprises, which constitute the backbone of the Economy's productive sector. The restoration of trust, which will lead to the return of deposits to the banking system, is expected to contribute to this venture.

The Bank's return to profitability in 2016 is a promising sign and confirms the consistent work of its Executives and the importance of the rigorous implementation of its business plan. The year 2017 may be decisive for the return of banking activity to a sustainable path of recovery. The business plan for the management of Non-Performing Loans is ambitious, yet with the regular and methodical work of all Bank Executives, we are confident that we will be able to achieve the goals set, provided that our plans are not disrupted by external factors.

Dear Shareholders, Ladies and Gentlemen,

In conclusion, I would like, on behalf of the Board of Directors, to thank all those who contributed to the achievement of the Group's results for 2016. To our Customers, who are sorely tested by the adverse economic conditions, we offer our assurance that they will have our undivided support and that our Bank will further improve the services offered to them. To our Shareholders, who place their trust in us, we convey the optimistic message that Alpha Bank will continue to grow, taking steady and measured steps and that we will keep working hard to safeguard their interests, to make the Bank stronger and to bolster its competitive position. Finally, I would like to address my heartfelt thanks to our Employees, who, guided by their high ethical standards and unprecedented dedication to their duties, worked hard under adverse conditions and rose successfully to the challenge of attaining our business goals.

The year 2017 may turn out to be crucial for Greek Economy and the country's banking system. Many challenges lie ahead; they pose risks, but they also give rise to opportunities. Let us continue, together, in order to overcome difficulties and take advantage of opportunities for the common good of Greek society and each one of us.

Athens, June 30, 2017

Vasileios T. Rapanos

Letter from the Managing Director - CEO

The completion of the first review of Greece's third Fiscal Adjustment Programme in mid-2016 had a positive effect on business confidence and the liquidity of Greek Economy, through the settlement of a part of government arrears to the private business sector. In parallel, the huge effort for fiscal adjustment over the previous six years continued at an accelerating pace, leading to a spectacular overperformance in primary surplus, which reached 4.2% of GDP against a target of 0.5%. The fiscal adjustment policy mix, however, was mainly based on the increased taxation of households and businesses and, combined with the delay in the completion of the second review, slowed the recovery of economic activity. As a result, the year-on-year growth registered in the third quarter of 2016 slowed down in the fourth quarter.

In parallel, after the successful recapitalisation of the banks, 2016 saw a modest inflow of deposits and a partial decline of interest rates. Additionally, capital adequacy ratios were maintained at high levels and the banks registered a marginal increase in profitability.

The improvement in the economic climate, combined with the macroeconomic balance that has been achieved, is expected to have a favourable effect on the financial strength of Greek banks. Additionally, the rationalisation of the institutional framework through the recent legislative initiatives, regarding the licensing and supervision of Non-Performing Loans Management Companies, the out-of-court settlements, the accounting treatment of resulting losses and the introduction of electronic auctions, when implemented, are expected to assist significantly Greek banks in managing actively Non-Performing Loans. In this way, resources will be released in order to be channelled to productive sectors of the economy and, thus, ensure the swift recovery of the losses in terms of GNP, sustained during the crisis.

For 2017, after the successful completion of the second review and the rigorous implementation of the reforms, Greece is hoping to receive support from its partners regarding the relief of its public debt. Such a development will help achieve financial balance and will allow the country to focus its efforts on a new and sustainable growth model, which today is more necessary than ever. This focus will set sound business forces free, which, in turn, will lead to increased investment and the creation of new jobs. In this effort, the entire banking system and Alpha Bank can act as catalysts.

Today, the country still has a strong reserve of growth potential. The development of the appropriate conditions so as to fully mobilise this reserve depends on the removal of uncertainties and the consolidation of a stable investment climate.

In a new growth environment, the Bank will support healthy investment projects which enhance the country's infrastructure and strengthen its export orientation.

During the past year, Alpha Bank, through the implementation of its business plan, preserved its strong capital position, improved its efficiency and achieved its goal of returning to profitability.

It is worth noting that in 2016, the Bank delivered a profitable performance despite the significant provisions of Euro 1.2 billion for the coverage of credit risk. The higher Net Interest Margin and the improved operational performance reinforced the Bank's results, while the strong capital base was preserved and further Balance Sheet deleveraging was accomplished. In addition, during 2016, the Restructuring Plan was implemented as agreed with the European Commission, resulting in the sale of assets in Southeastern Europe and Greece.

As far as the capital adequacy of the Bank is concerned, Alpha Bank's Common Equity Tier 1 (CET1) stood at Euro 8.6 billion at the end of 2016, resulting in a CET1 ratio of 17.1%, up by 30 basis points in the fourth quarter, which was positively affected by the financial result for that period, the reduction of credit risk and the improved valuations of Available For Sale (AFS) securities. Taking into account the positive impact of 20 basis points from the sale of the Serbian operations that was concluded in January 2017, the Common Equity Tier 1 stood at 17.3%, up by 50 basis points compared to the third quarter of the previous year. Even after the full implementation of Basel III, this Ratio stands at 17%.

Regarding Deferred Tax Assets, the eligible amount to be converted to tax credit claims amounted to Euro 3.4 billion. The Tangible Book Value is the highest among Greek banks, standing at Euro 8.7 billion at the end of December 2016, while the Tangible Book Value per Share stood at Euro 5.66. Finally, the Risk-Weighted Assets (RWAs) 2016 amounted to Euro 50.5 billion at the end of December 2016, down by 0.5% or Euro 0.3 billion quarter-on-quarter, mainly on the back of lower loan contribution.

The Eurosystem funding exposure was reduced by 25% year-on-year and the Bank further diversified its funding sources by raising funds from the interbank market and from major international organisations. In particular, in the fourth quarter of 2016, reliance on Central Banks decreased further by Euro 2.5 billion quarter-on-quarter, to Euro 18.3 billion, supported mainly by deposit inflows of Euro 1.2 billion in Greece, the enhancement of liquidity by securities disposal of Euro 1 billion and an increase in wholesale funding, following the conclusion of a Euro 0.3 billion SME securitisation. As a result of the aforementioned developments, the Bank's reliance on the Emergency Liquidity Assistance (ELA) was reduced by Euro 2.2 billion during the fourth quarter 2016. In February 2017, reliance on Central Banks funding was further reduced by Euro 0.5 billion, despite the deposit outflows, driven mainly by the continued deleveraging of the securities portfolio as well as an increase in interbank funding.

It is worth mentioning that the Bank, with a view to disengaging fully from the Government Guaranteed Bonds (Pillar II) placed as collateral for ELA funding, partially repaid in the fourth quarter of 2016 a total nominal amount of Euro 1.8 billion and a further amount of Euro 0.7 billion in March 2017, reducing its current exposure on Pillar II bonds to Euro 0.3 billion. This amount was fully repaid in June 2017.

The Bank continued its efforts to strengthen its profitability. In 2016, Net Interest Income stood at Euro 1,924.1 million, up by 1.4% year-on-year, positively affected by the lower funding costs of the Central Banks and the consistent repricing of the cost of time deposits throughout 2016. However, the downward trend of the Euribor rate that remains at historically low levels reduced the spreads of sight and savings deposits.

Net Fee and Commission Income stood at Euro 317.9 million, up by 3% year-on-year, mainly due to increased card usage and a higher contribution from bancassurance and foreign exchange transactions. It is worth mentioning that Income from Financial Operations increased to Euro 84.9 million, positively influenced by a one-off gain of Euro 71.9 million from the Bank's disposal, in the second quarter 2016, of its participation in Visa Europe to Visa Inc.

The restructuring of the Bank bears fruit and is reflected in the continuous improvement of the cost structure. Recurring

Operating Expenses decreased by 2.3% year-on-year to Euro 1,108.3 million, adjusted according to the discontinued Serbian operations. At the end of December 2016, Personnel Expenses amounted to Euro 500.9 million, down by 3.5% year-on-year. The Group headcount was reduced from 13,856 in December 2015 to 11,863 Employees at the end of December 2016 (-14% year-on-year), because of the sale of Group Companies "Alpha Bank Srbija A.D." and "Ionian Hotel Enterprises S.A.", as well as the completion of the Voluntary Separation Scheme (VSS) in Alpha Bank Cyprus Ltd in the first quarter 2016, in which 249 Employees participated.

As a result of the ongoing platform rationalisation in Greece and the sale of "Alpha Bank Srbija A.D.", at the end of 2016 the Group Network comprised 721 Branches, down by 20% year-on-year. In particular, in Southeastern Europe the Group Network comprised 187 Branches at the end of December 2016, compared to 270 Branches in the previous year.

Regarding the quality of the loan portfolio, a significant decline in new Non-Performing Exposures was recorded, while the Supervisory Authorities set the targets for their total reduction within a three-year programme. The prerequisites for achieving these goals are the recovery of Greek Economy and the full implementation of the reforms related to the regulatory framework for the management of Non-Performing Loans.

At the end of this effort, the Bank will improve its profitability by increasing interest income and will substantially reduce the need for provisioning. At the same time, the Bank will reduce the administrative costs of provision monitoring, while limiting the uncertainty about the level of future profitability will allow access to lower-cost funding sources. As a result, the Bank, will then be able to focus to a greater extent on financing dynamic investment programme.

Alpha Bank, took the initiative for the development of Non-Performing Exposures management services both in the Retail Banking portfolio and in the Wholesale Banking portfolio, in cooperation with large international private companies.

As far as the Retail Banking loan portfolio is concerned, the Bank, in cooperation with Centerbridge Partners, established Cepal Hellas, the first company in Non-Performing Loans management, which was granted a license by the Bank of Greece in early December 2016. Cepal Hellas has already proceeded with long-term settlements of Non-Performing Loans and provides alternatives to borrowers, in particular regarding housing loans.

As far as the Wholesale Banking loan portfolio is concerned, Pillarstone, the pan-European platform which supports banks in managing Non-Performing Loans, has also been granted an operating license by the Bank of Greece and will begin engaging directly with a number of Greek companies, following the framework agreement signed by KKR, the European Bank for Reconstruction and Development (EBRD) and Pillarstone with Alpha Bank and Eurobank. The platform's investors will provide long-term capital to significant Greek companies-borrowers and, thanks to Pillarstone's operational expertise, will help them to stabilise, recover and grow for the benefit of all stakeholders. In addition, the EBRD will selectively co-invest in partnership with KKR, Pillarstone and the banks. This initiative will allow viable Greek companies to manage effectively current financial difficulties and return to growth based on solid foundations, while at the same time enhancing employment and the Greek Economy.

At the beginning of this undertaking and despite the prolonged stagnation of the Greek Economy, the stock of Non-Performing Loans (NPLs) contracted by Euro 225 million, adjusted according to the discontinued Serbian operations, against an increase of new NPLs by Euro 77 million in the previous quarter. As a result, the NPL Ratio declined to 38.1%. In Greece, the NPL Ratio stood at 38%, down by 30 basis points quarter-on-quarter, while in Southeastern Europe the NPL Ratio stood at 40.3%, down by 10 basis points.

From a segmental perspective, at the end of December 2016 the business, mortgages and consumer NPL Ratio for the Group stood at 39.3%, 34.9% and 41.9% respectively, while their provisions cash coverage stood at 78%, 46% and 84% respectively. For 2016, Impairments reached Euro 1,168 million and as a result the NPL Coverage Ratio increased to 69%, while total coverage, including collateral, rose to 125%.

Despite the high quality of the collaterals available, Alpha Bank remained committed to strengthening its provisions in order to be able to address any delayed improvement in economic conditions and the removal of uncertainty. As a result, at the end of December 2016, the accumulated provisions for the Group amounted to Euro 15.9 billion, while the Ratio of Loan Loss Reserves over Loans stood at 26.4%.

Gross loans of the Group amounted to Euro 60.3 billion at the end of December 2016. Loan balances in Greece stood at Euro 51.6 billion, while in Southeastern Europe loans amounted to Euro 8.4 billion.

In the fourth quarter of 2016, the deposit base in Greece increased by Euro 1.2 billion, in accordance with the increase of total deposits in the banking system. However, in the first quarter of 2017, deposit inflows in Greece were reversed. Deposits remained stable on a quarterly basis and amounted to Euro 28.1 billion, as the outflow of deposits from individuals, due to the uncertainty for the completion of the Second Review, was offset by the inflow of deposits from enterprises.

Deposits in Southeastern Europe stood at Euro 4.1 billion at the end of December 2016, as a result of inflows mainly of time deposits in the Group Companies in Cyprus and Romania.

As a consequence of the aforementioned developments, the Loan to Deposit Ratio for the Group further declined to 135% at the end of December 2016, from 140% in the third quarter 2016 and from 147% at the end of 2015.

In addition, the Bank proceeded with two strategic moves that signal its quest for capital reinforcement, liquidity boost and regaining access to the international markets. Firstly, on 21 December 2016, Alpha Bank successfully completed an SME securitisation transaction, achieving medium-term funding of Euro 320 million by placing senior notes to the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and an International Investment Bank. The transaction serves Alpha Bank's strategic plan to diversify continuously its funding sources and further improve its liquidity as well as gradually restore its presence in the international markets to achieve consistent access to medium-term financing. Secondly, on 30 January 2017, Alpha Bank announced the sale of 100% of its Group Company "Alpha Bank Srbija A.D." to the Serbian MK group of companies. This transaction, which was completed in April 2017 following the receipt of all regulatory approvals, is capital and liquidity accretive and contributes towards the execution of the Bank's Restructuring Plan.

Through its Corporate Social Responsibility programme, the Bank places social contribution at the core of its initiatives. It has been consistently investing, for a number of years, in programmes that support health care, culture, education and the environment.

Furthermore, Alpha Bank provides financial assistance to Universities, Foundations, and Organisations that support those in need, offers computers and books to schools and other Foundations in Greece and has an active and meaningful presence in Volunteering, with more than 1,300 members of its Personnel participating in relevant activities in all the countries where the Group is present.

As part of its social contribution programmes, the Bank, in 2016, continued its specialized programme, which supports vulnerable groups. Under this Programme, launched in 2012, a total of 19,000 carts with food supplies have been delivered to this day.

The programme "Together, for better health", designed to deliver pharmaceutical supplies and medical equipment to health centres on Greek islands, carried out on an annual basis, had delivered a total of 128,000 items of medical equipment and supplies to 20 Greek islands by the end of 2016. More specifically, deliveries have taken place, in the presence of Bank representatives, to local health centres on the islands of Tilos, Nisyros, Leipsoi, Kassos, Patmos, Symi, Astypalaia, Karpathos, Chalki, Leros, Kalymnos, Kos, Thassos, Andros, Tinos, Folegandros, Kythnos, Samos, Ikaria and Fournoi.

Finally, 2016 also saw the continuation of the programme "Together with the children at the Museum and the Theatre", where theatre performances and guided tours to museums are organised for children living in Children's Homes, with the assistance of Volunteers from the Bank's Personnel.

Alpha Bank has also been demonstrating, for many years, its keen interest in Arts and Culture. In this context, the programme "The defacements that hurt", for the restoration and preservation of sculptures and historical monuments, continued and in 2016 expanded to the city of Thessaloniki, with the donation of a graffiti removal and surface restoration system to the Municipality of Thessaloniki. The Programme's activities continued in October 2016, with an initiative carried out in collaboration with the Municipality of Thessaloniki, Anatolia College and the local Y.M.C.A., for the revitalisation and improvement of the waterfront promenade, one of the city's most recognisable landmarks.

As part of the activities of the Alpha Bank Art Collection, the touring exhibition "The Alpha Bank Collection: Greek Art from 1950 until Today" was organised. This exhibition, which showcases modern works of art by Greek artists, has already been presented in exhibition venues in island of Rhodes and in Rethymnon, Crete. During 2016, the Alpha Bank Numismatic Collection continued its educational programmes for schoolchildren, visits and guided tours for students, as well as lectures given in cities across Greece. In addition, the Numismatic Collection presented a new permanent Exhibition and an Educational Programme for schoolchildren at the Banknote Museum of the Ionian Bank in Corfu.

The Bank also supported, as a sponsor, the creation of the Ancient Eleutherna Museum in the Prefecture of Rethymnon, which is the first museum in Crete to be directly linked to an archaeological site. In parallel, it continued to support the Society of Messenian Archaeological Studies by assuming the costs related to the excavation work in the ancient Messene archaeological site.

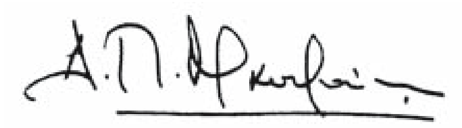
In 2017, the full implementation of the reforms under the Fiscal Adjustment Programme, combined with a more efficient policy regarding the management of Non-Performing Loans on behalf of the banks, will have positive results, as it is estimated that it will improve their financial strength by releasing resources which can be directed to the most dynamic sectors of the economy and, thus, result in the increase of productivity and jobs.

Of course, this requires the full reinstatement of a stable economic environment in the country. The completion of the second review and the adoption of the related measures by the Hellenic Parliament lay the foundations for the implementation of specific reforms that will assure the sustainability of public debt. This is expected to reduce funding costs and strengthen trust, a development that will contribute to a quicker return of deposits, leading to the further easing and, ultimately, the lifting of capital controls.

The Bank's history and values have been traditionally linked with the interests of the country. Benefiting from its strong capital adequacy, its return to profitability and its enhanced liquidity, Alpha Bank will work consistently to fully respond to its fundamental role, which is to direct the economy's savings resources to the most efficient and less precarious investment plans.

By applying the principles and values that govern our operation and honouring our commitments, along with the active participation of all our Personnel, we keep improving the level of our services and products, meeting our Customers' banking needs with consistency and reliability.

Athens, June 30, 2017



Demetrios P. Mantzounis

Share

Alpha Bank has been listed on the Athens Exchange since 1925 and is consistently classed as one of the largest listed companies in terms of market capitalisation. At the end of 2016, the capitalisation of the Bank stood at Euro 2,920 million and represented 10.4% and 41.2% of the capitalisation of the companies in the General and Banking Indexes of the Athens Exchange, respectively, while the participation of its share in the FTSE/Athex Large Cap Index was 12.2%. In addition to the Greek stock exchange, the share is also listed on the London Stock Exchange in the form of Global Depository Receipts (GDRs) while it is traded over-the-counter on the New York exchange in the form of American Depository Receipts (ADRs). The share is also included in international indexes such as the MSCI Emerging Markets Index, the FTSE All-World Index, the FTSE Med 100 Index, the STOXX Europe 600 Index (until 19.6.2015) and the FTSE4Good Emerging Index (since December 2016).

On 31.12.2016, the Bank's share capital stood at Euro 461,064,360.00 divided into 1,536,881,200 ordinary voting shares at a nominal value of Euro 0.30 per share. Out of these, 1,367,706,054 ordinary shares of the Bank are traded on the Athens Exchange, while the Hellenic Financial Stability Fund holds the remaining 169,175,146 ordinary, registered, voting, dematerialised shares or 11% of the total number of ordinary shares issued by the Bank.

The shares in circulation on 31.12.2016 were held by approximately 123,000 Individual and Institutional Investors. Specifically, as of 31.12.2016, excluding the stake held by the Hellenic Financial Stability Fund, the Bank's shareholder base was composed of Individual Investors (4%) and Institutional Investors (96%).

The share's trading volume for 2016 amounted on average to 8,138,679 shares per session, with an average daily value of transactions of Euro 14,802,962. Correspondingly, with regard to the warrants, the average daily trading volume stood at 2,335,195 warrants, with an average daily value of transactions in 2016 of Euro 4,325.

Key Events in 2016

The key corporate events of strategic importance for the Bank in 2016 are the following:

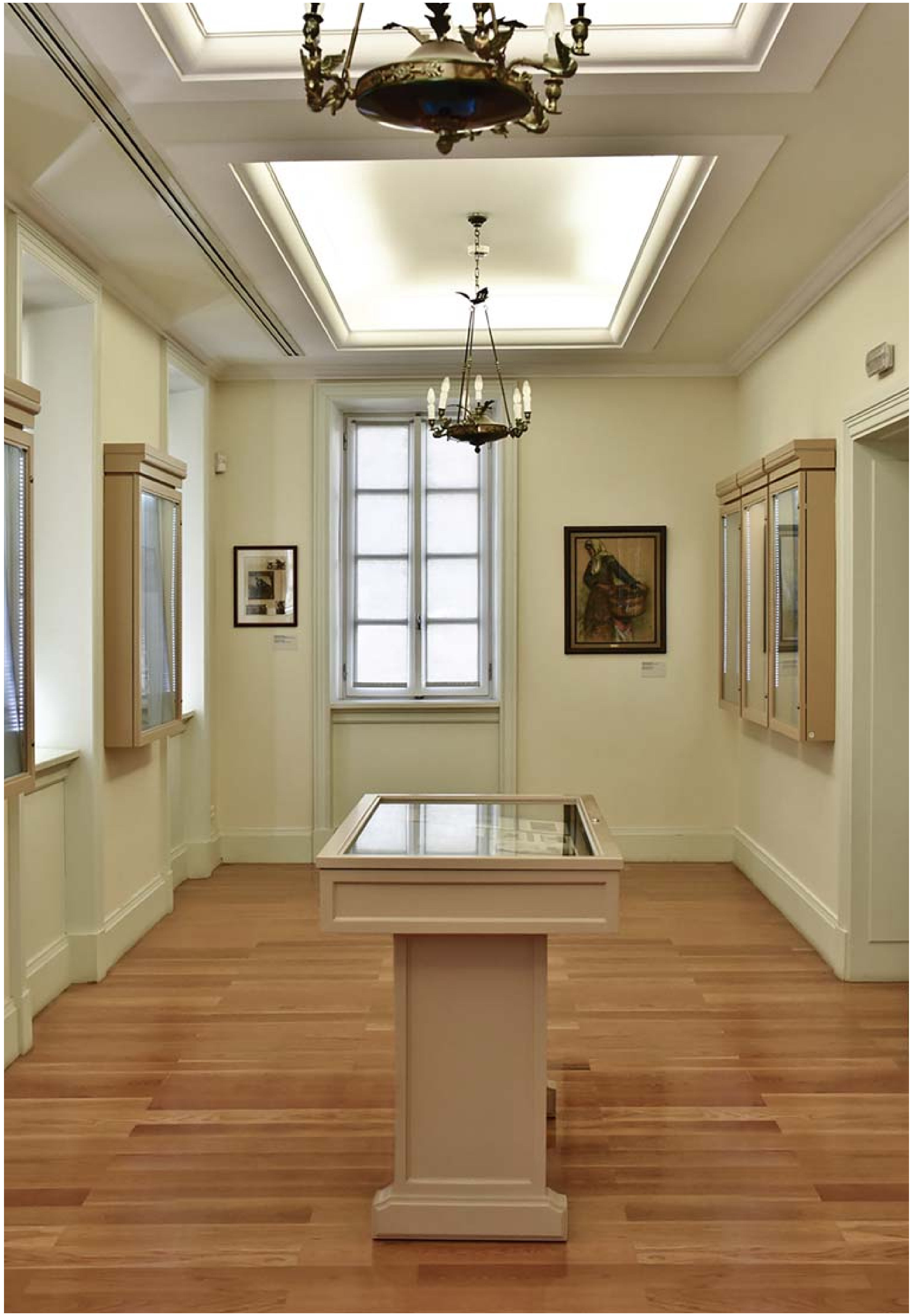
- In March 2016, the transfer of the Alpha Bank Bulgaria Branch operations to Eurobank Bulgaria AD, a subsidiary of Eurobank Ergasias S.A., was completed.
- In May 2016, the sale of 100% of Alpha Bank A.D. Skopje to Silk Road Capital, following receipt of all applicable regulatory approvals, was completed.
- In May 2016, also, an agreement with KKR Credit was reached pertaining to the active management of selected Wholesale Non-Performing Exposures.
- In June 2016, Visa Inc. completed the acquisition of Visa Europe. At the date of completion of the transaction, Visa Inc. purchased from Visa Europe members the shares they held in their capacity as members. In this context, the Group recognised the amount of Euro 55.6 million in its financial results and acquired preference shares of Visa Inc. These shares were classified in the Available For Sale portfolio and were recognised at a fair value of Euro 16.3 million.
- In November 2016, "Cepal Hellas Financial Services S.A. - Servicing of Receivables from Loans and Credits", a Law 4354/2015 company, which is owned by the joint venture between the Bank and Centerbridge Partners Europe, LLP, was granted a license by the Bank of Greece to manage receivables from loans and credits, pursuant to Law 4354/2015, as in force, and Executive Committee's Act 95/27.5.2016.
- In December 2016, the Bank concluded the sale and transfer to Home Holdings S.A., a joint venture formed by "Tourism Enterprises of Messinia S.A." and "D-Marine Investments Holding B.V.", of its approximately 97.3% stake in the share capital of the Athens Exchange-listed company "Ionian Hotel Enterprises S.A." ("IHE"). The total proceeds from the transaction amounted to Euro 143.3 million, including the refinancing of the existing debt of IHE.
- In December 2016, also, Alpha Bank successfully completed an SME securitisation transaction, achieving medium term funding of Euro 320 million, by placing Senior Notes to the European Investment Bank, the European Bank for Reconstruction and Development

(EBRD) and an International Investment Bank.

- In addition, Alpha Bank was one of the four Greek systemic banks to sign an agreement with the European Investment Bank for the support of SMEs and Mid Cap Enterprises.
- Following a sale process that commenced in May 2016, the Bank entered in January 2017 into an agreement with the Serbian MK Group of companies on the sale of Alpha Bank's 100% stake in the share capital of Alpha Bank Srbija A.D. The transaction was concluded in April 2017, following the receipt of the relevant regulatory approvals.

01

The Greek and the International Economy in 2016 and the Outlook for 2017



The Greek and the International Economy in 2016 and the Outlook for 2017

The Greek Economy

The Greek Economy stalled in 2016 for a second consecutive year (2015: -0.2%, 2016: 0%), yet showing signs of resilience despite the imposition of capital controls in July 2015. The economic adjustment programmes implemented in Greece managed to address, to a great extent, the fiscal imbalances and the lack of competitiveness. In particular, Greece recorded a primary surplus for a fourth consecutive year in 2016, which is estimated to exceed the target set at 0.5% of GDP, due to revenue over-performance as a result of the contractionary fiscal policy.

The conclusion of the first review of the implementation of the Economic Adjustment Programme and subsequently the disbursement of the second tranche, allowed the State to meet its financing needs and to partially clear the Government arrears to the private sector, thus easing liquidity conditions.

The above developments are positive signs for the investment climate and the strengthening of the development prospects of the economy. However, delays regarding the conclusion of the second review prolong the vicious cycle of uncertainty and investment weakness.

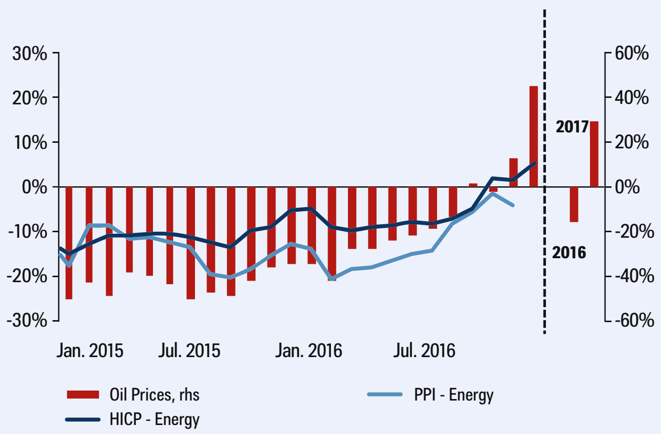
The main developments in the Greek Economy can be summarised as follows:

Real GDP stagnated in 2016. Private consumption had a positive contribution to GDP change, investments stalled, while net exports and public consumption had a negative contribution.

Regarding inflation, the national CPI (Consumer Price Index) declined by 0.8% on average in 2016, against a fall by 1.7% in 2015, while the Harmonised Index of Consumer Prices (HICP) stagnated in 2016 (0%) for the first time since 2013. The end of deflation in 2016 is the combined outcome of the mild recession in the first half and the gradual recovery of the economy in the second half. Deflationary pressures have eased mainly due to the significant increase of tax rates on consumption and the upward trend in international energy prices in November-December 2016 and do not reflect a pickup of domestic demand. In 2017, the HICP is expected to turn positive along with the recovery of the economy.

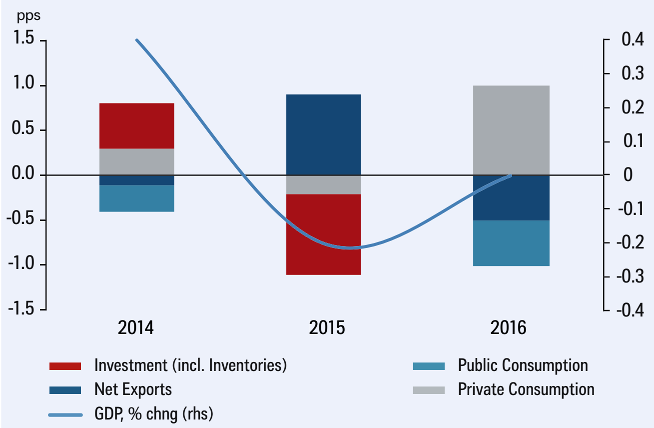
Labour market conditions continued to moderately improve

HICP and Energy Prices



Sources: Eurostat, Bloomberg, IFM projection

Contributions of GDP Components and GDP Growth Rate



Source: ELSTAT

in 2016 as they did in 2015, as a result of gains in employment and the falling number of the unemployed. More specifically, in 2016 the unemployment rate declined to 23.6%, from 25.1% and 26.5% in 2015 and 2014 respectively, on account of a 5.5% decline in the number of unemployed persons and a 1.7% rise in the number of employed persons. The further de-escalation of the unemployment rate and the increase in the employment rate depend to a large extent on the stabilisation of economic sentiment, the growth prospects, as well as the implementation of structural changes.

The General Index of Industrial Production increased by 2.3% in 2016, against a smaller increase by 1% in 2015. This positive development in the Greek industry is due to the significant increase of manufacturing production (2016: 4%, 2015: 1.8%). It is worth noting that the main sectors of industry continue to increase their production, as they managed to direct a significant part of it abroad.

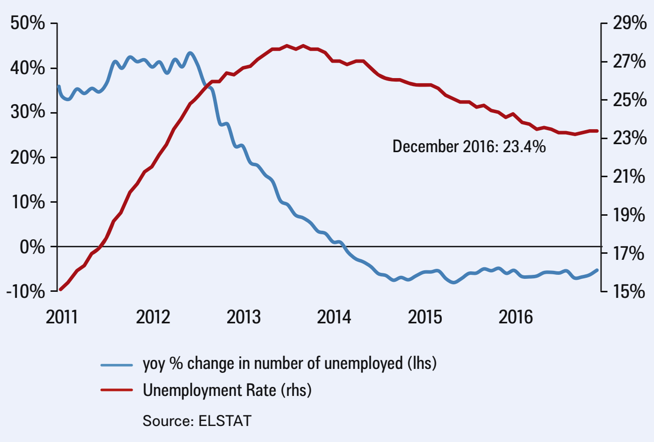
According to the Balance of Payments (Bank of Greece data), the current account (CA) recorded a deficit of Euro 1.1 billion in 2016, against a small surplus of Euro 0.2 billion in 2015. The deficit in 2016 was mainly due to the significant decrease of the services surplus which was not outweighed by the narrowing of the trade deficit.

In particular, the service and trade balance, that represents the largest part of the CA, recorded a deficit of Euro 1.3 billion in 2016, against a deficit of Euro 0.3 billion in 2015. The surplus in the services balance shrunk by 9.5% on a yearly basis, as tourism receipts declined by 6.4% (despite the increase of tourist arrivals by 5.1%) and transport receipts declined by 21.6%.

Regarding the fiscal consolidation progress, it is estimated that in 2016 a general government primary surplus 3.9% of GDP was achieved, according to the definition of ESA 2010 (European System of Regional and National Accounts), higher than the target (0.5% of GDP). The primary surplus is attributed to the over-performance of state revenues, as a result of the tax rate hikes on consumption, the increased use of electronic transactions that broadened the tax base, and finally, the further squeeze of the primary expenditures. Moreover, the partial clearance of government arrears that amounted to Euro 4.5 billion in the end of 2016, from Euro 7.4 billion in the end of June 2016, is noted.

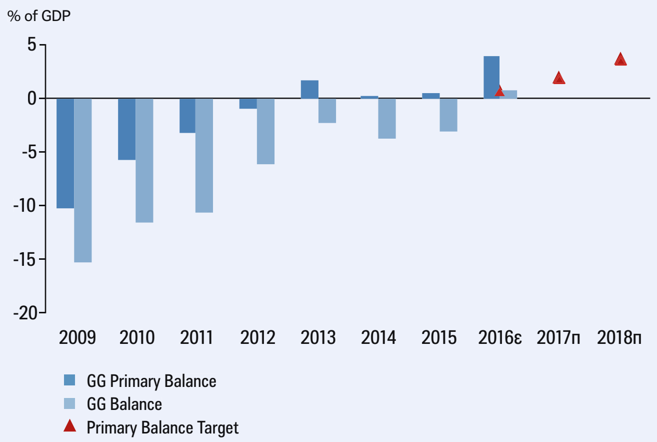
In 2016, the Greek banks showed signs of stabilisation, achieved marginal profitability before taxes, gradually met their commitments according to their business plans and strengthened their capital base. The banking system's capital adequacy (Common Equity Tier 1 in September 2016, on a consolidated basis: 18.1%[1]) and coverage ratio (Third quarter 2016: ca. 50%[1]) are at a high level, creating an important

Unemployment Rate



Source: ELSTAT

Fiscal Consolidation



Source: MinFin

capital buffer which is able to absorb further turbulences and support the significant effort of managing and drastically reducing Non-Performing Exposures (NPEs).

However, the structural weaknesses of the banking system remain, mainly due to the high stock of NPEs (September 2016: 45.2%[1]) and the low level of deposits. The reduction of NPEs is crucial in further stabilising the banking system, ensuring the sustainability of the banks' business model and resuming credit expansion.

The contraction of credit to the private sector[2], which started at the second quarter of 2012, as a result of the economic crisis, continued at a slower pace in 2016 (December 2016: -1.4%[3], December 2015: -2%). At the end of December 2016, the private sector outstanding loans amounted to Euro 195.2 billion from Euro 204.3 billion at the end of December 2015. The private sector outstanding[2] deposits stood at Euro 121.4 billion in December 2016. Household deposits amounted to Euro 100.8 billion and accounted for 83% of the total private sector deposits, while corporation deposits amounted to Euro 20.6 billion. Finally, total deposits in the banking system that include, apart from deposits of the private sector, those of the General Government and of the foreign residents, amounted to Euro 157.5 billion in December 2016, registering a marginal decrease of 0.2% year-on-year.

In 2016, the use of electronic means of payment by corporations and households increased, as a result of capital controls. Specifically, the number of payment cards increased in the first half of 2016 by 440,000. The use of electronic payments is expected to expand further, mainly due to the fact that corporations and households are becoming more familiar with this means of payment.

The stabilisation of the Greek Economy from the second half of 2016 and the establishment of a framework for the management of Non-Performing Exposures are estimated to set the conditions for a favourable environment for the banking system.

2017 is considered a turning point for the Greek Economy, which is expected to return to a positive growth rate. The drivers of the economy are expected to be the fixed capital formation, the exports of goods and services and, to a lesser extent, private consumption.

However, the international environment seems particularly unstable and is expected to be determined by the following parameters:

- First, the successive critical elections in some European countries, along with the rise of Euroscepticism.
- Second, the weakening of the economy in the Eurozone from a 1.8% growth rate in 2016 to 1.7%[4] in 2017, with significant deviations among countries.
- Third, the refugee flows that may test the resilience of the respective agreements between the European Union and Turkey.
- Fourth, the deterioration of security conditions and the spike of terrorism which increase uncertainty.
- Fifth, the geopolitical instability in the wider region (e.g. the escalation of the war in Syria and the attempt of a military coup in Turkey).
- Finally, the process of setting the new European landscape as the European Union-United Kingdom negotiations evolve in the post-Brexit era.

Concerning Greece, the completion of the second review of the Economic Adjustment Programme, a commitment regarding the medium-term debt relief measures and subsequently the inclusion of Greek State bonds in the European Central Bank's Quantitative Easing Programme, are the catalysts for investment pick-up in 2017 and job creation, that will have a multiple effect on consumer spending in the following years.

Delays in the realisation of the above developments may endanger not only the strengthening of the economic recovery but also the possibility to reach the fiscal targets. On the contrary, the above sequence of events paves the way for an essential improvement of the indicators that reflect the restoration of confidence, such as the improvement of the investment climate, the fall of the Greek and German bonds spread, the lift of capital controls and ultimately the access of the economy to the international markets.

The International Economy

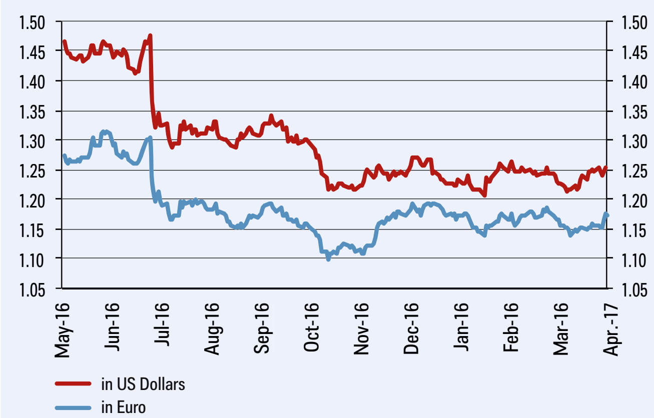
The high volatility in stock markets prevailing in the first weeks of 2016 gradually faded away during the first quarter of the year. However, the outcome of the referendum in the United Kingdom on 23 June 2016, in favour of leaving the European Union, took the stock markets by surprise and reinforced uncertainty.

The lack of a specific withdrawal procedure, as well as the uncertainty surrounding the future relationship between the United Kingdom and the European Union, maintained investors' concerns throughout the second half of 2016, causing the British Pound to slide against the Euro by 10% and against the US Dollar by 16% throughout 2016.

According to the latest forecasts by the International Monetary Fund (IMF, January 2017), world GDP is expected to increase by 3.1% in 2016 and 3.5% in 2017, from 3.2% in 2015. However, the global economy continues to suffer from geopolitical tensions and increased terrorist incidents, which could possibly reverse the course of global economic activity.

As regards the rate of economic growth in developed economies, the IMF expects it to stand at 1.7% in 2016 and rise to 2.0% in 2017, from 2.1% in 2015.

British Pound Exchange Rate



Source: Bloomberg

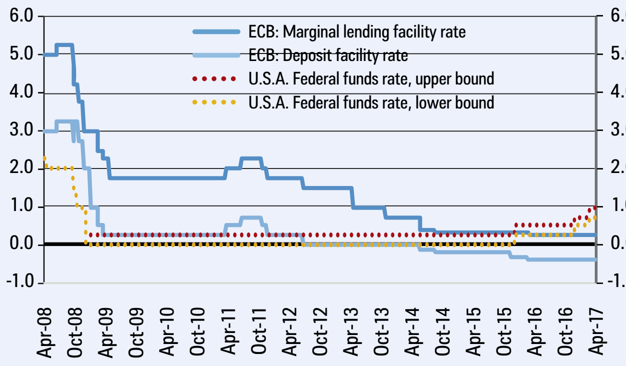
[1] Bank of Greece Governor's Annual Report 2016, February 2017.

[2] According to the Bank of Greece, as of December 2016, deposits and loans of the Consignment Deposits and Loans Fund are excluded from the domestic deposits and credit data, as the institution has been reclassified from the financial sector to the General Government sector.

[3] Growth rates are calculated taking into account reclassifications and transfers of loans/corporate bonds, write-offs and exchange rate variations.

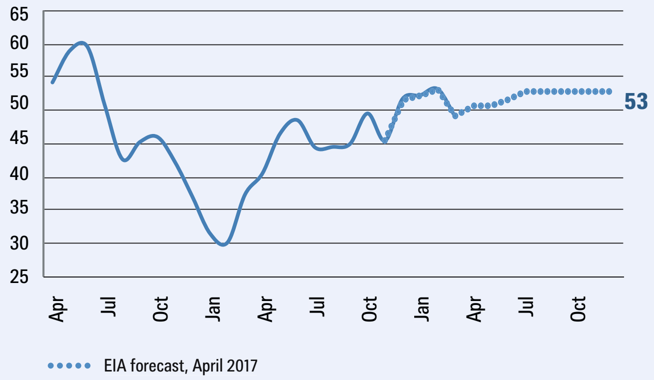
[4] European Economic Forecast – Autumn 2017.

Eurozone and the U.S.A. Intervention Rates



Source: Bloomberg

Average Price of West Texas Intermediate ($/barrel)



Source: Energy Information Association (EIA), April 2017

In developed economies, low inflation permits the continuation of the expansionary monetary policy with the aim to reinforce recovery and improve the financial conditions for the private sector. The major Central Banks aim to increase inflation to a level close to 2% in the medium term, with a combination of conventional and unconventional measures of expansionary monetary policy (such as very low or even negative interest rates) and through forward guidance.

The international trade in goods and services is estimated to have grown by 2.2% in 2016 and to substantially increase by 3.8% in 2017 and 3.9% in 2018 (IMF, April 2017).

The Organization of Petroleum Exporting Countries (O.P.E.C.) maintained the petroleum production in high levels during the first eleven months of 2016, keeping oil prices lower than USD 50. However, in late November 2016, an agreement between O.P.E.C. and other oil-producing countries, such as Russia, to reduce production in the first half of 2017 and with a view to extend the agreement, led to a significant rise in oil prices in December.

Oil prices staying at a very low level for more than two years led to the prevalence of low inflationary pressures, especially in developed economies. Deflationary pressures were further strengthened by the decline in commodity prices by 1.9% in 2016 (IMF, April 2017).

In the U.S.A., GDP growth rate is expected to increase by 2.3% in 2017 from 1.6% in 2016, due to the expansionary fiscal policy the new President has announced. Despite the fall of the unemployment rate, close to the full employment rate of unemployment and the upward trend of inflation, in 2016 the Federal Reserve in U.S.A. increased its key interest rates only once, in December.

In China, GDP growth rate has decelerated to 6.7% in 2016 from 6.9% in 2015 and is forecasted to remain at 6.7% in 2017 and to decelerate to 6.2% in 2018 (IMF, June 2017), due to weak external demand and reduced private sector investment. However, in 2016, the economic rebalancing continued and growth was mainly supported by the services sector, while investment in the private sector had a moderate increase.

In Japan, GDP decreased to 1% in 2016 from 1.2% in 2015, as a result of increased consumption, investment and exports. The Bank of Japan, in order to achieve the medium-term target for inflation (2%), decided to introduce quantitative and qualitative monetary easing by means of yield curve control. The GDP growth rate is forecasted at 1.2% in 2017 and 0.6% in 2018 (IMF, April 2017). Growth is driven by a fiscal stimulus package and the postponement of the planned consumption tax hike for October 2019, instead of April 2017.

In the Eurozone, GDP growth stood at 1.7% in 2016, compared to 2% in 2015, but is forecasted to fall again to 1.7% in 2017, according to the IMF. The recovery is driven mainly by domestic demand, as the European Central Bank (ECB) has adopted an accommodative monetary policy since June 2014, extended until December 2017. Specifically, the deposit rate has been negative since June 2014 (-0.1%) and has been further reduced to -0.4% since March 2016. However, as the ECB points out, the expansionary monetary policy is imperative to be complemented by the necessary reforms in the labour and product markets, in order to improve Eurozone competitiveness, create new jobs and render recovery sustainable. Economic recovery has led to job creation, thus taking the Eurozone unemployment rate down to 10% in 2016. According to the European Commission forecasts (European Economic Forecast – Winter 2017), the unemployment rate is expected to further decline to 9.6% in 2017 and to 9.1% in 2018.

The banking system of the Eurozone demonstrates resilience, according to the EU-wide stress test results in July 2016. The stress test exercise, conducted by the European Banking Authority (EBA) in cooperation with the ECB on a sample of 51 banks, showed that the weighted average Common Equity Ratio (CET1) has increased compared with 2014, both under the base case scenario (July 2016: 13%, 2014: 11.2%) and under the adverse scenario (July 2016: 9.1%, 2014: 8.6%).

In South-eastern Europe, Cyprus exited the Extended Fund Facility (EFF) Programme in 2016 and successfully returned to international capital markets. Private consumption was boosted by the decline in consumer prices and the fall in the unemployment rate that resulted from economic recovery during the last years. Economic growth stood at 2.8% in 2016 (European Commission, European Economic Forecast – Winter 2017) from 1.7% in 2015, due to the increase in private consumption and tourism. In 2017 and 2018, growth is expected to fall to 2.5% and 2.3% respectively.

In Romania, the economic growth rate in 2016 was one of the highest among the European Union countries, based mainly on domestic demand that was boosted by tax cuts, wage increases and low interest rates. Specifically, the GDP growth rate increased to 4.9% in 2016 from 3.9% in 2015 and is expected to decelerate to 4.4% in 2017 and to 3.7% in 2018 (European Commission, European Economic Forecast – Winter 2017).

02

Business Units

2. Business Units

The Alpha Bank Group is active in various business sectors, both in Greece and abroad, and offers a number of financial products and services to individuals and businesses. The Retail Banking Business Unit pertains to all Individuals-Customers of the Group, self-employed persons and small and very small enterprises. The Wholesale Banking Business Unit pertains to the cooperating medium-sized enterprises and large corporations, enterprises with multinational activities and shipping companies.

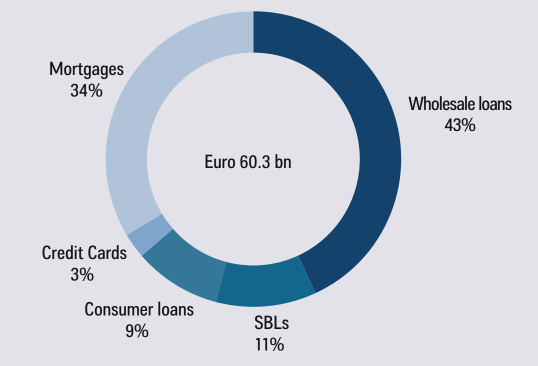
The Group also offers a wide range of high-quality financial products and services, encompassing asset management and private banking, the distribution of insurance products, factoring, leasing, investment banking, brokerage and real estate management.

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.

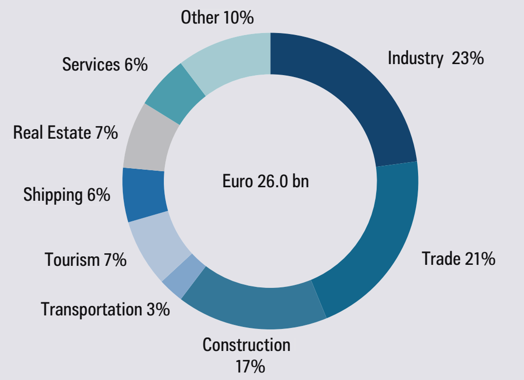
The Parent Company and main Bank of the Group is Alpha Bank, which was founded in 1879 by John F. Costopoulos. Alpha Bank, the Bank that inspires confidence and constitutes a consistent point of reference in the Greek banking system, is one of the largest banks of the Greek private sector, with one of the highest capital adequacy ratios in Europe.

The Alpha Bank Group is one of the leading banking Groups in Greece, with a 21.9% market share in deposits as of 31.12.2016. It is worth noting that the Group also has an extensive loan portfolio that covers all key activity sectors of the Greek Economy. In 2016, the market share in domestic business loans stood at 22.5%, thus making the Group one of the market leaders in terms of Greek enterprises' financing.

Group loans breakdown (2016)



Wholesale loans portfolio structure – Group (2016)



Retail Banking and Small Enterprises

Credit expansion to the private sector for the entire banking system declined by 1% in 2016 versus 2% in 2015. In particular, the declining rate of household lending decreased by 2.8% in 2016 versus 3.1% in 2015. This development reflects the decrease in the negative trend, mostly in consumer loans (2016: -0.8%, 2015: -2.3%). For housing loans, the negative trend was steady at -3.5% in 2016 as in 2015.

In December 2016, private sector deposits stood at Euro 121.4 billion, with an annual increase rate of 3.4% versus a decline by 23.5% in December 2015 and a decrease by 2.4% in December 2014.

Housing Loans

The macroeconomic conditions in 2016 were not favourable for the mortgage market. The shrinkage of the mortgage credit market observed in the last few years continued during 2016. As a consequence, market balances declined by 3.5%, the same rate as in 2015 yet higher compared to the 3% in 2014.

The reduced demand for housing loans, evident in the low numbers of applications and limited disbursements of new loans, was typical of these conditions. Nevertheless, the Bank achieved a significant increase in new disbursements, from Euro 25 million in 2015 to Euro 34.4 million in 2016, expanding its market share of new disbursements to 18% in 2016 versus 13% in 2015. The Bank's share of the mortgage loan market stood at 25.7%.

In 2016, emphasis was placed on increasing new sales of housing loans, by utilising the Bank's portfolio of mortgage loan products on offer, which in 2015 had been enriched with the creation of the "Alpha Housing Low Start" loan and the inclusion of Alpha Housing Loans in the Bonus Loyalty Programme. Moreover, in order to boost the sales of new housing loan products, the Bank expanded its network of external associates and introduced changes in the systems supporting its operations. Total sales through this network stood at Euro 4.1 million in 2016, representing a threefold increase of the corresponding figure for 2015 (Euro 1.3 million). To enhance the sales of housing loans and improve the service provided to prospective borrowers, a special team was established, tasked with monitoring, checking and resolving any problems identified in the various stages involved in processing new applications for housing loans.

Additionally, particular attention was paid to developing and supporting housing loan restructuring and settlement products. Alpha Bank designed a number of pioneering debt settlement products for housing loan Customers facing serious financial difficulties.

In fact, in the context of providing substantial support to its Customers, the Bank established a notification procedure for debtors under temporary repayment facilitation programmes, by carrying out specific telephone campaigns in order to remind them of the impending expiry of these programmes, so that the next steps could be planned on time. In this way, Alpha Bank offers customised solutions that help ensure the Customers' financial viability and promote in practice the principles of responsible lending.

It is worth mentioning that 2016 saw the launch of a structural change in support systems, involving the modification of the Bank's IT system. This modification is expected to contribute to the upgrade of the quality of the services provided and to faster turnaround times for the relevant processes.

In 2017, the Bank intends to increase sales of new housing loans, in order to maintain its top-tier position in the mortgage credit market, by designing pioneering products adapted to the current economic conditions, with particular emphasis on "green" products. At the same time, it will continue to support its existing Customers by offering comprehensive solutions to allow them to service their loans promptly.

Consumer Loans

At the end of 2016, Alpha Bank's consumer loan portfolio stood at approximately Euro 5.2 billion.

In 2016, purpose loans continued to represent the most significant part of new consumer loans, while the disbursement of new loans stood at the previous year's levels, i.e. at approximately Euro 80 million.

The management of debts in arrears from consumer loans and cards remained a major activity in 2016 as well, focusing on supporting Customers who had sustained significant changes in their income as a result of the current economic conditions.

The "Alpha Facilitation" programme offers comprehensive solutions for the settlement of overdue debts, aiming at helping Customers better plan and control their consumer loans and card debt repayments by significantly reducing monthly instalments and by restructuring them according to their financial capabilities. The said Programme's results in managing debts in arrears have been very satisfactory.

Moreover, 2016 also saw the completion, in cooperation with the Ministry of Environment, Energy and Climate Change (YPEKA), of the "Energy Efficiency at Household Buildings" programme, which had been subsidised by the Hellenic Fund for Entrepreneurship and Development (ETEAN). Under this Programme, a total of approximately 3,000 households were funded.

Cards

In 2016, the Alpha Bank cards maintained their top position in the Greek market. The Bank is the only issuer of cards in Greece for all four major international payment schemes (American Express®, Diners Club, Visa and MasterCard®), having issued over 3.8 million credit and debit cards in total. Turnover stood at Euro 4.6 billion, representing a market share above 30%.

The significant increase in the use of cards, as a consequence of the imposition of capital controls in the summer of 2015, continued in 2016 as well. It is worth mentioning that turnover grew by 50% compared to 2015, while for debit cards in particular, the increase since last year stood at nearly 100%.

This trend is expected to continue in the months to come, as the use of cards for purchases in Greece continues to trail behind the European average, while the recently enacted tax legislation, which introduced a tax deduction amount on the basis of electronic payments and, primarily, transactions using cards, is expected to further boost their use.

Throughout the year, particular emphasis was placed on the growth of the cards portfolio, primarily through the promotion of the Enter Bonus American Express® debit card, which offers unique privileges for cardholders, such as rewards under the Bonus Loyalty Programme, while in parallel generating increased income for the Bank. In 2016, a total of approximately 175,000 new Enter Bonus American Express cards were issued to low and medium net worth Customers, as well as to affluent Customers, self-employed persons and small businesses.

In the domain of small businesses and self-employed persons and in order to establish the Bank's relationship with business owners, Merchant Acquiring was included in the Bonus Loyalty Programme, through the Enter Bonus Business American Express card. Thus, a business can now earn Bonus points by using this card for its business expenses as well as from the card transactions made using its My Alpha POS terminal. This particular offer is an exclusive privilege for businesses accepting transactions with cards.

In parallel, emphasis was placed on the promotion of credit cards, especially to affluent Customers. As a result, the number of new credit cards issued during the year grew by approximately 35% compared to 2015.

A number of initiatives to promote the "Alpha e-statements" and "Alpha alerts" services was taken in 2016. These services substantially reduce operating costs and significantly increase income for the Bank.

A mass activation of the "Alpha e-statements" service, for Alpha e-banking subscribers with cards in their profile, took place. As a result, a total of 880,000 cards are currently registered with the service, versus 230,000 cards at the end of 2015.

In parallel, promotional actions were carried out for the "Alpha alerts" service, especially for the Enter Visa and MasterCard debit cards, causing the number of users registered with the service to nearly double compared to 2015.

June 2016 saw the launch in the Greek market, in cooperation with the Alternative Networks Division, of "my Alpha wallet", the new pioneering digital wallet service that combines, in a single application, electronic payments and many additional services, such as information on the Customer's cards, electronic account statements (e-statements), access to Loyalty Programmes etc. The promotion of "my Alpha wallet" in the market was accompanied by an advertising campaign and by Customer-focused promotional activities.

The expansion of its cards portfolio remains the Bank's priority for 2017, which it will pursue by promoting credit cards primarily to its affluent Customers and by further increasing the use of Enter Bonus American Express and other products such as prepaid cards.

In the domain of innovation and modern services, "my Alpha wallet" will be enhanced with the option to make purchases in stores as well, using the Host Card Emulation state-of-the-art technology. In parallel, the initiatives to modernise the services offered to Customers will be continued, focusing on digital service networks (Alpha e-banking, my Alpha wallet, open web). An additional goal is to further reduce expenses and to bolster income, by promoting existing and new services.

In the Merchant Acquiring Business, the Bank maintained its leading position in the market, with a share that exceeded 35%, despite pressures due to fierce competition. It continues to boast the largest network of partner businesses, with over 145,000 sales points accepting all major international cards (Visa, MasterCard, American Express, Diners Club and China UnionPay).

Turnover from card operations stood at Euro 6.1 billion, registering an increase by 37.5%.

The use of the "Work Flow" application to route requests for the acquisition of POS terminals helped establish a faster, more secure and modern method for handling requests and contractual documents, thus improving service times for partner businesses and simplifying the work of the Branch Network.

At the same time, in 2016, the POS on-the-spot Programme was launched, through which the Branch Network was supplied with POS terminals for immediate delivery to businesses and self-employed persons.

2016 also saw the expansion of the "Dynamic Currency Conversion" (DCC) Service, which allows businesses to debit foreign Customers' cards in their home currency (other than the Euro) and is primarily addressed to partner businesses active in the tourism industry.

Finally, during 2016, the RiskShield system was successfully expanded to cover fraud prevention in transactions with Alpha Bank cards as well as in the acquiring transactions of partner businesses.

Small Business Loans

In 2016, on the basis of providing comprehensive services to Small Enterprises, Alpha Bank implemented a robust strategic framework to support entrepreneurship and enhance their competitiveness, promoting modern solutions, aiming to meet both their daily needs and growth prospects.

At the end of 2016, the total balance of loans to Small Businesses (with credit limits up to Euro 1 million) stood at Euro 6.5 billion.

During 2016, the Bank's activities in the sector of Small Businesses focused on:

- Enhancing relationships with Customers throughout Greece through a series of day conferences.
- Upgrading the Bank's electronic services, a fact which signals the transition to the new digital era, through the use of state-of-the-art digital communication channels, allowing the arrangement of remote meetings with Customers.
- Servicing affluent Customers through a customised approach by a Specialised Advisor.
- Meeting the daily operational needs of Small Businesses, through the provision of immediate liquidity to businesses that have chosen Alpha Bank and "My Alpha POS" terminal to perform card transactions.

- Boosting Small Businesses which are active in the tourism industry and in tourist areas of Greece, by satisfying their daily banking needs in total and by rewarding their cooperation with the Bank.
- Providing prompt and quality services pertaining to import settlement requests, in order to ensure the smooth operation of Small Businesses after the imposition of capital controls.
- Assisting the development of the agricultural production's primary sector by promoting the "Flexible Contractual Entrepreneurship Programmes".
- Strengthening the competitiveness of Greek Small and Medium-sized Enterprises by promoting the Supported Investment Programmes (JEREMIE, Fund for Entrepreneurship and Development (ETEAN)).
- Negotiating with the European Investment Fund (EIF) its participation in the promotion of two new loan guarantee facility programmes, COSME-LGF and INNOVFIN (HORIZON 2020).

Supporting entrepreneurship and strengthening competitiveness of Small Businesses continued to be Alpha Bank's strategic goal for 2016. In this context, the Bank organised a series of daily day conferences (Chania, Iraklio, Kerkyra, Patra, Tripolis, Thessaloniki, Athens) and individual meetings with Small Business Customers throughout Greece, in order to strengthen business relationships.

During the aforementioned Activities, an increased involvement of business Customers was achieved and great interest was demonstrated by the representatives of Small Businesses and Freelancers. The agenda focused on the challenges and opportunities emerging in the market of Small Businesses and 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.

In addition, Small Business Banking entered dynamically the digital world. The transition to the new digital era was performed through the use of state-of-the-art digital communication channels, allowing remote meetings and communication with Customers by using the "Skype for Business" application and other applications providing information in real time. The first stage of the new model promotion included 40 Branches, whereas subsequently the project will expand further.

At the end of 2016, Alpha Bank launched the new service "Alpha Bank Gold Business Banking", which marks the evolution in servicing affluent Customers with a customised approach by a Specialised Advisor at the Branches of the Bank. This initiative was taken in order to enhance the customer-oriented philosophy of the Bank and promotes the Advisory Banking services to Small Business Customers considered as affluent. Besides the optimisation of the provided customer services, the ultimate target is the establishment of high value relationships with Small Business Customers.

Moreover, the Bank, aiming to provide modern and comprehensive solutions, launched "My Alpha POS Credit Line", which offers immediate liquidity to businesses that have chosen Alpha Bank and the "My Alpha POS" terminal to perform card transactions. This Programme offers access to working capital financing, depending on the amount of card transactions performed via the "My Alpha POS" terminal. Thus, the POS terminal has been "upgraded" from a simple acquiring tool to a liquidity strengthening tool.

In April 2016, the Bank, having the intention to boost Small Businesses which are active in the tourism industry and in tourist areas on Greek islands and in continental Greece and in order to satisfy their daily banking needs in total and reward their cooperation with the Bank, launched the "Alpha Tourism Entrepreneurship" Programme, which offers a series of products, services and privileges, in order to make the daily banking operation of Businesses easier and satisfy their particularly increased needs during the tourist period.

Despite the imposition of capital controls, the Bank continued to serve immediately and effectively all import settlement requests for Small Enterprises. Since the beginning of the year and until 31.12.2016, the Bank responded to 120,453 requests, amounting to Euro 924.4 million.

Alpha Bank also continued the promotion of the "Alpha in Business" line of products to all its Business Customers and responded effectively to new applications for financing short-term requirements in working capital and/or for covering investment costs for business premises and equipment.

Proving its commitment for continuous and consistent support to Greek farmers' activity and to businesses which are based on the primary sector of the economy, the Bank continued with the promotion of the "Flexible Contractual Entrepreneurship Programmes".

Through the "Flexible Contractual Entrepreneurship Programmes" and in conjunction with farmers' special funding schemes offered for the acquisition of equipment (agricultural machinery), Alpha Bank provides the necessary financing for agriculture-related production costs to Greek farmers. In this way the Bank offers sustainable and long-term solutions to the primary sector and supports the creation of healthy conditions required for the further modernisation and development of agricultural production.

Supporting entrepreneurship and strengthening the competitiveness of Small and Medium-sized Enterprises continued to be Alpha Bank's main strategic objective in 2016. The Bank managed to secure favourable financing terms for solvent Greek Small and Medium-sized Enterprises and to facilitate their access to liquidity, through its participation in the disposal of Supported Investment Programmes.

During 2016, the Bank's promotion of the Hellenic Fund for Entrepreneurship and Development (ETEAN) actions included the following:

- The "Entrepreneurship Fund - Business Restarting" Action, which offers interest-free, 50% subsidised loans, in order to provide Small and Medium-sized Enterprises with immediate liquidity to finance fixed assets and working capital needs. Until 31.12.2016, applications of Euro 167.68 million were approved, while total disbursements amounted to Euro 130.83 million.
- The "Entrepreneurship Fund - Guarantee Fund" Action, which provides business development loans to Small and Medium-sized Enterprises guaranteed up to 80% by ETEAN, for financing investment plans and working capital requirements against assignment of the corresponding subsidy amount. Until 31.12.2016, applications of Euro 51.56 million were approved, while the total amount of disbursements amounted to Euro 40.96 million.

In August 2016 the disposal of the "JEREMIE FRSP-ENTREPRENEURSHIP" (JEREMIE IV) Programme was completed. Through this Programme, the Bank provided Small and Medium-sized Enterprises with interest-free, 50% subsidised loans in order to implement investment and development projects and to cover needs in working capital, contributing substantially to the provision of additional financing options to them. Up to 31.8.2016, applications of Euro 15.56 million were approved, while the total amount allocated amounted to Euro 14.60 million.

Additionally, in the framework of the smooth and successful cooperation with the European Investment Fund (EIF), in December 2016 the latter approved two new loan guarantee facility programmes for Alpha Bank, i.e. COSME-LGF and INNOVFIN (HORIZON 2020), the disposal of which will start in the first quarter of 2017. These are two programmes which are addressed to innovative Small and Medium-sized Enterprises as well as to companies which have limited access to bank financing due to lack of collateral and which cover investment loans granted by banks for the following purposes: asset financing, business development and revolving credit lines.

Deposit Products

As far as the Bank's outstanding deposits is concerned, the first quarter of 2016 was characterised by slight outflows in the deposits of both Individuals and Businesses. After that, deposits followed a steady upward trend, driven mainly by the increase in the balances of Corporate deposits.

During the last quarter of the year, Alpha Bank achieved a significant increase of the deposit balances of all its Customers, made possible by its concerted and competitive programmes for attracting funds and the seasonal increase in the deposit balances of salary accounts, combined with the increased liquidity of businesses during the month of December.

As in the previous year, the Bank in 2016 continued its efforts to reduce the interest cost of its deposits portfolio, as follows:

- It gradually reduced the interest rates offered on term deposits during the year, thus achieving a significant reduction of the cost for the total portfolio.
- It also reduced the interest cost in the majority of sight and savings accounts, in particular in the first and fourth quarter of the year, driving the overall cost of on-demand accounts down to levels lower than those at the end of 2015.

Seeking primarily to recover the funds which correspond to the outflows it sustained in 2015, Alpha Bank utilised the Bonus Loyalty Programme, the largest reward programme in the domestic market, as a means of enhancing benefits for Customers, over and above the interest rate, in the term deposit products it offers. In this context, a specific action plan was carried out, which included the development of new products and promotional activities, as follows:

- "Alpha online Term Deposit with Bonus". This new product, offered exclusively via Alpha Web Banking, was launched in July 2016. This term deposit is the Bank's second deposit product available via Alpha Web Banking and has been highly successful since its launch, attracting significant funds.
- "Alpha Bonus Term Deposit". June 2016 saw the addition of two new features in all the products of this line: (a) the possibility to increase the initial deposit amount, and (b) the products' availability for legal entities as well.

Finally, in order to support sales, two major promotional campaigns were carried out (in February and November) for the "Alpha Bonus Term Deposit".

Bancassurance

In order to cater to the needs of its Customers, Alpha Bank offers a comprehensive range of insurance products, in collaboration with AXA Insurance Company S.A. and AlphaLife Insurance Company S.A. These products include general and life insurance plans, as well as investment-savings plans.

According to data of the Association of Professional Insurers of Greece (December 2016), total production of premiums in all sectors of the domestic market grew by 4.6% in 2016. More specifically, general insurance premiums increased by 3.1%, while life insurance premiums increased by 6.1%.

In 2016, the Bank's portfolio of insurance products was expanded with five new plans in the health and property categories.

In the health category and regarding secondary healthcare in particular, Alpha Bank, in collaboration with AXA Insurance, developed the health plan "Alpha Global Medical Care", a comprehensive and flexible hospitalisation plan that can be adjusted and personalised to meet each Customer's needs and financial capability. This Plan covers the complete range of needs (prevention schemes and expenses before, during and after hospitalisation), through high-profile, reliable and specialised hospitals and medical centres.

As regards primary healthcare, 2016 saw the launch of "Alpha Health Care for All Premium", a comprehensive plan of non-hospital benefits offered exclusively at the clinics of the Athens Medical Group and at its associated diagnostic centres.

- In the property category, the "Alpha Residence Insurance" plan was replaced by "Alpha Home Insurance", a flexible and modern fire/earthquake insurance plan for private homes, whose aim is to provide coverage for both mortgaged and non-mortgaged residences of the Bank's Customers.
- Moreover, two new insurance products were launched with great success, namely "Alpha Feel Safe", an insurance plan addressed to Alpha Bank credit or debit card holders and covering theft or loss of personal items, and "Alpha Credit Protection", providing coverage for the debit balance of credit cards in the event of loss of life, permanent or total incapacitation, serious illness and unemployment.

With regards to investment-savings plans, the Bank offers its Customers, in collaboration with AlphaLife Insurance, "Alpha Life Plan", designed to gradually create capital for future needs, and "Alpha Prospects", a capital growth plan, both of which are very popular with the Bank's Customers.

Finally, the second quarter of 2016 saw the launch, starting with 110 selected Branches of the Bank's Network, of the provision to Officers of on-site training support at the Branches, by a team of experts specialising in bancassurance products. The aim of this team is to ensure the provision of quality Customer service and the correct promotion of the Bank's insurance products.

Investment Products

Investment activity in Mutual Funds of Alpha Asset Management A.E.D.A.K., as well as in foreign Mutual Funds (SICAVs), despite the difficulties arising due to the implementation of capital controls, was maintained at satisfactory levels during 2016, as regards Individual Customers.

Furthermore, during 2016, a total of twelve new releases of "Extra Profit" structured term deposits were offered to Alpha Bank Gold Personal Banking Customers. The key feature of the "Extra Profit" products is the combination of a fixed contractual and guaranteed interest rate for the term deposit, with an additional return offered to the depositor in the event that a pre-defined condition is fulfilled.

Mass Segment and Personal Banking

In 2016, during its second year in operation, the Mass Segment and Personal Banking Development Division continued to invest in the creation of the infrastructure that will enable the Bank to adopt a fully customer-centred approach for Mass Segment Customers, while in the Personal Banking Domain, the Division further invested in upgrading the "Alpha Bank Gold Personal Banking" service and in the provision of support to the Officers who promote it. Despite the instability in the economic environment and the challenges that the entire banking system was facing, the aim of these activities was to bolster profitability, in the short as well as in the long term. In addition, the Division offered support to Units active in corresponding Retail Banking areas in the countries where the Group is present.

1. Mass Segment Customers

2016 saw the completion, in collaboration with a consulting company, of a customer base analysis and segmentation study carried out in order to finalise the strategy for approaching Mass Segment Customers. Customer segregation was based on the Customers' key needs, their value for the Bank and their behavioural characteristics, leading to the establishment of five key customer segments and eleven sub-segments.

Moreover, a number of targeted actions using selected customer lists were carried out during the previous year via the physical Network as well as via digital networks, in order to enhance customer experience, strengthen existing relationships and control service costs by channelling transactions to alternative networks.

Finally, a study was also carried out on the identification of products and services used by specific customer segments, to serve as the basis for creating products and services that will constitute a "brand" for each sub-segment.

2. Affluent Customers – Alpha Bank Gold Personal Banking

In 2016, a mechanism for the continuous update and monitoring of the volume of the affluent Portfolio was created, in collaboration with the CRM Division. This mechanism is now also used in planning direct and effective actions aimed at the Portfolio's optimal management. Some of the key activities carried out during the year are listed below.

2.1. Expansion of the privileges of the "Alpha Bank Gold Personal Banking" service

In the context of the identification of affluent Customers and the coverage of their overall needs, the Alpha Gold Personal Banking service added new privileges for its members, such as:

- special pricing scheme in connection with their business activity and concerning the purchase of a POS terminal and International Trade transactions;
- inclusion of all premium gold cards used for the Customers' daily transactions in a special pricing scheme;
- special pricing scheme for housing loans and priority in the processing of the relevant applications;
- discount on the pricing of a hospital care insurance plan offered in collaboration with AXA Insurance;

2.2. "Gold Everyday Banking"

Given the capital controls' imposition and in order to facilitate affluent Customers in their daily transactions, the Alpha Bank "Gold Everyday Banking was created which offers:

- the Gold Enter Bonus American Express® debit card;
- the dedicated Alpha Bank Gold customer service telephone line;
- access to the fully upgraded "Alpha Web Banking" and "Alpha Mobile Banking" services;

2.3. Monitoring sales quality indicators for investment products

Seeking to implement an additional level of compliance with the foreseen institutional and operational framework governing the sale of investment products, in July 2016 the Unit of Mass Segment and Personal Banking submitted a proposal on the Definition and Measurement of Financial Instruments' Sales Quality. In collaboration with the Asset Gathering Products, CRM, Back Offices - Investments and Greek Branch Network Divisions, a series of actions were agreed, aimed at identifying and introducing the key criteria for monitoring the quality of the sales achieved by the Customer Relationship Officers and the Customer Relationship Officers - Gold. This project is currently in progress.

Large Corporations

2016 was yet another difficult year, both for the banks and for businesses, marked by the prolonged economic instability caused by the delays in the second review of Greece's third Financial Assistance Programme and in the agreement with the country's creditors, as well as by the continuation of the effect of the capital controls imposed in the summer of 2015.

Following an already long period of economic recession, these developments further affected domestic credit expansion, as the year-on-year growth rate of corporate lending for the entire banking system remained negative throughout 2016 (with marginal changes for the Corporate Banking Division and the Bank overall).

Faced with these intense challenges, the Bank in 2016 continued to stand by its Customers and to cater for their needs in a timely and effective manner, in line with the foreseen credit criteria. Furthermore, the Bank also 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 parallel, it further secured its claims by obtaining additional collateral, as appropriate, in a move necessitated by the prevailing economic conditions, as one of the means available in order to offset the increased credit risk. The Bank also played a key part in facilitating the import activities of its Customers under the new restrictions imposed by the capital controls, in order to ensure the smooth continuation of business activity in the country.

In parallel, during 2016, the Bank gradually transferred the provision of all its services to multinational groups of companies to the Corporate Banking Division, aiming to provide them with targeted services and to cater for their specialised banking needs. This move seems to have been positively received by the market and creates good prospects for the growth of business in this sector.

With a total balance of loans to Large Corporations standing at approximately Euro 6 billion, the Bank maintained a significant share of the market, a result that constitutes evidence of the tangible support it provides to its Customers and, in particular, to the largest Greek enterprises. The Bank's role as Arranger for the majority of the syndicated loans in the market contributed greatly to its efforts to financially support its Customers.

In 2016, the Greek banking system faced again, with great intensity, the need for effective non-performing loans management. In the light of the changes in the macro-economic fundamentals, the credit rating of certain Businesses-Customers of the Bank was further downgraded, resulting in the relevant provisioning and the transfer of the management of these loans to the competent Division.

However, thanks to the timely steps that the Bank had already taken in the previous years in order to deal with the majority of such cases, a high percentage of the Division's loans is rated as acceptable, medium and low-risk.

The above initiatives helped maintain the income from fees and the net interest income on the loans granted at satisfactory levels, which for 2016 totalled approximately Euro 380 million for the Corporate Banking Division. This allowed the Bank to meet the cost of capital, to offset the increase in the provisions for bad debts and, ultimately, to maintain the satisfactory profitability and quality of its lending portfolio. For the 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 achieving organic growth.

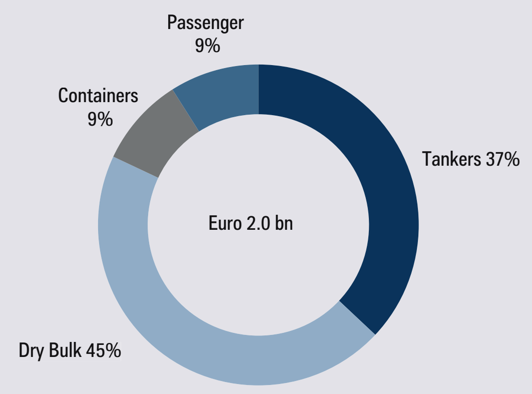
The Bank's primary objectives, following the conclusion of the second review of Greece's Financial Assistance Programme, which will restore normalcy in the market, are the following: (a) to continue pursuing the effective management of its Customers, in terms of income/profitability as well as in terms of mitigating credit and operational risk; (b) to selectively develop lending and other financing business with Customers with an acceptable credit risk rating profile, especially in export-oriented sectors and in tourism; and (c) to provide bespoke services to multinational Customers, as this Customer category presents considerable business prospects.

Shipping Finance

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

The Bank remains one of the main lenders of Greek shipping and, in that respect, in 2016 provided new loans with conservative terms to existing and new Customers. With a shipping loan portfolio of around Euro 2 billion on 31.12.2016, exposure to ocean-going shipping accounted for 91% (45% dry bulk carriers, 37% tankers, 9% container carriers), while loans to coastal shipping accounted for 9%. Furthermore, 21% of shipping exposures were participations in syndicated loans and 79% were bilateral loans. In parallel with financing, the

Shipping Loans Portfolio Structure (2016)



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's aim will remain to respond to the maximum extent possible to its Customers' needs.

Leasing

Total interest income in 2016 for the Group Company Alpha Leasing stood at Euro 19.3 million, down by 7.2% compared to 2015, mainly due to the successive reductions in the Euribor rate, the selective deleveraging of the balance sheet and the settlement of debts related to existing leasing contracts. Nevertheless, production of new contracts stood at Euro 61.4 million, with collections in 2016 posting a significant growth by 31%. The imposition of capital controls, coupled with the continuing economic uncertainty, resulted in significant delays in the implementation of new approved high-value leasing contracts. The portfolio of accounts receivable from leasing agreements prior to impairment declined by 14.1%, amounting to Euro 669.8 million versus Euro 779.6 million at the end of 2015. Alpha Leasing ranks fourth in the leasing sector, according to the residual capital of leasing contracts.

Maintaining a strong coverage ratio led to a further increase in provisions for the impairment of bad debts, by Euro 21.2 million. Thus, total provisions were further strengthened, standing at the end of 2016 at Euro 148.1 million and accounting for 22% of the portfolio versus 16% in 2015. Maintaining adequate provisions for credit risk and ensuring solid capital adequacy remain the Company's primary objectives, in order to cope effectively with the crisis. Alpha Leasing's strong capital base places it first in the leasing sector.

In this environment, throughout 2016 as well, the Company continued to actively manage its leasing contracts portfolio, focusing on finding immediate solutions to 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 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 the Factors Chain International (FCI) since 1995 and of the International Trade & 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 (H.F.A.).

Influenced by the volatile economic environment, in 2016 the Company's turnover (the value of accounts receivable subject to factoring) declined by 6.2% compared to 2015 and stood at Euro 4,119 million, despite its penetration in individual market segments and the promotion of forfaiting and reverse factoring derivative products. This, however, did not affect the Company's leading position in the Greek factoring services market.

In addition, in 2016 ABC Factors had yet another profitable year, as earnings before tax stood at Euro 14 million, down by 13.7% compared to 2015.

During 2016, the Company continued the successful restructuring of its portfolio, with the average balance of discounts, which registered a marginal decline by 1.5% compared to 2015, amounting to Euro 527 million on 31.12.2016. On 31.12.2016, non-performing receivables stood at Euro 52 million, of which Euro 38 million are covered by a Letter of Guarantee issued by the Bank.

After applying the provisions of the "Impairment Policy for Receivables from Customers", on 31.12.2016 the percentage of receivables from Customers after impairment stood at 1% of total discounts.

The Company has introduced a rigorous and prudent management framework for all types of risks, in line with the best supervisory practices. In accordance with the common European legislation and the applicable 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 corporate governance. During 2016, the Company took all the necessary and appropriate measures once more in order to better shield 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 to liquidity and cash flow risk, all of which are monitored by the competent Units.

The Company's capital adequacy comes under the supervision of the Bank of Greece, to which the relevant data are submitted in accordance with the Bank of Greece Governor's Act 2651/20.1.2012, which replaced the Bank of Greece Governor's Act 2640/18.1.2011. Moreover, the minimum requirements regarding the Company's Tier I ratio and total capital adequacy ratio are stipulated 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 2622/12.12.2009 applies as of 1 January 2010.

The main developments that had a major impact on the Company's course during 2016 were the following:

1. Reshuffling of business groupings in the retail trade sector (MARINOPOULOS GENERAL TRADE S.A., VEROPOULOS BROS S.A.), which affected the turnover of the factoring and forfaiting services market.

2. Declining turnover in retail trade.

3. Expansion of the Company's customer base, preservation of the high quality of its portfolio, promotion of the forfaiting and reverse factoring derivative products, further development of synergies with the Bank, as well as consolidation of its collaboration with the Bank's Business Centres and the Corporate Banking Division.

4. Gradual incorporation of quality improvements and additions in the new "proxima+" IT application for factoring, in order to comply with supervisory/regulatory obligations and to further optimise and automate the risk analysis/rating processes for Customers and buyers. This will allow for a more accurate identification of business risks, through the combinatorial analysis of several parameters such as Customer-buyer relationships, product combinations, risk reinsurance and industry risk.

5. Further automation, where feasible, of input data flows into the new "proxima+" IT application for factoring, which significantly improves productivity.

For 2017, the Company has the following strategic goals:

- To maintain its leadership in the sector, in terms of both market share and high profitability, taking advantage of the stressed liquidity conditions but also of the opportunities arising in sectors of the Greek Economy, which constitute its support and growth pillars, in anticipation of the economy's recovery in 2017, and to continue to support its Customers through the continuous improvement of the services provided.
- To place emphasis on further developing international factoring, either through direct involvement in foreign markets or through bilateral factoring, working with members of the FCI.
- To promote forfaiting and reverse forfaiting derivative products, through the I.T.F.A. network as well as through the Bank's Network.
- To exploit the full potential offered by the new "proxima+" IT application for factoring, in order to achieve new economies of scale, in conjunction with the efforts to reduce general operating costs, as well as to increase the productivity of the Company's Personnel.
- To further incorporate quality improvements and additions in the new "proxima+" IT application for factoring, in order to comply with supervisory/regulatory obligations.

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

Asset Management and Brokerage Services

Mutual Funds

Despite the adverse economic conditions and the capital controls, Alpha Mutual Funds' assets under management increased by 8% and stood at Euro 1,156 million as of 31.12.2016, compared to Euro 1,072 million as of 31.12.2015. The growth in assets is mainly due to the increase of securities prices, which occurred in most of the foreign bond and equity markets. The Group Company Alpha Asset Management A.E.D.A.K.'s market share significantly increased and stood at 18.01% compared to 14.8% in 2015. Furthermore, the Company's market share in assets other than money market mutual funds remained strong (19.05%) during 2016 and increased by 1.25%.

The Company's total revenues from commissions and fees pertaining to the management of mutual funds and institutional portfolios amounted to Euro 16.64 million, posting a decrease of 7%, due to the reduction of mutual funds' average assets and to the restrictions on capital movement which halted the sales activity for a second consecutive year.

Alpha Asset Management A.E.D.A.K. offers 27 mutual funds spanning a wide range of investment options in terms of basic investment categories (equities, bonds, money market), geographical and sectorial diversification, as well as alternative investments such as commodities. It also offers specially-designed mutual funds which incorporate bancassurance schemes, in cooperation with the respective Division of the Bank. In parallel, the Company is actively engaged in the management of institutional investors' portfolios.

Alpha Mutual Funds recorded outstanding returns in 2016, a year of high volatility and significant developments at an international level. Among Mutual Funds with an international orientation, "Alpha Energy Foreign Equity Fund" (+23.08%) and "Alpha Select South-East Europe Equity Fund" (+20.44%) were the top performers of the year. Outstanding returns were also achieved by "Alpha Fund of Funds Cosmos Stars BRIC" (+13.26%), "Alpha Fund of Funds Cosmos Stars Commodities" (+12.76%) and "Alpha Fund of Funds Cosmos Stars USA" (+10.57%). More specifically, the

Alpha Mutual Funds Performance	2016	3-year period	5-year period
INTERNATIONAL INVESTMENTS			
Alpha Energy Foreign Equity Fund	23.08%	5.46%	4.76%
Alpha Select South-East Europe Equity Fund	20.44%	1.80%	-0.01%
Alpha Fund of Funds Cosmos Stars BRIC Foreign Equity	13.26%	18.88%	21.71%
Alpha Fund of Funds Cosmos Stars USA Equity	10.57%	48.51%	96.56%
Alpha Global Allocation Balanced Fund	4.13%	19.86%	39.99%
GREEK INVESTMENTS			
Alpha Greek Bond Fund	11.74%	34.26%	152.95%
Alpha Greek Balanced Fund	8.00%	1.16%	112.75%
Alpha Aggressive Strategy Greek Equity Fund	4.81%	-30.03%	54.04%

Source: Hellenic Fund and Asset Management Association. Performance as of 31.12.2016 latter is distinguished for its significant returns both in the three-year period (+48.51%), ranking first among all Funds of Funds in the Greek market and in the five-year period (+96.56%), standing first in its category. Furthermore, a remarkable return was achieved by "Alpha Global Allocation Balanced Fund" (+4.13%), which recorded the second highest performance in the three-year period (+19.86%) and the five-year period (+39.99%), compared to balanced Mutual Funds with a similar investment policy. As for Mutual Funds that invest in Greek capital markets, "Alpha Greek Bond Fund" (+11.74%) and "Alpha Greek Balanced Fund" (+8%) achieved significant performance and remain top performers in their categories for the last three- and five-year periods. Finally, positive returns were recorded by the Greek equity Mutual Funds "Alpha Aggressive Strategy" and "Alpha Blue Chips", achieving outperformance versus their benchmark (the Athex Composite Share Price Index).

Finally, it should also be noted that for the last six 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. The relevant information is available on the Alpha Asset Management A.E.D.A.K. website (www.alphamutual.gr).

In June 2016, it was decided to set up Mutual Funds in Luxembourg taking advantage of the Directive 2009/65/EC of the European Parliament and of the Council for cross-border distribution of UCITS (European Passport). The new Alpha (Lux) Global Funds, which are expected to be available for distribution in the first half of 2017, will mainly satisfy the increased demand of "Gold" and "Private" Customers for investments in Alpha Mutual Funds with a foreign financial institution of high credit rating acting as the custodian of the Funds.

2017 is also 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 considerable difficulties in the portfolios management and will activate the Mutual Funds sales network. The primary objectives of the Company are to complete the project for the development of the new Alpha (Lux) Global Funds and to further increase the assets under management via a positive balance between subscriptions and redemptions of the Bank's sales network. Lastly, the Company will continue its activity in the field of institutional investors' funds management and in the enrichment of the services provided.

Private Banking

Alpha 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. The Bank's Private Banking Customers have at their disposal a flexible framework of services offered under the trade name "Alpha Private Bank". In particular, the following types of service are offered, which can also be combined to ensure the best possible coverage of investment needs:

- Discretionary Portfolio Management, where the Bank assumes unrestricted management of the Customers' funds.
- Portfolio Advisory, where the Bank provides active management advice regarding the entire portfolio to Customers who make the final investment decisions themselves.
- Transactional Advisory, where the Bank provides active management advice regarding the transactions of Customers who make the final investment decisions themselves.
- 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 offered after considering the amount to be invested, with a minimum portfolio size of Euro 300,000, as well as the Customer's investment goals (capital protection, maximisation of capital gain, normal volatility), time frame, investment experience and known or estimated cash flows, together with the applicable tax framework at the Customer's country of residence.

In 2016, the Private Banking Division focused its efforts on the following five priorities:

1. Improvement of Investment Services

The services provided were upgraded using technological infrastructure solutions and the participation of suitably qualified Personnel, in order to: (a) provide investment training to high net worth Customers, by the Portfolio Advisor, who develops personalised asset management solutions jointly with the Relationship Manager; (b) enhance the Customers' contact and communication with the Group, by providing them with regular analyses and updates and organising their participation in investment or cultural events.

2. Funds under Management

The funds under management remained stable, despite the continuing difficulties caused by the capital controls.

3. Increase of Deposits

The deposits kept under the control of the Private Banking Division grew by Euro 350 million.

4. Income from fees and commissions

(a) The Private Banking portfolios provided with Advisory Services (Discretionary, Advisory, Transactional Advisory) grew by 47%.

(b) The gross income of the Private Banking Unit increased by 13%.

5. Reduction of operating costs

In the context of the Group's overall effort to reduce operating costs, two Alpha Private Bank Centres in the country's periphery were merged, without a loss of Customers.

As a result of the above, despite the particularly negative environment, the Private Banking Division managed to maintain its portfolio by offering suitable investment solutions. It is worth mentioning that, in 2016 as well, the Discretionary Portfolios (Conservative, Balanced, Dynamic) continued to achieve very satisfactory results for the fifth consecutive year. In particular, the returns of the Conservative Portfolio reached 3%, while those of the Balanced Portfolio reached 4% and those of the Dynamic Portfolio reached 4.6%.

In 2017, the Private Banking Division will be focusing on the following objectives:

- To fully develop the customer-oriented model of operation, so that Private Banking Customers shall enjoy high-quality services offered by the Bank.
- To establish a dedicated Private Banking and Alpha Bank Gold customer service telephone line, which will span the entire range of banking transactions.
- To further promote Portfolio Management Services, with the aim of improving portfolio efficiency.
- To use new technologies for Portfolio Management and to be able to offer the relevant services by using mobile devices, in the context of facilitating communication with Customers.
- To expand the organisation of investment events.
- To introduce new services, in order to improve the overall customer experience for high net worth Customers.

Brokerage Services

The significant delays in the conclusion of the first review of the Economic Adjustment Programme, along with the capital controls, weighed heavily on the Greek Economy in 2016.

As a result, the Athex Composite Share Price Index declined to new historic lows (first quarter of 2016), when international markets were experiencing new record highs, with the average trading turnover amounting to Euro 60.4 million, decreased by 30% versus 2015.

Foreign participation in the total market capitalisation remained at the same levels as the year before (61.5% in December 2016).

The Bank is active in the brokerage sector via the Group Company Alpha Finance Investment Services S.A., which in 2016 ranked fifth in the list of the ATHEX Brokerage Members (6.1% market share), while its turnover amounted to Euro 6,7 million, decreased by 32% versus 2015 (Euro 9.9 million).

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 iPhone, iPad, iPod and for Android-based devices, the automated Interactive Voice Response system, as well as via the Company's website at 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 international equities and derivatives markets.

For 2017, the organic and profitable growth of its business is a key strategic priority for Alpha Finance. The Company also focuses on maintaining its good standing and the reputation it enjoys in the market.

Investment Banking and Treasury

Corporate Finance

During 2016, the Bank continued to provide financial advisory services in connection with complex and very important privatisation projects. In September 2016, following a relevant tender procedure launched by the Hellenic Republic Asset Development Fund (TAIPED), the Bank was appointed Financial Advisor in connection with the commercial exploitation of the "Egnatia Odos" motorway, through a concession agreement. Additionally, it should be mentioned that the project for the development of State-owned properties is still in progress, while during 2016 further efforts were made in order to conclude the sale of a 66% stake in the Hellenic Gas Transmission System Operator (DESFA). The Bank also continued to offer Financial Advisor services to the "FRAPORT AG - SLENTEL Ltd" consortium, which had been declared successful bidder in the tender procedure for the privatisation of 14 Greek regional airports, with a bid of Euro 1.234 billion, in the framework of the privatisation procedure launched by the Hellenic Republic Asset Development Fund (TAIPED) and expected to be completed within 2017.

Furthermore, the Bank concluded successfully a number of major projects in the capital markets, as well as other projects involving mergers and acquisitions for large Customers. In the capital markets sector, the Bank acted as financial advisor in the share capital increase of a food company, following a restructuring agreement. It also provided advisory services to Astir Palace Vouliagmeni S.A., in connection with the mandatory public takeover bid submitted by Apollo Investment Holdco SARL, following the transfer-sale to the latter of the shareholdings of the National Bank of Greece and TAIPED in the former. The Bank also acted as advisor in the issue of a convertible bond loan, in the amount of Euro 70 million, of the telecommunications company and pay television provider Forthnet S.A. During 2016, the Bank continued to provide financial advisory services to companies active in the real estate sector, concluding successfully the sale of a property owned by OTE ESTATE at 15, Stadiou Street, Athens. Finally, it should be mentioned that the Bank is involved in a company's preparation for the issue of a corporate bond, which will be made available to investors through a public offering and will be traded on the Athens Exchange. This is a new market that is currently being formed and is expected to attract the interest of investors in the months to come.

In 2016, the Corporate Finance Division continued successfully to develop its business as the Bank's main provider of investment banking services and intends to further strengthen its position in the market during 2017, by taking advantage of the opportunities emerging in its areas of activity.

Treasury

In 2016, the financial activity in Greece showed some signs of stabilisation. In the first half of the year, the domestic business environment remained subdued, mainly due to the prevailing uncertainty over the completion of the first review of Greece's third Financial Assistance Programme, while in the second half, progress took place in several areas, such as the partial relaxation of capital controls, the deposits' increase, the reestablishment of international credit lines to the Greek banks, the acceptance of Greek bonds as collateral into the European Central Bank (ECB) financing mechanisms and the price increase of tradable Greek assets.

More specifically, in the liquidity management unit, targeted deleveraging actions in conjunction with increased interbank borrowing activity paved the way for a significant decrease of the reliance on the ECB funding schemes. Furthermore, the interbank secured borrowing transactions against Greek Government and Greek corporate securities were significantly increased, while interest gradually shifted towards financing less liquid and more structured notes. These developments contributed to the decrease of the reliance on the Pillar II government guaranteed notes of the Financial Stability and Liquidity Scheme for Greek banks and to the substantial decline of the financing costs for the Bank. Additionally, the improvement of the economy of countries where the Alpha Bank Group is present enabled the conclusion of interbank transactions, which contributed to the net financing gap shrinkage towards the Group Subsidiaries.

In terms of the development and management of the relations with financial institutions, the Bank focused on strengthening the relationships with counterparties and nostro account holder banks, aiming at the increase of credit lines and the improvement of pricing, while emphasising the coverage of trade finance products and services for Customers. The Bank signed a new Trade Finance agreement with the European Bank for Reconstruction and Development (EBRD), in parallel with negotiations on a Global Trade Finance Program with the International Finance Corporation (IFC).

Regarding the capital markets unit, 2016 was a year of gradual recovery and normalisation. At the end of the first half of the year, the investment appetite picked up, as a result of the positive developments referred to above, as well as due to the credit rating upgrade of the Hellenic Republic by Standard & Poor's. The Bank retained its leading position among banks active in the Greek capital market, hence contributing to the depth and liquidity of the Greek bond market. In parallel, the Bank successfully participated in the ECB's Public Sector Purchase Programme (PSPP), disposing of a large part of its European Financial Stability Facility (EFSF), notes held under the Greek banking system recapitalisation scheme.

In terms of financial results, considerable profit was achieved for 2016 as well, as a result of efficient position taking in the bond, currency and interest rates markets, within the predetermined market risk limits by the Bank.

In terms of the customer products and services unit, 2016 was a very satisfactory year, demonstrating positive results in all areas. Starting with the trade finance products and services, the business exhibited noteworthy growth. The increase of import trade services was achieved due to the continuous effort to improve the services provided by implementing procedures which served and attracted a large number of Customers based on their needs. Import data show an increase of transactions by 31% and an increase of revenues by 12% year-on-year. On the opposite side, the prolongation of the uncertainty and the capital controls imposition led to a stagnation of export trade volumes. The agreement with EBRD for the provision of guarantees, from the Bank to counterparty banks, in October 2016, offered Customers access to the international markets through Trade Finance products in competitive pricing. It is worth mentioning that, in a very short period of time, the available amount under the scheme was fully utilised. This performance was one of the best among Greek banks. For trade finance, one of the most important priorities for next year is the launch of the electronic platform for international trade, aiming to deliver up-to-date solutions and services to the user-Business and to enable the Bank to claim market share from the competition.

The transaction banking activities were impacted by the continuation of the capital controls regime. Nonetheless, the restrictions prompted Customers, both Individuals and Businesses, to increasingly use electronic services and automated transactions, thereby increasing the Bank's volumes of electronic transactions. Payments to third parties via account debit exhibited significant increase in comparison to previous years, in terms of both volume and number of transactions. Furthermore, due to the full implementation in 2016 of the EU Regulation 260/2012, known as SEPA, the Bank offered its Corporate Customers a series of up-to-date fund transfers' services, thus claiming in most cases the top position among Greek banks in innovation.

The treasury products unit achieved an important increase of activities in all fields, retaining its momentum in promoting specialised market risk management solutions for Businesses. The volumes' increase is underpinned by the aggressive relationship building activity and the cross selling initiatives throughout all products offered to the Customers. Having secured a leading position in treasury product sales, the Bank concluded successfully a series of complex derivative transactions, further strengthening its profitability.

Capitalising on its strong and long lasting relationships with Greek corporate clients and with local and foreign investors, in 2016 the Bank proved its undisputed capacity to arrange and place debt in the international markets, by participating in the launch of Euro 2 billion Greek corporate bonds. Moreover, in an effort to explore new sources for corporate financing and in the context of providing valuable support to the Greek enterprises, the Bank pioneered the activation of a new local bond market in the Athens Exchange. It is anticipated that this market will offer the Bank a significant competitive advantage in due course, to further increase its profitability.

The Wholesale deposit management team focused on retaining the high market share in Business deposits, while containing financing costs at the same time. The constant communication with the Business Units and the customer base, in conjunction with the robust financial standing of the Group, contributed to an increase of market share at reasonable average costs amid a very competitive and volatile environment.

In conclusion, 2016 was a very important year, as financial conditions improved allowing for a steady increase of volumes and profitability. In parallel, the implementation of certain initiatives is underway, so that the Bank will be in a position to capitalise on the developments in the market and in the regulatory landscape in 2017, while at the same time it is anticipated that the Greek Economy will enter a growth period, offering new opportunities in the financial field.

Structured Finance

Alpha Bank is a leader in the Greek structured finance market, offering structured finance on a bilateral or syndicated basis, as well as related advisory services in the Project Finance area, regarding the implementation of large-scale, standalone projects in the infrastructure sector (roads, airports etc.) and in power generation (renewable energy sources, thermal power stations, cogeneration units). It is also active in Real Estate Finance, in connection with projects for the development of income producing real estate assets, such as commercial centres, hotels, office premises, warehouses, sports venues and other special-purpose facilities.

In 2016, the Structured Finance Division undertook to arrange, jointly with the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), the International Finance Corporation (IFC) and the Black Sea Trade and Development Bank (BSTDB), the Euro 965 million financing, on a syndicated basis, of the concession of the country's 14 regional airports to the "FRAPORT AG - SLENTEL Ltd" consortium. This transaction is the largest privatisation project as well as the largest Project Finance arrangement in the domestic market during the last years.

Moreover, despite the adverse conditions in the domestic market, in 2016 the Structured Finance Division was actively involved in arranging new structured financing on a syndicated or bilateral basis in the sector of renewable energy sources, with a focus on wind farms, thus affirming the Bank's dominant position in this sector.

The Division was also successfully involved in the provision of advisory services for structuring and arranging the financing of two new Public-Private Partnership (PPP) projects, as well as of the privatisation of the "Egnatia Odos" motorway through a concession agreement.

The Division's loan book remained stable at approximately Euro 1 billion, due to parallel scheduled repayments in its loan portfolio. On the basis of existing mandates for the arrangement of financing for various projects, the volume and performance of the loan portfolio are expected to increase in the years to follow, with business growth driven primarily by projects in the renewable energy and infrastructure sectors, as well as PPPs.

Venture Capital, Equity Financing

In 2016, faced with the adverse conditions in the economic environment, Alpha Ventures and Alpha Ventures Capital Management reported the following results:

- Alpha Ventures posted marginal losses before tax of Euro 223,402.
- In its ninth financial year, Alpha Ventures Capital Management posted a marginal profit before tax of Euro 58,031, from the management of the Alpha TANEO Fund.

2016 was characterised by a further deceleration of investment activity, a result due to a number of factors that included the following:

- The continuation of the capital controls, the credit deceleration, the increase in taxes and the consequent continuing deterioration of the Greek Economy, which caused:
  - A fall in the growth rate of portfolio companies, which had to deal with liquidity and trust issues in their relationships with foreign parties, as well as the dwindling domestic demand;
  - A reluctance on the part of domestic and foreign investors and entrepreneurs to become exposed to the Greek market.
- The expiry of the investment period of the Alpha TANEO Fund, which restricted its activity in the management of existing participations.

In spite of the above, in 2016 the activities for the assessment of investment opportunities and for seeking out partnerships continued by Alpha Ventures, especially towards the end of the year. Thus, two investments, decided in December 2016 in the very promising sector of energy and natural resources saving in general, with a total value of Euro 1.6 million, are expected to be completed within the first quarter of 2017. One of these investments involves a company based in Northern Europe, in which Alpha Ventures participates together with other international investors.

It should also be pointed out that in 2016, Euro 170,000 worth of capital was invested in two existing participations, in line with contractual commitments.

Although the Greek Venture Capital/Private Equity market is not as highly developed as those in Western Europe or North America, it has good prospects for growth, for the following reasons:

- Policy makers, in both the public and the private sector, seem to have realised the key role that this type of investment funds can play in economic growth.
- The recent presence of an increasing number of investment fund companies and the initiatives that private and public sector organisations take to boost entrepreneurship, have helped entrepreneurs familiarise themselves with this type of financing.

In this context, the recent initiative of the European Investment Fund (EIF), taken in collaboration with the Greek government, to create investment funds with domestic managers, aimed at strengthening innovation and entrepreneurship in general, can only be viewed positively.

The strategy of Alpha Ventures aims to exploit the opportunities present in the current economic conditions, based on the following priorities:

- Seeking out investment opportunities, primarily in innovative, export-oriented companies active in sectors showing potential for rapid growth, aided by the use of state-of-the-art technology;
- Attracting third-party investment funds to be placed under management and/or to be co-invested. The mid-to-long-term objective is for the investment capital to derive primarily from third parties and to a lesser extent from Alpha Bank. To this end, partnerships are being promoted with private investment funds from Greece and abroad, in order to jointly assess investment opportunities emerging in the Company's area of activity.

In implementing its strategy, Alpha Ventures participates in an investment scheme, contributing funds and know-how, with the aim of creating an investment fund that will invest in start-ups connected to innovative technologies and products, taking advantage of the opportunity presented by the above EIF initiative.

Southeastern Europe

In 2016, all Southeastern European countries registered a high rate of economic growth. Cyprus exited the 36-month Extended Fund Facility (EFF) arrangement on 7 March 2016, even though it had been scheduled for 14 May 2016 and successfully returned to international capital markets. Private consumption was boosted by the decline in consumer prices and the unemployment rate. Romania registered one of the highest economic growth rates among the European Union countries, as domestic demand was boosted by tax cuts, wage increases and low interest rates. Moreover, the economy of Serbia registered an acceleration of GDP growth rate. The average growth rate of Southeastern European countries is estimated to stand at 3.3% in 2017 from 3.2% in 2016 and 2.7% in 2015.

The Alpha Bank Group currently has a presence in three countries of Southeastern Europe (Cyprus, Romania, Albania) through Group Companies, after discontinuing its operations in Serbia. On 31.12.2016, the Group had a Network of 187 Branches in these countries and its Personnel amounted to 2,903 Employees.

In 2016, the Group's gross loans in Southeastern Europe stood at Euro 8,448 million, thus constituting 16.3% of total Group loans. Deposits stood at Euro 4,111 million and accounted for 12.5% 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. After gradual acquisitions of shares, Alpha Bank gained full control of the Bank which was later renamed to Alpha Bank Cyprus Ltd. In 2016, the Bank's Network comprised 22 Branches and its Personnel amounted to 656 Employees.

Alpha Bank Cyprus Ltd continued in 2016 its efforts to reduce Non-Performing Loans, by offering loan restructuring products and in this context it provided solutions of exchanging loans with real estate. Additionally, the Bank continued to participate in the project for financing small and medium-sized enterprises in cooperation with the European Investment Bank. In 2016, the new "Alpha Bank Gold Personal Banking" service was launched, which offers high-quality personal service to affluent Customers by providing the option of collaborating with Personal Advisors. Moreover, the Bank relaunched the "Alpha Student Loan", which is offered for student expenses with favourable conditions and redesigned the "Alpha Car Loan" product, which is offered with a competitive interest rate and has attractive features. In the card industry, the Bank conducted marketing campaigns for all Alpha Bank credit cards. More specifically, a marketing campaign was conducted for the "Aegean Visa" card, so as to take advantage of the dynamic presence of Aegean Airlines in Cyprus. Moreover, the "Alpha Bank Enter Youth Visa" card, which is offered exclusively to children and young people aged 13 to 23 years old, was relaunched through a marketing campaign. At the same time, the "Alpha Secure Web" service for Visa and MasterCard cards was launched, which protects web purchases through cards. At the end of 2016, gross loans stood at Euro 5,309 million.

During the year, the Bank enhanced its efforts to attract new deposits and managed to increase its deposit base. The new term deposit "Alpha Flexibility 18 months" was launched, which combines a high and competitive interest rate with flexible features. Moreover, the Bank offered in 2016 preferential pricing for the term deposit "Alpha Progress 3+", so as to attract new deposits from the Customers of the "Alpha Bank Gold Personal Banking" service. At the same time, promotion campaigns were conducted for the term deposits "Alpha Term Deposit with Miles", "Alpha Flexibility", "Alpha Progress 1+/3+" and "Alpha Flexibility 18 months", as well as for the "Alpha Newlyweds" deposit plan, which offers high yields and other advantages. At the end of the year, deposits stood at Euro 1,944 million.

In 2016, Alpha Bank Cyprus Ltd presented lower losses compared to 2015 as a result of the profit from the takeover of Visa Europe from Visa Inc., the containment of operating expenses and the reduction of provisions to cover credit risk.

Alpha Bank Cyprus Ltd presented high capital adequacy in 2016, as the Common Equity Tier 1 ratio stood at 16.5%, the Tier 1 Capital Ratio stood at 19.7% and the Total Equity Capital Ratio stood at 21.5%, in accordance with the transitional provisions for the year.

Romania

Alpha Bank has been present in Romania since 1994 and was the first foreign bank to operate in the country. In 2016, the Bank's Network comprised 130 Branches and its Personnel amounted to 1,832 Employees.

During the year, Alpha Bank focused on the improvement of its loan portfolio quality by restructuring loans and writing off Non-Performing Loans. Moreover, the Bank launched the "Alpha Bank Gold Personal Banking" service, by upgrading the "Alpha Prime Personal Banking" service, in order to offer high-quality services to affluent Customers, through the appointment of Personal Advisors to them. Additionally, the Bank launched the "SMS alerts service", a pilot phase of which was initiated at the end of 2015 and which is addressed to Corporate Customers and Individuals, offering information on transactions via SMS on mobile telephones. At the end of 2016, gross loans stood at Euro 2,771 million and deposits at Euro 1,729 million.

During the same year, Alpha Bank Romania presented adequate capitalisation, as the Solvency Ratio stood at 22.1% and the Common Equity Tier 1 Ratio at 16.3%.

In 2016, Alpha Bank Romania registered profit compared with losses in 2015, as a result of restrained expenses and lower provisions to cover credit risk.

In the leasing sector, the Alpha Bank Group has been active since 1998 through Alpha Leasing Romania IFN S.A., which provides Customers with credit facilities. It is noteworthy that Alpha Leasing Romania IFN S.A. was presented in 2016 with the "Award for Excellence for financial performance in Romania's leasing market" by the well-known monthly edition "Piata Financiara", specialising in banking and finance.

In the brokerage sector, the Alpha Bank Group has been active since 1994 through Alpha Finance Romania S.A., which offers Customers 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 has been active in Albania through the Group Company Alpha Bank Albania SHA since 2012, while its presence in the country dates back to January 1998. At the end of 2016, the Bank's Network comprised 35 Branches and its Personnel amounted to 415 Employees.

In 2016, Alpha Bank Albania SHA, operating in an intensely competitive environment, strengthened its presence in the market and its relationships with Customers, while it financed the most important sectors of the economy. Additionally, the Bank managed to improve the quality of its loan portfolio by writing off a significant amount of Non-Performing Loans and reduced the cost of deposits. Moreover, marketing campaigns were conducted to promote loan and deposit products.

At the end of 2016, the Bank's gross loans stood at Euro 368 million. In 2016, Alpha Bank Albania SHA had a strong presence in the card industry, as it issued 8,587 credit cards and 76,618 debit cards. Moreover, the Bank launched the card "Visa Euro Product", while it developed the cards "MasterCard Product Debit & Credit" and "Business Debit Card". In 2016, the "SMS banking" service was launched, which is addressed to Corporate Customers and Individuals and offers information on transactions via SMS on mobile telephones. At the same time, deposits stood at Euro 438 million at the end of the year.

Alpha Bank Albania SHA registered high capital adequacy and liquidity in 2016, as the Capital Adequacy Ratio stood at 19.3% and the Liquidity Ratio at 44.3%.

Other Activities

Real Estate Management

The main activities of the Group Company Alpha Astika Akinita S.A. involve managing and developing real estate assets owned by itself or by third parties, providing advice on related matters, performing real estate and brokerage operations, carrying out evaluations of real estate assets on behalf of third parties and participating in undertakings with the same or similar purposes.

Alpha Astika Akinita S.A., in its capacity as a real estate consultant, has expanded its activities, assuming the management of all of the Group's real estate assets in Greece and the coordination of the activities for properties located abroad. It has also created databases for all the properties used, leased out or rented by the Group in Southeastern Europe.

In this context, Alpha Astika Akinita S.A. wholly owned, in 2016 as well, the Group Companies Alpha Real Estate D.O.O. Beograd, Alpha Real Estate Bulgaria E.O.O.D., Chardash Trading E.O.O.D. and Alpha Real Estate Services S.R.L.

During 2016, the company sold its subsidiary Alpha Astika Akinita D.O.O.E.L. Skopje and acquired the Cyprus-based Alpha Real Estate Services L.L.C.

In 2016, total assets grew by 1.8% to Euro 136 million, versus Euro 134 million in 2015. Available funds stood at Euro 57.7 million in 2016, compared to Euro 54.8 million in the previous year. Profit before tax stood at Euro 4 million in 2016, versus Euro 4.2 million in 2015. This decrease was mainly due to the reduction in income from financial transactions. The operating income for 2016 totalled Euro 10.3 million and remained stable compared to 2015. Operating expenses for 2016 stood at Euro 6.4 million, remaining steady compared to 2015.

After several years of impressive growth, Alpha Astika Akinita S.A. today boasts a high-quality portfolio of real estate assets, substantial available funds and a Personnel team composed of real estate specialists. These characteristics, combined with the Company's nil borrowing, are the key prerequisites that will enable it to cope with the particularly difficult economic conditions.

In 2017, the company will continue to:

- Manage acquisitions and sales, leases and rentals, as well as the tax and insurance matters related to the properties;
- Organise and check real estate evaluations and certifications;
- Act as project manager for large-scale real estate projects;
- Provide advisory services on the above.

03

Operating Segment and Geographical Sector Analysis

3. Operating Segment and Geographical Sector Analysis

Analysis by Operating Segment

(in Euro million)	1.1 - 31.12.2016						
	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Group
Net interest income	1,001.7	684.8	14.7	(38.3)	257.8	3.4	1,924.1
Net fee and commission income	111.3	136.3	35.6	8.3	25.0	1.4	317.9
Other income	6.9	12.6	(1.5)	66.5	39.1	18.2	141.8
Total income	**1,119.9**	**833.7**	**48.8**	**36.5**	**321.9**	**23.0**	**2,383.8**
Total expenses*	**(664.3)**	**(153.5)**	**(26.7)**	**(29.7)**	**(182.2)**	**(137.4)**	**(1,193.8)**
Impairment losses	(352.2)	(536.4)	-	-	(273.8)	(5.6)	(1,168.0)
Cost/Provision for Voluntary Separation Schemes					(31.7)	-	(31.7)
Profit/(losses) before income tax	**103.4**	**143.8**	**22.1**	**6.8**	**(165.8)**	**(120.0)**	**(9.7)**
Income tax							29.2
Profit/(losses) after income tax from continuing operations							**19.5**
Profit/(losses) from discontinued operations					22.8		22.8
Profit/(losses) after income tax							**42.3**
Assets 31.12.2016	24,887.3	15,379.1	380.7	10,436.6	8,813.3	4,975.3	64,872.3
Liabilities 31.12.2016	22,459.0	5,809.3	1,658.7	19,634.3	6,125.6	72.0	55,758.9
Capital expenditure	74.0	73.9	1.9	1.3	25.0	9.9	186.0
Depreciation and Amortisation	(53.4)	(20.2)	(1.6)	(2.1)	(10.3)	(9.8)	(97.4)

* Excluding the cost/provision for Voluntary Separation Schemes.

(in Euro million) 1.1 - 31.12.2015

	Retail	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Group
Net interest income	1,027.2	728.4	16.4	(147.2)	272.1	0.6	1,897.5
Net fee and commission income	106.8	133.9	43.5	(3.2)	26.2	1.4	308.6
Other income	3.1	12.3	1.0	82.1	(4.4)	(89.2)	4.9
Total income	**1,137.1**	**874.6**	**60.9**	**(68.3)**	**293.9**	**(87.2)**	**2,211.0**
Total expenses*	**(669.7)**	**(148.3)**	**(30.4)**	**(31.4)**	**(182.1)**	**(140.7)**	**(1,202.6)**
Impairment losses	(1,328.4)	(1,334.6)	-	(2.6)	(320.9)	(1.1)	(2,987.6)
Cost/Provision for Voluntary Separation Scheme						(64.3)	(64.3)
Profit/(losses) before income tax	**(861.0)**	**(608.3)**	**30.5**	**(102.3)**	**(209.1)**	**(293.3)**	**(2,043.5)**
Income tax							806.8
Profit/(losses) after income tax from continuing operations							**(1,236.7)**
Profit/(losses) from discontinued operations					(134.8)		(134.8)
Profit/(losses) after income tax							**(1,371.5)**
Assets 31.12.2015	25,189.1	16,711.1	483.5	11,943.3	9,808.8	5,161.7	69,297.5
Liabilities 31.12.2015	22,417.8	4,827.8	1,359.0	25,038.3	6,309.0	292.4	60,244.3
Capital expenditure	58.6	30.5	1.4	0.9	9.4	6.8	107.6
Depreciation and Amortisation	(54.5)	(19.3)	(2.1)	(2.2)	(9.1)	(15.4)	(102.6)

* Excluding the cost/provision for Voluntary Separation Schemes.

	31.12.2016			31.12.2015		
	Total Gross Amount	Allowance for Impairment Losses	Total Net Amount	Total Gross Amount	Allowance for Impairment Losses	Total Net Amount
Mortgages	7,655,203	2,032,511	5,622,692	7,637,046	2,176,285	5,460,761
Consumer Credit Division	4,336,599	2,394,214	1,942,385	4,100,482	2,412,186	1,688,296
Corporate Loans	14,030,221	7,785,885	6,244,336	13,192,810	7,568,345	5,624,465
Total	**26,022,023**	**12,212,610**	**13,809,413**	**24,930,338**	**12,156,816**	**12,773,522**

Analysis by Geographical Sector

(in Euro million) 1.1 - 31.12.2016

	Greece	Other Countries	Total
Net interest income	1,648.5	275.6	1,924.1
Net fee and commission income	289.2	28.7	317.9
Other income	99.8	42.0	141.8
Total income	**2,037.5**	**346.3**	**2,383.8**
Total expenses*	**(996.0)**	**(197.8)**	**(1,193.8)**
Impairment losses	(894.2)	(273.8)	(1,168.0)
Provision for Voluntary Separation Schemes		(31.7)	(31.7)
Profit/(losses) before income tax	**147.3**	**(157.0)**	**(9.7)**
Income tax			29.2
Profit/(losses) after income tax from continuing operations			**19.5**
Profit/losses from discontinued operations		22.8	22.8
Profit/(losses) after income tax			**42.3**
Total Assets 31.12.2016	55,796.4	9,075.9	64,872.3

* Excluding the cost/provision for Voluntary Separation Schemes.

(in Euro million) 1.1 - 31.12.2015

	Greece	Other Countries	Total
Net interest income	1,605.9	291.6	1,897.5
Net fee and commission income	278.4	30.2	308.6
Other income	6.7	(1.8)	4.9
Total income	**1,891.0**	**320.0**	**2,211.0**
Total expenses*	**(1,000.4)**	**(202.2)**	**(1,202.6)**
Impairment losses	(2,666.6)	(321.0)	(2,987.6)
Cost for Voluntary Separation Scheme	(64.3)		(64.3)
Profit/(losses) before income tax	**(1,840.3)**	**(203.2)**	**(2,043.5)**
Income tax			806.8
Profit/(losses) after income tax from continuing operations			**(1,236.7)**
Profit/losses from discontinued operations		(134.8)	(134.8)
Profit/(losses) after income tax			**(1,371.5)**
Total Assets 31.12.2015	59,110.7	10,186.8	69,297.5

* Excluding the cost/provision for Voluntary Separation Schemes.

04

Operational Systems and Distribution Channels

4. 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 launched in 2016, on the changes required due to the application of the Legislative Acts on capital controls, on meeting regulatory/supervisory requirements and on the projects aimed at meeting operational needs.

The main IT activities during 2016 focused on addressing operational needs (projects and requests), as well as on launching the initial projects in the context of the Strategic Architectural redesign of the Core Banking Systems. More specifically, the main projects during 2016 concerned the following:

- The Core Banking System architectural redesign, aimed primarily at drastically improving the time to market, while also boosting the efficiency of the IT resources. 2016 saw the delivery to the new infrastructure of a prototype that was developed using the new architectural standards:
  - Service-Oriented Banking Components;
  - Open Source Business Processes Orchestration and Business Rules Management;
  - a modern and integrated web-based user interface.
- The integration of Lending Systems, seeking to benefit from:
  - a uniform administration and overview of all loans;
  - reduced operating costs;
  - greater flexibility in the introduction of operational changes and regulatory requirements.
- The upgrade/replacement of outdated critical hardware in order to minimise operational risk and ensure stability, reliability and security.
- The upgrade and/or replacement of major hardware and systems software which have reached their end-of-life and are no longer supported by their manufacturers.
- The completion of major large-scale or Strategic IT Projects, including:
  - the upgrade and expansion of the Data Warehouse;
  - the upgrade of the Mainframe Computer (Host);
  - the completion of the V-Branch environment for the Branches and the Head Office Units;
  - the completion of the Siglo system's upgrade to a new infrastructure (IBM iSeries) that will be hosting all lending activities.
- The application of the Legislative Acts on capital controls. Following the Legislative Act of 28.6.2015 concerning the short-term Bank Holiday (published in Government Gazette Vol. A 65/28.6.2015), during 2016, the IT Divisions, in collaboration with the Legal Services Division and the respective Business Units, implemented the necessary adjustments, as required by the changes in the relevant legislation.

Additionally, the Projects completed in 2016 or still in progress today, include the following:

- Integrated implementation of Data Marts for the Wholesale Risk (A1), Retail Risk (A3), MIS (A6) and CRM (A7) sectors.
- With regards to the Head Office Units:
  - upgrade of the SAP Bank Analyzer system – IFRS 9;
  - installation of a Fraud Detection System;
  - redesign of the Bank's website (alpha.gr) and acquisition of a Content Management System;
  - monitoring of Human Resources expenditure (SAP HR);
  - submission of Personnel Evaluation Forms using an application on the Alpha Bank Intranet;
  - regulatory reports (BSD24, ELA, SSM).
- Arrears Projects (Collections).
- With regards to the Alternative Networks:
  - e-statements for Retail Customers of the Alternative Networks;
  - redesign of "Alpha Web Banking for Individuals" and "Alpha Web Banking for Businesses";
  - P2P Instant Payments;
  - my Alpha wallet and Payments Portal.
- With regards to Financial Products:
  - Instant Payments Stage B – DIAS Credit Transfer;
  - SEPA Projects Portfolio (Stage B);
  - MyBank – Buyer Bank.

In the context of adopting the processes of the IT Service Management System, all of the Bank's applications and systems were defined in the form of 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 and the Service management processes (requests, changes, events etc.) are directly supported by the HP Service Management tool, which is used by all IT Units.

Additionally, the Project Management Division installed and configured the HP Project & Portfolio Management (HP-PPM) tool for the management of major IT projects.

Based on this operation, the IT Divisions handled over 28,786 requests from the Bank's Business Units for improvements, troubleshooting and the provision of information. These requests, in combination with a number of scheduled activities, resulted in 120 major projects. As regards the Group Companies, a total of 4,659 requests for changes, improvements and troubleshooting were submitted and 24 major projects were completed.

With regards to process organisation and optimisation, the IT Divisions completed the following projects and activities in 2016:

- Integration of the Coordination of the Group Companies IT Division into the Project Management Division.
- Development of the Quality Assurance Management Systems for the IT Systems and Project Management Divisions and ISO 9001 certification of these Systems by Bureau Veritas Hellas.
- Adjustments to the IT Services and Business Continuity Management Systems, ISO 20000 recertification (Bureau Veritas Hellas) and ISO 22301 recertification (TÜV Austria Hellas) respectively.
- Recertification of the Quality Assurance Management System (ISO 9001) of the IT Applications Division by Bureau Veritas Hellas.

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, in the context of major audits in 2016, such as the Cyber Security On-Site Inspection carried out by the Single Supervisory Mechanism (SSM) and the Bank of Greece and the annual audit by the Certified Auditors (KPMG). Additionally, the IT Divisions participate in the relevant projects and handle requests for the Bank's annual certification in accordance with the Payment Card Industry Data Security Standard (PCI-DSS).

At the same time, the IT Divisions carried out 30 internal audits/follow-up audits and three inspections of the Management Systems by the Certification Bodies. As regards 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 which have resulted from audits and from the Operational Risk Action Plans.

Business Continuity: Certification of Critical Business Sectors

In the context of the constant upgrade in business continuity management processes, in 2016 the Bank and the Group Companies Alpha Leasing, Alpha Supporting Services and Alpha Bank Romania, proceeded with the renewal of the existing ISO 22301 certification (Business Continuity Management System).

It is clarified that, based on best practices and methodologies, Alpha Bank has developed since 2008 a uniform Business Continuity Management Framework, which applies to the entire Group and has obtained the ISO:22301 certification (Group Certificate).

Additionally, seeking to ensure the efficient implementation of this Framework, Alpha Bank carried out training programmes, as it had also done during the previous years, through which 87 Bank Executives were certified by an internationally recognised institute in the business continuity industry.

As a result of the above, the Bank received its fourth award (2012, 2013, 2015 and 2016) in the "Business Continuity" category at the "Business IT Excellence (BITE) Awards" organised by Netweek magazine of the Boussias Communications Network and the E-Business Research Centre (ELTRUN) of the Athens University of Economics and Business. This year, the Group Company Alpha Leasing was presented with the award, having obtained its ISO: 22301 certification in 2015.

Branches, Alternative Networks and Electronic Services

Branch Network

Alpha Bank is successfully active in the Greek and international banking markets, through a total of 788 Branches and maintains a wide network of correspondent banks, both in Greece and abroad. At the end of 2016, the Alpha Bank Branch Network in Greece numbered 533 Branches and Customer Service Units (including nine Business Centres and seven Alpha Private Bank Centres). The number of Branches in Greece was reduced by ninety three (93) Units compared to 31.12.2015, as a result of the merger of ninety one (91) Alpha Bank Branches and the merger of two (2) Alpha Private Bank Centres.

Accordingly, the Group's International Network numbered 255 Branches, having a presence in Cyprus (Alpha Bank Cyprus Ltd: 22), in Romania (Alpha Bank Romania S.A.: 130), in Serbia (Alpha Bank Srbija A.D.: 67), in Albania (Alpha Bank Albania SHA: 35) and in the United Kingdom (London Branch). The number of Branches abroad is lower by 16 compared to 31.12.2015, as a result of the merger of five (5) Branches of Alpha Bank Albania SHA, two (2) Branches of Alpha Bank Cyprus Ltd and nine (9) Branches of Alpha Bank Srbija A.D. In January 2017, an agreement for the sale of Alpha Bank's 100% stake in the share capital of Alpha Bank Srbija A.D. was signed with the Serbian MK Group of companies.

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 and improve its customer reach. In 2017, particular emphasis will be placed on optimising the Branch Network utilisation and efficiency.

Alternative Networks and Electronic Banking Services

A pioneer in electronic banking with a strong presence in the market since 1993, Alpha Bank continues to place emphasis on providing modern customer services by offering enhanced, easy-to-use electronic banking services that make Customers' daily transactions easier and address their needs, while ensuring a high level of quality and security.

Following the successful upgrade of the e-Banking services for Individuals in 2015, the Bank in 2016 continued with the same dynamism, offering to its Customers "my Alpha wallet", the Bank's new digital wallet and introducing a number of functional upgrades to Alpha e-Banking, paving the ground for new, innovative services that focus on meeting its Customers' needs. Furthermore, 2016 saw the completion of the key project regarding the use of Alpha e-statements, which has brought benefits to the Customers themselves as well as to the environment. The project concerned the replacement of the paper-based statements for deposit accounts, cards and housing loans with electronic ones.

The trust that Customers place in Alpha Bank's electronic banking services is evidenced by the continuous increase in their usage. During 2016, money transactions carried out through the Alpha e-services rose by 18.55% compared to 2015 and currently account for 58.65% of the Bank's total money transactions versus 51.15% in 2015. This increase was partly due to the change in Customers' transaction habits, which were affected by the capital controls still being in place, driving an ever-increasing number of Customers to use alternative networks.

According to the latest (third quarter of 2016) data of the Hellenic Bank Association, the Bank holds a 24.2% share of the market in terms of active subscribers to Alpha Web Banking for Individuals and Businesses and a 23.0% share in terms of the value of money transactions.

On the back of these results, the Bank in 2016 garnered several distinctions for its advanced electronic banking services, as well as for its wider digital presence. Specifically, the Bank received the following awards, among others:

- Two gold awards at the Cyta Mobile Excellence Awards 2016 for the Alpha Mobile Banking service:
  - Gold Award in the Mobile Banking Services category for the Alpha Mobile Banking service for smartphones and tablets.
  - Gold Award in the Redesign – Relaunch Mobile App category for the fully redesigned Alpha Mobile Banking platform for electronic transactions.
- The Digital Bank of Distinction for Western Europe award in the annual "Best Digital Banks 2016" competition, organised by the prestigious Global Finance Magazine, ranking Alpha Bank among the most important digital banks worldwide.
  - Six major distinctions for its "my Alpha wallet" and "Alpha e-Commerce" services, as well as for its electronic payment services, at the "Lighthouse e-volution awards 2017":
  - Gold Award in the Innovative Banking Services category for the new digital wallet "my Alpha wallet".
  - Gold Award in the Electronic Payment Systems category for "my Alpha wallet".
  - Silver Award in the Usability category for "my Alpha wallet".
  - Silver Award in the e-business App Redesign category for the renewed "Alpha e-Commerce" platform.
  - Silver Award in the e-Strategy category for electronic payments.
  - Silver Award in the B2C Payment category for "Alpha e-Commerce".
- Honorary distinction in the "Customer Experience Innovation" category, at the seventh annual "National Customer Service Awards".
- The Banking Innovation of the Year distinction for "Alpha e-Banking for Individuals" at the 2016 e-Bizz & Social Media Awards.

1. Automated Banking Services

These include Automated Teller Machines (ATMs) and Automated Cash Transaction Centres (ACTCs) for cash transactions.

With the first ATMs being installed in 1981, Alpha Bank paved the way for modern banking technology in Greece.

In order to provide Customers with an enhanced level of service and improve the efficiency of the Bank's ATM networks, while also rationalising operating costs, a total of approximately 280 feasibility studies concerning primarily the configuration of the network of off-site ATMs (withdrawals, relocations, new installations, adjustment of rentals etc.) were carried out in 2016. On the basis of these studies, the Bank installed 49 new ATMs (33 off-site and 16 on-site) and withdrew 65 ATMs (15 off-site and 50 on-site due to changes in the Branch Network).

The project for the upgrade of the ATM network to Windows 7 was continued during 2016 and its completion is expected during 2017. Under this project, 85.3% of the network had been upgraded by the end of 2016. In addition, two new transactions were added to the ATM network in 2016, aimed primarily at addressing customer needs which resulted from the imposition of the capital controls. Cost-benefit reports were also compiled with regards to the operation of all off-site ATMs.

On 31.12.2016, the Bank had in operation 1,081 ATMs (625 on-site and 456 off-site), down by 1.3% compared to 2015. The number of transactions in 2016 reached 76 million, down by 6.6% compared to the previous year (during which there had been a great 13.2% increase in transactions due to the capital controls imposed), while the value of transactions stood at Euro 10.5 billion, down by 6.8% compared to 2015.

The revenue from ATM fees and commissions stood at Euro 7.4 million, up by 17.4% compared to 2015.

In order to reduce the workload of Branch tellers involving payments in cash, in 2016 three new payments were made available through the network of Automated Cash Transaction Centres (ACTCs), which already support a wide range of cash transactions (payments on cards and loans, deposits to Alpha Bank accounts and payments to third parties such as telephony and Internet service providers, public utilities, insurance companies etc.).

At the end of 2016, the Alpha Bank network of ACTCs numbered 284 units. The number of transactions via the Bank's ACTCs stood at 5.3 million, posting a decline by 8.1% compared to 2015, mainly because of the limited use of cash as a result of the capital controls imposed, with the total value of these transactions reaching Euro 1 billion, down by 19.9% compared to 2015. The revenue from transaction fees and commissions stood at Euro 972,304, posting a decline by 2.7% from the previous year.

Finally, with the continuous upgrades of the ATMs and ACTCs operation monitoring system, the Bank aims to meet the needs of Customers in the most secure and comprehensive way possible.

2. Alpha e-Banking

In 2016, the Bank introduced a number of functional upgrades which pave the way for new, innovative services that focus on meeting its Customers' needs. Additionally, the two key projects involving the total redesign of "Alpha Web Banking for Businesses" and the introduction of additional features to "Alpha Mobile Banking" are at a final stage and are expected to be completed in early 2017.

The efforts to provide an e-banking experience that helps Customers in their everyday lives was continued in 2016 with the integration of 85 new payments and transactions and the introduction of several improvements in product information, functionality and service.

A key addition to the new functions was the integration into "Alpha e-Banking" of the new IRIS Online Payments service for Immediate Fund Transfers. This Service enables the transfer of funds to other Greek banks in real time, i.e. within 15 minutes of the transfer request being successfully submitted via "Alpha Web Banking" and "Alpha Mobile Banking". Equally important was the introduction of the "MyBank" electronic service, allowing Customers to make electronic purchases over the Internet by directly debiting their bank account through the secure "Alpha e-Banking" environment.

The Bank's electronic services were enriched with new features enabling users to apply online for a debit card and to open a term deposit online. The new feature for the re-issuing of an Alpha e-Banking Password without having to visit a Branch is particularly helpful.

"Alpha Web Banking for Individuals" usage levels continued to grow in 2016, with a 22.76% increase in active subscribers and a 43.57% rise in the number of money transactions.

On average, the active "Alpha Web Banking" subscribers log in to the service twice a week and carry out four money transactions per month.

"Alpha Web Banking for Businesses" usage levels also continued on an upward trend in 2016, with a 13.18% increase in active users and a 24.55% rise in the number of money transactions.

In line with its constant efforts to better serve its Customers by developing new services and improving existing ones, the Bank will be launching, within the first quarter of 2017, the new environment of the Service, modelled after the recently upgraded "Alpha Web Banking for Individuals".

Compared to 2015, the "Alpha Web Banking for Individuals" and "Alpha Web Banking for Businesses" figures for 2016 show a substantial increase:

- in active subscribers by 21.4%;
- in the number of money transactions by 34.5%;
- in the value of transactions by 12.1%.

3. Alpha Mobile Banking

As far as the "Alpha Mobile Banking" service is concerned, one out of every three subscribers to the Bank's Alternative Networks was using the mobile app on a monthly basis and one out of ten was using this Service exclusively to obtain updates and carry out transactions.

Committed to constantly improving all its applications for smartphones, the Bank is planning to upgrade "Alpha Mobile Banking" in early 2017 with the introduction of two new features: the ability to immediately transfer small amounts (Alpha Quick Transfer) and a quick login option using fingerprint authentication or a four-digit code (PIN).

Compared to 2015, the 2016 Alpha Mobile Banking figures show a substantial increase:

- in active subscribers, by 44.9%;
- in the number of money transactions, by 121.7%;
- in the value of transactions by 79.7%.

4. Call Centre – Alphaphone Banking

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

The number of calls placed to the Call Centre in 2016 was reduced by 6.21% compared to 2015. This was due to the normalisation of customer service needs, after the large increase recorded in 2015 due to the massive influx of new subscribers.

As regards banking transactions over the telephone (Alphaphone Banking), figures show the following changes compared to 2015:

- a 12.26% reduction in active subscribers;
- a 9.66% reduction in the number of money transactions;
- an 18.13% reduction in the value of transactions.

5. Alpha e-statements

In 2016, the Bank continued with the implementation of its key project – in terms of the benefits for Customers as well as for the environment – involving the automatic integration into the "Alpha e-statements" service of all the accounts of Alpha e-Banking subscribers, with the aim of replacing the monthly or quarterly paper-based account/card statements with corresponding electronic ones.

This activity, given also the consistently high number of new subscribers joining "Alpha e-Banking", resulted in significant resource savings made possible by the discontinuation of printing, as 1.2 million Alpha Bank products (deposit, loan and card accounts) were included in this Service in 2016.

The number of accounts included in the Service was as follows:

- 340,761 deposit and loan accounts, an increase by 108% compared to 2015;
- 877,000 debit and credit cards, an increase by 281% compared to 2015.

6. Alpha Line

Alpha Line provides banking services to businesses by means of an application installed on Customers' computers. In line with the objectives set for 2016 and in order to rationalise the electronic banking services portfolio and reduce operating costs, the Bank is currently completing the procedures for discontinuing the Service and transferring its subscribers to "Alpha Web Banking for Businesses".

7. Alpha Mass Payments

The "Alpha Mass Payments" service refers to the collection of debts via standing orders and/or through alternative networks and to the execution of mass payments to third parties (e.g. payroll, payments to suppliers etc.). The service features a particularly user-friendly interface over the Internet and offers functionalities for creating, placing and monitoring the progress of mass payment orders. The total number of transactions carried out using the mass collections/payments service stood at 17 million, down by 3% compared to 2015. Similarly, the number of transactions involving customer collections for companies/organisations (standing orders) stood at 7.1 million, down by 14.3% compared to 2015.

8. Alpha Web International Trade

Alpha Web International Trade, launched in 2007, allows Customers cooperating with the Bank in the import/export sector to monitor the progress of the respective settlement files and send electronic requests for settlements and Import Letters of Credit, as well as the necessary supporting documents. At the end of 2016, a total of 1,112 companies had registered with this service. Electronic transactions figures remained low due to the capital controls in place.

9. my Alpha wallet

In line with its commitment to developing innovative electronic banking services, Alpha Bank launched in 2016 “my Alpha wallet”, the first integrated digital wallet in Greece for payments and online purchases.

“my Alpha wallet” offers comprehensive services for online transactions and for managing the user’s cards and details, such as:

- Online purchases using a simple log in process with maximum security at over 250,000 e-shops in Greece and abroad, with the “MasterPass” logo.
- One-click online payments to an extensive and ever-expanding network of partner organisations and businesses.
- The option to register debit, credit and prepaid cards issued by any bank and to specify a default (main) card for quick transactions.
- The creation of a user profile with multiple billing/delivery addresses and an option for the issuing of an invoice.

“my Alpha wallet” is the only digital wallet in Greece that can store debit, credit and/or prepaid American Express, Visa, MasterCard, Maestro and Diners Club cards issued by any bank – not just by Alpha Bank – and, therefore, the first integrated digital wallet solution which allows users to choose which card they want to use for each transaction or to add new cards not yet registered in “my Alpha wallet”.

In addition, with “my Alpha wallet”, users are not only able to view the balance of their points under Alpha Bank’s loyalty programmes but – for the very first time – they can also redeem their points online, using a process as simple as making an online payment.

When redeeming points, users have the option to either donate to a charity or purchase goods and services from the programmes’ partner stores.

10. Mobile App

The “my Alpha wallet” app for Android, iOS and Windows mobile phones offers:

- User login to the application using fingerprint authentication, making the process quicker and more secure.
- Full functionality adapted to the capabilities and features of smartphones, at an even quicker response rate.
- “Scan to Pay” functionality for reading the barcodes printed on utility bills.
- Authentication of the user’s device for even greater security.
- Push notifications.

Within just a few months after its promotional campaign, my Alpha wallet already numbers over 34,000 users, of which 26,000 have added their cards to the digital wallet. Additionally, the service’s app for mobile devices has been downloaded 26,000 times from the App Store, Google Play and Windows Marketplace.

11. Alpha e-Commerce

Alpha Bank has fully revamped and upgraded its “Alpha e-Commerce” service, providing its Customers with a particularly user-friendly and secure environment for electronic payments.

“Alpha e-Commerce” enables businesses operating an e-shop to sell their goods or services to customers over the Internet by accepting debit, credit or prepaid cards, with a high level of security and with the corresponding payment being paid into their Alpha Bank account.

The primary objective of this redesign was to add new features that will address in the most effective way possible the rapidly changing needs of modern businesses in Greece and abroad.

The Service supports all modern payment methods, i.e. by card, using a digital wallet or using a bank account, thus being capable of handling all distance payment options.

In the case of a payment being made using:

- a card, the Service supports the acceptance of all American Express, Visa, MasterCard, Maestro and Diners Club debit, credit and prepaid cards.
- a digital wallet, the Service supports the new and innovative “MasterPass” payment service.
- a bank account, the Service supports the new “MyBank” interbank service.

As of 4.4.2016, Alpha Bank is the first bank in the Greek market to give all businesses registered with the “Alpha e-Commerce” service the option to accept the “MasterPass” payment service, providing them with even higher speed, ease and security in their transactions.

12. MasterPass

The “MasterPass” service accepts all payment cards (American Express, Visa, MasterCard, Diners Club) and its integration the payment options offered by the partner Businesses does not require any action by the latter, as the new payment method is added automatically to the Bank’s Payment Page. With “MasterPass”, Businesses gain a competitive advantage, as the shopping cart abandonment rate is minimised, which in turn helps them increase their transactions in the rapidly growing e-commerce sector.

Recognising the significance of e-commerce for modern businesses, Alpha Bank was the first bank in Greece to support, with the Alpha e-Commerce service, the online redemption of points from the Bonus Loyalty Programme, for all e-shops participating in the service.

13. MyBank

Finally, the “MyBank” service is a Europe-wide solution for online payments that enables e-shop customers to complete their purchases by directly debiting their bank account using the web banking service of their bank. The integration of this Service into “Alpha e-Commerce” aims to provide comprehensive e-commerce solutions to participating businesses, by offering them the most up-to-date payment methods based on any payment means (card, digital wallet, bank account).

The developments described above in terms of services, coupled with the increasing consumer awareness of electronic payments, led to a substantial growth of the “Alpha e-Commerce” service during 2016 compared to 2015, as:

- active subscribers increased by 37%;
- the number of transactions grew by 38%; and
- income rose by 5.2%.

05

Risk Management

5. Risk Management

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

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

The key risk categories for Alpha Bank include credit risk, market risk, liquidity risk, counterparty and country risk and operational risk. In order to ensure that the impact of the said risks on the Bank's and the Group's financial results, long-term strategic goals and reputation 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 in all of the Bank Units' and Group Companies' activities, is strictly aligned with the best international practices, as well as with the current legislation and the regulatory and supervisory rules, while it evolves continuously through the development of a single risk management culture, which is shared across the Bank and the Group.

Throughout 2016, 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 liquid position, against the backdrop of changing economic conditions and the rapidly evolving regulatory environment. Additionally, the Group continued to refine 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 proper operation and organisation of the Group. In accordance with the Corporate Governance Code, the Board of Directors is responsible for the approval of the overall business model, the risk strategy and the risk profile of the Group through the appropriate risk management policy. On the basis of the risk appetites that it defines, the Board of Directors ensures that the levels of risk are well understood and communicated throughout the Group.

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

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

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

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

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 competent authority that participates in the Single Supervisory Mechanism (SSM), act as the Bank's and the Group's primary supervisor to monitor their compliance with the Greek and the European banking legislations, 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 regulatory risk reporting are always compliant with the relevant regulatory guidelines as well as with the principles of corporate governance.

The Group's risk strategy and risk 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 to a cohesive operating model, one that provides a framework for the articulation of accountabilities and responsibilities for managing risk across the Group.

In particular:

- The Business Units constitute the first line of defence and risk "ownership" which 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 in conducting banking business, in order to ensure objectivity in decision-making, measurement of the effectiveness of these decisions in terms of risk undertaking, 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 Units, which are independent from the first and the second lines of defence, constitute the third line of defence that uses audit mechanisms and procedures to cover constantly all the activities of the Bank and the Group, ensures the consistent implementation of the business strategy, including the risk management strategy, by fully applying internal policies and procedures and contributes to the Bank's and the Group's effective and secure operation.

Credit risk

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

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

The following Risk Management Divisions operate within the Group, under the oversight of the General Manager and Chief Risk Officer and with the responsibility of 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 Data and Analysis Division
  - Credit Risk Data Management Division
  - Credit Risk Analysis Division
- Wholesale Credit Division - Greece
- Wholesale Credit Division - International
- Retail Credit 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 strict and 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 regards 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 competent Officers.
- The complete and timely support of Business Units during the decision-making process.
- The continuous and systematic 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 credit risk appetite, which encompasses credit quality (expected loss) and credit risk concentration (limits on single names, industries and geographical regions).
- The maintenance of a framework of controls to ensure 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) to any counterparty by the appropriate authority level which is well-defined.
- The assignment of the credit approval authority to the competent Credit Committees consisting 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 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 materialise through a continuously evolving framework of methodologies and systems for measuring and monitoring 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. These processes are 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:

- Continuous updating of Credit Policy Manuals and Credit Risk Rating Models for Wholesale Banking and Retail Banking in Greece and abroad, adapted to the regulatory framework, the international best practices, the given macroeconomic conditions and the Group's risk appetite, so as to ensure their proper and effective operation.
- 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 for measuring and managing 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.
- Preparing the transition of the Bank and the Group Companies to the International Financial Reporting Standard (IFRS) 9, through which, inter alia, the approach for impairment of financial assets is redesigned.
- A separate procedure for the validation of the credit risk assessment models, which is carried out in two cases: (i) in order to develop new models or modify existing ones, and (ii) as part of a constant assessment of these models' predictive ability.
- Updating the Impairment Policies for Wholesale Banking Credit and Retail Banking Credit, in compliance with the new evolving institutional and supervisory requirements for prudential supervision.
- Centralised and automated application approval process and collection mechanisms for Retail Banking in Greece and abroad.
- Systematic and periodic qualitative control of Wholesale Banking Credit and Retail Banking Credit and systematic measurement and assessment of the concentration risk per product, portfolio, counterparty and sector of economic activity.
- Integration of the "Environmental and Social Risk Management Policy on Legal Entities Lending" into the Group's Credit Policy and the Credit Risk Management Framework so that, during the credit approval process apart from the credit risk assessment, the strict compliance with the principles of an environmentally and socially responsible credit facility is examined.
- Enhancement of the application of the credit risk control that monitors the Group's Wholesale and Retail Banking credit portfolio on an ongoing basis and undertakes targeted portfolio reviews to examine specific aspects of risk depending on the case, including, among others: the implementation of the credit risk policy, the use of the rating systems, the management of the credit-granting process and the credit exposures compliance with prudential standards and internal limits.
- Performing stress tests as a key risk management tool, fully integrated into core risk reporting and capital and liquidity planning at the Bank and Group levels, which provides indications of the capital required to absorb losses under the assumption of specific extreme hypothetical scenarios. Stress tests are conducted according to the requirements of the regulatory framework and constitute a fundamental parameter of the Group's Enterprise Risk Management strategy, with the aim of assessing the impact of business decisions on the Group's capital position. Furthermore, the Bank's and the Group's Regulatory Credit Framework and the Credit Risk Management Framework were revised and updated with the incorporation of the institutional

Table 1
Loans and Advances to Customers by Asset Quality (Impairment/Non-Impairment - Impairment Allowance - Value of Collateral)

(Amounts in Euro Thousand) 31.12.2016

	Not Impaired L&As		Impaired L&As		Total Gross Amount	Impairment Allowance		Total Net Amount	Value of Collateral
	Neither Past Due Nor Impaired	Past Due but Not Impaired	Individually Assessed	Collectively Assessed		Individually Assessed	Collectively Assessed		
Retail Lending	**11,530,952**	**3,024,872**	**980,454**	**18,787,549**	**34,323,827**	**576,459**	**8,194,498**	**25,552,870**	**21,402,496**
Mortgage	8,408,553	2,401,641	533,043	8,917,244	20,260,481	288,075	2,996,585	16,975,821	16,214,980
Consumer	1,405,844	259,534	146,868	3,934,845	5,747,091	87,658	2,163,984	3,495,449	1,476,939
Credit Cards	1,073,608	96,896	829	505,088	1,676,421	462	356,914	1,319,045	39,435
Other (incl. SBL)	642,947	266,801	299,714	5,430,372	6,639,834	200,264	2,677,015	3,762,555	3,671,142
Corporate Lending	**11,845,804**	**610,758**	**12,028,567**	**302,460**	**24,787,589**	**6,784,070**	**300,603**	**17,702,916**	**16,069,343**
Large	7,882,753	343,445	5,993,498	150,018	14,369,714	3,234,494	167,726	10,967,494	9,243,136
SMEs	3,963,051	267,313	6,035,069	152,442	10,417,875	3,549,576	132,877	6,735,422	6,826,207
Public Sector	**1,159,315**	**3,357**	**41,924**	**0**	**1,204,596**	**31,995**	**19,627**	**1,152,974**	**305,167**
Greece	1,067,060	2,968	41,924	0	1,111,952	31,995	17,138	1,062,819	298,457
Other Countries	92,255	389	0	0	92,644	0	2,489	90,155	6,710
Total	**24,536,071**	**3,638,987**	**13,050,945**	**19,090,009**	**60,316,012**	**7,392,524**	**8,514,728**	**44,408,760**	**37,777,006**

and regulatory requirements related to the effective management of loans in arrears and of Non-Performing Loans, including the new requirements and the definitions set out in the supervisory framework.

Thus, the Group has subsequently revised and upgraded the internal risk assessment systems and credit risk management processes, in order to ensure compliance of internal and external risk reporting with the above reporting templates and data aggregation practices.

In addition, the Group, following the revision and update of the Credit Risk Policy on Forbearance, has enhanced the framework for the effective and efficient management of exposures in arrears and of Non-Performing Exposures by extending appropriate forbearance measures to borrowers who may have or are found to have financial difficulties. These measures provide favourable conditions for the renegotiation of the initial terms and conditions of the troubled debt contracts, duly taking into account the causes of the debtor's financial difficulties on the basis of risk, viability and cooperativeness.

Additionally, in order to upgrade and strengthen the internal system of credit risk management, the following actions are in progress:

- Continuation of the preparation for the transition of the Bank and the Group Companies in Greece to the Advanced Calculation Method for Capital Adequacy against credit risk. The Advanced Internal Ratings-Based Approach will be used to this effect for the Wholesale Banking, the Retail Banking, as well as the Leasing and Factoring portfolios.
- Review and follow-up on 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 requirements in CRR/CRD IV regarding the development of the IRB governance structure and the modelling framework.
- Monitoring and improvement of the current credit risk assessment systems, following the integration of the regulatory Guidelines of the Bank of Greece, the European Banking Authority and the Implementing Regulation (EU) 2015/227/9.1.2015 of the European Commission on Non-Performing Loans and Forborne Exposures.
- Monitoring the effectiveness of the specific forbearance types, as well as the closure solutions for debtors under the management of the Business Units and the Non-Performing Loans Divisions, which were developed in compliance with the aforementioned regulatory framework.
- Development of the necessary processes and models for the implementation of IFRS 9 Financial Instruments, which will be applied on 1.1.2018.
- Enhancement of the risk data systems that support regulatory reporting and external disclosures. The technical infrastructure incorporates the relevant legal entities and Business Units and aims to provide the uniform basis for reporting on risk positions, capital adequacy and limit utilisation to the relevant functions on a regular and/or on an ad hoc basis.
- Gradual implementation of an automatic interface of credit risk rating systems with the core banking systems for all Group Companies abroad.
- Adoption of a mechanism to control the completeness and quality of the Wholesale and Retail Credit crucial areas, in the framework of monitoring and measuring credit risk.

At the end of 2016, the Non-Performing Loans of the Group reached Euro 23 billion and the Non-Performing Loans Ratio stood at 38%, compared to Euro 22.85 billion and 37% respectively at the end of 2015.

The Group Total Provisions Stock reached Euro 15.91 billion at the end of December 2016 and the Non-Performing Loans Coverage Ratio stood at 69%, at the same level as of 31.12.2015.

The ratio of Provisions Stock to Total Loans reached 26.4% at the end of 2016.

On 31.12.2016 the Group's forborne outstanding loans stood at Euro 18.32 billion, with a total collateral value of Euro 11.31 billion.

Tables 1 and 2 present on a consolidated basis the Bank's loans and advances to Customers by asset quality (Table 1) and the ageing analysis of past due but not impaired loans and advances to Customers by product line (Table 2).

Table 2
Ageing Analysis of Past Due but Not Impaired Loans and Advances to Customers by Product Line

(Amounts in Euro Thousand) 31.12.2016

	Retail Lending				Corporate Lending		Public Sector		Total Past Due but Not Impaired
	Mortgage	Consumer	Credit Cards	Other (incl. SBL)	Large	SMEs	Greece	Other Countries	
1-29 days	1,656,237	167,448	74,086	181,805	194,102	159,727	2,261	389	2,436,055
30-59 days	438,786	60,532	14,427	38,630	75,269	61,644	707	0	689,995
60-89 days	306,618	31,554	8,383	46,366	51,145	33,555	0	0	477,621
90-179 days	0	0	0	0	6,093	1,583	0	0	7,676
180-360 days	0	0	0	0	10,115	1,089	0	0	11,204
>360 days	0	0	0	0	6,721	9,715	0	0	16,436
Total	**2,401,641**	**259,534**	**96,896**	**266,801**	**343,445**	**267,313**	**2,968**	**389**	**3,638,987**
Value of Collateral	2,046,994	66,938	27	193,960	288,584	216,100	1,254	389	2,814,246

The accumulated impairment allowance for "collectively assessed" loans and advances includes an amount of Euro 767.01 million concerning Incurred But Not Reported (IBNR) provisions as at 31.12.2016.

The impaired loans and advances to Individuals and Small Businesses also include past due restructured exposures up to 89 days that are collectively assessed and amount to Euro 4.4 billion as at 31.12.2016.

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 Value at Risk (VaR) using a dedicated system. The methodology applied to calculating 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 2016. Group Companies have very low exposure and limits for the trading book and consequently market risk exposure is immaterial.

In addition to applying 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 changes in those parameters noted in the past (stress-testing).

In 2008, the Bank of Greece validated the internal model used and approved its application for the calculation of the trading book capital requirements. Since 31.12.2011, stressed VaR has been calculated along with 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 as to 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. Furthermore, the corresponding VaR limits are monitored and examined on a daily basis as well.

During 2016, the Policies for the Group Market Risk Internal Model Independent Validation and the Group Trading Book were developed or updated. With respect to the market risk internal model, during the year the Bank participated in the Targeted Review of Internal Models (TRIM), a project launched by the European Central Bank with a view to fostering greater consistency and accuracy in the use of internal models within the Single Supervisory Mechanism. Furthermore, the Bank participated in the Benchmarking Exercise with regards to the market risk internal model, providing evaluation and risk analysis to the Bank of Greece and the European Central Bank for specific benchmarking portfolios as specified by the European Banking Authority, in order for the supervisory authorities to assess the internal approaches that they have permitted institutions to use for the purpose of calculating risk weighted exposure amounts and own fund requirements. Moreover, the Bank implemented the calculation methodology in order to quantify the overall capital requirements according to the revised market risk framework Minimum Capital Requirements for Market Risk (Fundamental Review of the Trading Book) and reported such calculations as of 31 December 2015 and 30 June 2016 to the Bank of Greece and the European Central Bank, in the context of participating in the Basel III monitoring exercise of the Basel Committee on Banking Supervision.

Table 3
Trading Book VaR
(in Euro thousand)

	2016					2015
	Currency Risk	Interest Rate Risk	Price Risk	Covariance	Total	Total
31 December	1,217.0	174.0	79.2	-221.4	1,248.8	1,815.5
Average Daily Value (annual)	1,752.3	117.6	27.9	-133.4	1,764.5	1,725.5
Maximum Daily Value (annual)	1,992.7	89.3	31.8	-115.7	1,998.1	3,144.9
Minimum Daily Value (annual)	1,217.0	174.0	79.2	-221.4	1,248.8	741.1

Table 4
Foreign Exchange Position (Group)
(in Euro million)

31.12.2016	USD	GBP	CHF	JPY	RON	RSD	Other FX	Euro	Total
Total Assets	**2,169.2**	**434.8**	**1,724.1**	**37.7**	**1,358.5**	**586.8**	**286.2**	**58,274.9**	**64,872.3**
Total Liabilities	**2,025.3**	**241.7**	**48.7**	**1.9**	**984.7**	**409.0**	**402.1**	**51,645.4**	**55,758.9**
Net Balance Sheet Position	143.9	193.2	1,675.3	35.8	373.9	177.8	-115.9	6,629.5	9,113.4
Derivatives Foreign Exchange Position	-118.0	-195.7	-1,673.4	-35.2	-239.1	-1.0	196.1	1,981.0	-85.3
Total Foreign Exchange Position	**25.9**	**-2.6**	**2.0**	**0.6**	**134.8**	**176.8**	**80.2**	**8,610.5**	**9,028.1**

2. Banking Book Financial Risks

The banking book financial risks arise from the structure of the Assets and Liabilities and mainly of the loan and deposit portfolios of the Group. 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 cumulating the current position for the balance sheet items and the forward position held on derivatives (Table 4).

The exchange rate risk undertaken by the Group derives mainly from holdings and its offsetting is pursued, 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 for the banking book is performed on a monthly basis, according to the Policy and Procedures Manual 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, in line with EBA guidelines, are used on a regular basis:

- 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 (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 31.12.2016.

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. The stress scenarios imply the parallel movement and the non-parallel movement of the yield curve. Specifically, IRRBB is measured under the following scenarios:

- Parallel shock up (+200 basis points)
- Parallel shock down (-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
- Short rates shock down

Table 6 presents the change on both the NII and the net position of the Available For Sale portfolio, based on a sensitivity analysis after a parallel shift of +/- 100 basis points on the market yield curves.

Table 5
Interest Rate Gap Analysis
(in Euro million)

31.12.2016	< 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	> 5 Years	Non-Interest Bearing	Total
Assets	26,785.6	7,587.9	6,075.9	1,645.3	7,919.0	6,195.0	8,663.5	64,872.3
Liabilities	25,592.6	5,340.3	6,991.3	2,884.0	9,094.4	4,500.1	1,356.1	55,758.9
Equity	0	0	0	0	0	0	9,113.4	9,113.4
Total Liabilities and Equity	25,592.6	5,340.3	6,991.3	2,884.0	9,094.4	4,500.1	10,469.5	64,872.3
Gap	**1,193.0**	**2,247.6**	**-915.5**	**-1,238.7**	**-1,175.3**	**1,694.9**	**-1,806.0**	**0**
Cumulative Gap	**1,193.0**	**3,440.6**	**2,525.1**	**1,286.4**	**111.1**	**1,806.0**	**0**	**0**

Table 6
Net Interest Income Sensitivity
(in Euro million)

Interest Rate Change Scenarios (parallel yield curve shift)	Net Interest Income Sensitivity (for a one year period)	Equity Sensitivity
-100	-61.2	+174.2
+100	+70	-158.9

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 2016, even though the imposition of capital controls on the banking system remained, Alpha Bank managed to increase its customer deposits both at Bank and Group level by Euro 1.28 billion and Euro 1.5 billion respectively.

In addition to that, the European Central Bank's (ECB) re-issuance of a waiver for Greek Government Debt to be used as collateral for ECB funding, the pay-off of Euro 8.2 billion of bonds issued through the Greek Government Guarantee scheme and the successful completion of the SME securitisation transaction, were the main drivers of the Bank's reduction of financing from the Eurosystem by 25% at the end of 2016. In detail, on 31.12.2016, Alpha Bank's financing from the Eurosystem reached the level of Euro 18.3 billion, of which Euro 13.1 billion came from the Emergency Liquidity Assistance (ELA) mechanism of the Bank of Greece. Funding from the ELA mechanism was reduced by 33% compared to the relevant amount as of 31.12.2015. In 2016, the ECB Governing Council significantly decreased the amount of ELA to the Greek banking sector by Euro 25.1 billion, from Euro 70.8 billion to Euro 50.7 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 liquidity through the most cost-effective way 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. Respective reports are sent 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 given to the monitoring of liquidity assets and other balance sheet assets that can be used for additional funding.

During 2016, internal and regulatory reporting for Liquidity Risk monitoring purposes was enhanced. Under the new requirements of the Regulatory Environment (Basel III) for liquidity, the stability, cost and the diversification of liquidity sources are systematically monitored and respective regulatory reports are submitted on a monthly basis to the Single Supervisory Mechanism (SSM). Furthermore, in accordance with the updated guidelines of the European Banking Authority (EBA), the Alpha Bank Group reviewed and revised during 2016 the Contingency Funding Plan and the Recovery Plan along with the Internal Liquidity Adequacy Assessment Process (ILAAP). An important liquidity risk monitoring tool that Alpha Bank employs on a monthly basis is the Liquidity Gap Analysis for each currency to which it is exposed at 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

Table 7
Liquidity Gap Analysis
(in Euro million)

	31.12.2016					
	< 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	> 1 Year	Total
Assets	12,018.7	2,705.3	2,289.8	4,331.6	43,526.8	64,872.3
Liabilities	25,077.0	4,680.4	4,246.9	3,118.9	18,635.7	55,758.9
Equity	0	0	0	0	9,113.4	9,113.4
Total Liabilities and Equity	25,077.0	4,680.4	4,246.9	3,118.9	27,749.1	64,872.3
Gap	**-13,058.4**	**-1,975.0**	**-1,957.0**	**1,212.7**	**15,777.7**	**0**
Cumulative Gap	**-13,058.4**	**-15,033.4**	**-16,990.4**	**-15,777.7**	**0**	**0**

accounts. Table 7 presents the Liquidity Gap Analysis at Group level as of 31.12.2016.

Counterparty and Country Risk

Counterparty risk is the risk of a counterparty's default 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 has 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 banking and private sector of the country.

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 and Alpha Bank Romania. 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 a physical presence. Furthermore, according to the relevant policies and procedures, certain interbank counterparty and country parameters, 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. 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 a Monte Carlo simulation taking 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 affects the fair value of the transactions.

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

During 2016, a new Counterparty Credit Manual for Treasury Positions and Country Risk Exposure Manual was approved and implemented for the Group (addressing counterparty credit risk exposures against financial institutions, sovereign and public debt management agencies, central banks, companies, enterprises and individuals with treasury transactions), in addition to the other relevant Manuals in force. Further to counterparty and issuer risk, this Manual introduced the settlement risk regarding principal and replacement cost. Moreover, the risk weights per product were updated in order to reflect the current market conditions.

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 calculation of capital with regards to operational risk 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 various 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 throughout the Group.

Currently, the Group is working towards the gradual implementation of Advanced Measurement Approaches (AMA) aiming at optimal operational risk management as well as meeting the requirements of Pillar II (Internal Capital Assessment Process). This will require the development of a robust internal calculation model for capital adequacy calculation as well as the enhancement of the policies, procedures and systems for operational risk management. Within this context, the Group has scheduled specific initiatives under the general "AMA Compliant" project, which will be concluded in 2018.

During 2016, the Group enriched the process of collecting and analysing operational risk events and expanded the preventive methods of risk identification and assessment in order to continuously improve the implementation of the operational risk management framework, while it updated the Fraud Risk Management Policy. Additionally, the Group enriched its operational risk monitoring techniques by introducing additional Key Risk Indicators (KRIs) and by enhancing its Outsourcing Policy as well as the relevant risk assessment practices. Lastly, as a standard practice, the Group implemented during the year the Risk Control Self-Assessment (RCSA) process in accordance with the overall planning. In the context of this process, potential operational risk exposures are identified and assessed and corrective action plans are introduced.

06

Capital Adequacy

6. Capital Adequacy

Capital Adequacy Ratios

The policy of the Group is to maintain a strong capital base, in order to ensure the implementation of its operational strategy, on the basis of the institutional framework and the trust of investors, creditors and markets. Share capital increases are conducted following resolutions by the General Meeting of Shareholders or of the Board of Directors, in accordance with the Articles of Incorporation and the relevant laws. The Group is allowed to purchase the Bank's own shares, as permitted under applicable laws. However, currently the repurchase of the Bank's own shares is not permitted during the period of its participation in the Liquidity Enhancement Plan, according to Greek Law 3723/2008.

Alpha Bank, as a systemic bank, has been supervised since November 2014 by the Single Supervisory Mechanism (SSM), which consists of the European Central Bank (ECB) and the national regulatory authorities of participating countries. The supervision is carried out in accordance with the Regulation (EU) No 575/2013 (CRR) and the relevant Directive 2013/36/EU (CRD IV), as transposed into Greek Law 4261/2014. The framework is widely known as Basel III and consists of three fundamental pillars:

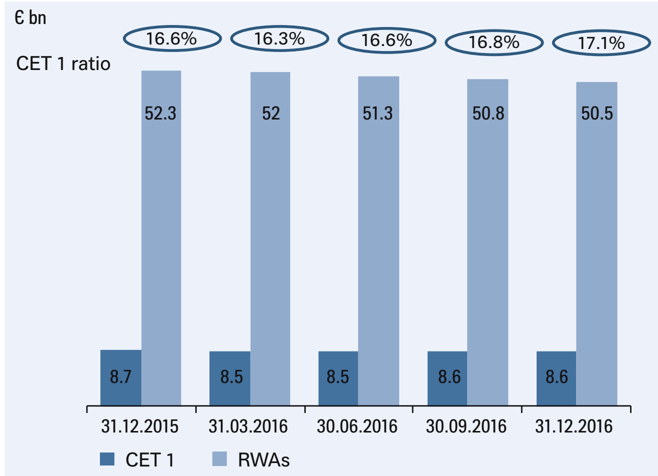
- Pillar I, which specifies the calculation of minimum capital requirements. The Bank submits to the SSM, through the Bank of Greece, its capital requirements on a solo and consolidated basis, in accordance with the Implementing Technical Standards developed by the European Banking Authority (EBA).
-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

The new framework, apart from the above, defines the regulatory own funds 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, and 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). 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). Risk Weighted Assets include the credit risk of the banking book, the market risk of the trading book and the operational risk.

According to the above 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 1.1.2016, a capital buffer of 0.625% exists which will gradually rise to 2.5% on 31.12.2019.
  - The Bank of Greece, through Executive Committee Acts, set the following capital buffers:
    - A countercyclical capital buffer rate for the last quarter of 2016 and the first quarter of 2017 standing at "zero percent" (Executive Committee Act 103/6.9.2016 and 107/19.12.2016)
    - Another systemically important institution (O-SII) buffer for 2016 standing at "zero percent" (Executive Committee Act 56/18.12.2015).



Following the successful recapitalisation in November 2015, the Group has adequate and high-quality capital to cover its risk profile under both the base and the adverse three-year scenarios. The Group's high Risk Weighted Assets density, its low leverage and the restored profitability, which is expected to continue overtime, are additional strengths further enhancing its high capital adequacy ratios. Positive internal capital generation is supported by the Group's sustainable business model, further operational cost containment, resilient net interest margin and declining cost of credit risk.

Capital Adequacy Ratios		
Capital Type (in Euro million)	**31.12.2016**	**31.12.2015**
CET 1	8,631,203	8,700,546
Tier 1 Capital	8,631,203	8,700,546
Tier 2 Capital	31,262	64,323
Total Regulatory Capital for C.A.R. calculation	8,662,466	8,764,869
Risk Weighted Assets	50,535,305	52,270,383
Capital Ratios (%)		
CET 1 Ratio	17.1%	16.6%
Tier 1 Ratio	17.1%	16.6%
Capital Adequacy Ratio (Tier 1 + Tier 2)	17.1%	16.8%

07

Corporate Governance

7. Corporate Governance

Alpha Bank considers the proper and responsible implementation of corporate governance principles as a key prerequisite for generating value for its Shareholders and society. The Bank adopted and implemented the principles of corporate governance as early as 1994, long before they became obligatory under laws and directives issued by regulatory authorities, aiming at transparency in communication with its Shareholders, at keeping investors promptly and continuously informed and at maintaining the proper governance of the Bank.

The corporate governance practices applied by the Bank comply with the provisions of the relevant laws and with the practices implemented throughout the European Union and have now been recorded in a single Corporate Governance Code. The Corporate Governance Code of Alpha Bank defines the duties and allocates the responsibilities among the Board of Directors, its Committees, the Executive Committee and the other Committees of the Bank. In addition, it sets out the framework and guidelines for the governance of the Bank.

A separate section on Corporate Governance is found on the Bank's website, where relevant information has been posted along with the Corporate Governance Code and the Charters of the Board of Directors' Committees, in particular of the Audit Committee, the Risk Management Committee, the Remuneration Committee and the Corporate Governance and Nominations Committee. The Bank implements a comprehensive system of internal audit for the Group, in accordance with international standards and the current regulatory framework. In addition, it has adopted a Code of Ethics on the performance of duties with the purpose of promoting the standards required by modern corporate governance and of enhancing the efficiency of internal audit rules.

The Corporate Governance activities of the Bank from 1 January 2016 to 31 March 2017 are described below.

The Ordinary General Meeting of Shareholders of the Bank was held on 30.6.2016.

Board of Directors

In 2016, the Bank proceeded with modifications in the composition of the Board of Directors, in response to the changing landscape in Greek banking and in accordance with the recent regulatory and legal trends. The modifications pertained to the replacement of Non-Executive Members with persons who possess significant international experience in banking, audit, risk management and Non-Performing Loans management.

In the context of implementation of the above, in 2016 Mr. Minas G. Tanes, Ms Ioanna E. Papadopoulou, Mr. Ioannis K. Lyras and Mr. Pavlos A. Apostolides resigned and Messrs Jan A. Vanhevel and Richard R. Gildea were elected as Members of the Board of Directors of the Bank. In January 2017 Ms Carolyn G. Dittmeier was elected as a Member of the Board of Directors as well.

The Board of Directors, at its meeting of 24.3.2016, elected Mr. Jan A. Vanhevel as Non-Executive Independent Member, in replacement of Mr. Minas G. Tanes, with effect from 21.4.2016 for the remainder of his tenure, Mr. J.A. Vanhevel was also appointed Chairman of the Risk Management Committee and Member of the Audit Committee.

Mr. Vanhevel has an outstanding track record in the banking industry, rising to the position of CEO and President of the Executive Committee of the KBC Group, which he served for over 40 years.

Following the resignation of Mr. Minas G. Tanes, Mr. Pavlos A. Apostolides was appointed Vice Chairman of the Board of Directors and Mr. Shahzad A. Shahbaz Chairman of the Corporate Governance and Nominations Committee.

The Board of Directors, at its meeting of 28.7.2016, elected Mr. Richard R. Gildea to replace Ms Ioanna E. Papadopoulou who resigned, for the remainder of his tenure. Mr. Gildea has been a bank executive for 29 years at JP Morgan Chase, wherein he held various senior management positions throughout his career, in the sense of article 3 par. 9 of Law 4261/2014. Indicatively, he was Emerging Markets Regional Manager for the Central and Eastern Europe Corporate Finance Group, London and Head of Europe, Middle East and Africa (EMEA) Restructuring, in London as well as Senior Credit Officer in EMEA Emerging Markets, in London. He also served as Senior Credit Officer for JP Morgan's Investment Bank Corporate Credit in EMEA Developed Markets, in London and was appointed Senior Risk Representative to senior committees within the said Investment Bank.

On 30.11.2016, Mr. Ioannis K. Lyras resigned and the Board of Directors resolved that Mr. Richard R. Gildea should fill the vacancy created by the resignation of Mr. Lyras and acquire, as of the same date, the capacity of Non-Executive, Independent Member of the Board of Directors.

The Board of Directors, at its meeting of 26.1.2017, elected Ms Carolyn G. Dittmeier as a Non-Executive Independent Member of the Board of Directors, in replacement of Mr. Pavlos A. Apostolides who resigned on 15.12.2016, for the remainder of her tenure. Ms Dittmeier is an Audit, Control and Risk Governance Advisor. 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.

The Board of Directors, at its meeting of 23.2.2017, elected in accordance with Law 3864/2010, upon instruction of the Hellenic Financial Stability Fund, Mr. Spyridon-Stavros A. Mavrogalos-Fotis as Non-Executive Member of the Board of Directors of the Bank, in replacement of Ms Panagiota S. Iplixian who resigned. Mr. Mavrogalos was also appointed Member of the Audit Committee, the Risk Management Committee, the Remuneration Committee and the Corporate Governance and Nominations Committee of the Board of Directors for the remainder of his tenure.

The Bank provided Messrs Jan A. Vanhevel and Richard R. Gildea, Ms Carolyn G. Dittmeier and Mr. Spyridon-Stavros A. Mavrogalos-Fotis with a comprehensive and detailed introductory informational programme on Corporate Governance, Risk Management, Internal Control, Compliance, Capital Adequacy, Financial Services and Human Resources.

In 2016, the Board of Directors convened sixteen times.

The Board of Directors, taking into account the constantly changing landscape in the banking sector and the supervisory framework and for the smooth implementation of the NPLs-NPEs business plan, resolved that as of 1.3.2017, the three General Managers and Executive Members of the Board of Directors should be appointed Deputy CEOs and that their responsibilities should be allocated anew as follows:

- The General Manager Mr. Spyros N. Filaretos should be appointed Deputy CEO - Chief Operating Officer.
- The General Manager Mr. Artemios Ch. Theodoridis should be appointed Deputy CEO, Non-Performing Loans and Treasury Management.
- The General Manager Mr. George C. Aronis should be appointed Deputy CEO, Retail, Wholesale Banking and International Network.

Curricula Vitae

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:

CHAIRMAN (Non-Executive Member)

Vasileios T. Rapanos
He was born in Kos in 1947. He is Professor Emeritus at the Faculty of Economics of the University of Athens. He studied Business Administration at the Athens School of Economics and Business (1975) and holds a Master's in Economics from Lakehead University, Canada (1977) and a PhD from Queen's University, Canada. He was Deputy Governor and Governor of the Mortgage Bank (1995-1998), Chairman of the Board of Directors of the Hellenic Telecommunications Organization (1998-2000), Chairman of the Council of Economic Advisors at the Ministry of Economy and Finance (2000-2004) and Chairman of the Board of Directors of the National Bank of Greece and the Hellenic Bank Association (2009-2012). He has been the Chairman of the Board of Directors of the Bank since May 2014.

VICE CHAIRMAN (Non-Executive Independent Member)

Minas G. Tanes (Vice Chairman until 21.4.2016)
He was born in 1940 and is the Chairman of FOOD PLUS S.A. He was at the helm of Athenian Brewery S.A. from 1976 to 2008 and was a Member of the Board of Directors of the Bank from 2003.

Pavlos A. Apostolides (Vice Chairman from 21.4.2016 to 15.12.2016)
He was born in 1942 and graduated from the Law School of Athens. He joined the Diplomatic Service in 1965 and has been, among others, Ambassador of Greece to Cyprus and Permanent Representative of Greece to the European Union in Brussels. In 1998, he became General Secretary of the Ministry of Foreign Affairs and in 1999 he was appointed Director of the National Intelligence Agency, from which he retired in November 2004. He was a Member of the Board of Directors of the Bank from 2004.

Evangelos J. Kaloussis (Vice Chairman as of 15.12.2016)
He was born in 1943 and is the Chairman of the Federation of Hellenic Food Industries (SEVT) as of 2006, while he has been a member of the Federation's Board of Directors since 2002. He was Chairman of NESTLE HELLAS S.A. from 2001 until 2015. He has been a Member of the Board of Directors of the Bank since 2007.

Executive Members

Managing Director - CEO

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

Executive Directors and Deputy CEOs

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

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

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

Non-Executive Members

Ioanna E. Papadopoulou (until 28.7.2016)
She was born in 1952 and is the President and Managing Director of the E.J. PAPADOPOULOS S.A. BISCUIT AND FOODWARE INDUSTRY. She was a Member of the Board of Directors of the Bank from 2008.

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

Non-Executive Independent Members

Ioannis K. Lyras (until 30.11.2016)
He was born in 1951 and is the President of PARALOS MARITIME CORPORATION S.A. He was Chairman of the Union of Greek Shipowners from 1997 to 2003. He represents the Union of Greek Shipowners to the Board of Directors of the European Community Shipowners' Associations. He was a Member of the Board of Directors of the Bank from 2005.

Ibrahim S. Dabdoub
He was born in 1939. He studied at the Collège des Frères in Bethlehem, at the Middle East Technical University in Ankara, Turkey and at Stanford University, California, U.S.A. He was the Group Chief Executive Officer of the National Bank of Kuwait from 1983 until March 2014. He is Vice Chairman of the International Bank of Qatar (IBQ), Doha and a member of the Board of Directors of the International Institute of Finance (IIF) as well as Co-Chair of the Emerging Markets Advisory Council (EMAC), Washington D.C. He is also a member of the Bretton Woods Committee, Washington D.C. and of the International Monetary Conference (IMC). Furthermore, he is a member of the Board of Directors of the Central Bank of Jordan, Amman, of the Board of Directors of the Consolidated Contractors Company, Athens, and of the Board of Advisors of Perella Weinberg, New York. In 1995, he was awarded the title of "Banker of the Year" by the Arab Bankers Association of North America (ABANA) and in 1997 the Union of Arab Banks named him "Arab Banker of the Year". In 2008 and 2010 he was given a "Lifetime Achievement Award" by "The Banker" and "MEED" respectively. He has been a Member of the Board of Directors of the Bank since May 2014.

Carolyn G. Dittmeier (as of 26.1.2017)
She was born in 1956. She holds a BSc in Economics from the Wharton School of the University of Pennsylvania (1978). She

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

Richard R. Gildea (as of 28.7.2016)

He was born in 1952. He holds a BA in History from the University of Massachusetts (1974) and an MA in International Economics, European Affairs from The Johns Hopkins University School of Advanced International Studies (1984). He served in JP Morgan Chase from 1986 until 2015, wherein he held various senior management positions throughout his career. He was Emerging Markets Regional Manager for the Central and Eastern Europe Corporate Finance Group, in London (1993-1997) and Head of Europe, Middle East and Africa (EMEA) Restructuring, in London (1997-2003), as well as Senior Credit Officer in EMEA Emerging Markets, in London (2003-2007). From 2007 until 2015, he was Senior Credit Officer for JP Morgan's Investment Bank Corporate Credit in EMEA Developed Markets, in London and was appointed Senior Risk Representative to senior committees within the Investment Bank. He is currently a member of the Board of Trustees at The Johns Hopkins University School of Advanced International Studies, Washington D.C., of the Chatham House (the Royal Institute of International Affairs), in London and of the International Institute of Strategic Studies, in 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 NDB Investment Bank/Emirates NBD Investment Bank (2006-2008) and of QInvest (2008-2012). He is currently the Investment Advisor at Al Mirqab Holding Co. He has been a Member of the Board of Directors of the Bank since May 2014.

Jan A. Vanhevel (as of 21.4.2016)

He was born in 1948. He studied Law at the University of Leuven (1971), Financial Management at Vlekho (Flemish School of Higher Education in Economics), Brussels (1978) and Advanced Management at INSEAD (The Business School for the World), Fontainebleau. He joined Kredietbank in 1971, which became KBC Bank and Insurance Holding Company in 1998. He acquired a Senior Management position in 1991 and joined the Executive Committee in 1996. In 2003, he was in charge of the non-Central European branches and subsidiaries while in 2005 he became responsible for the KBC subsidiaries in Central Europe and Russia. In 2009, he was appointed CEO and implemented the Restructuring Plan of the group until 2012, when he retired. From 2008 until 2011, he was President of the Fédération belge du secteur financier (Belgian Financial Sector Federation) and a member of the Verbond van Belgische Ondernemingen (Federation of Enterprises in Belgium), while he has been the Secretary General of the Institut International d'Études Bancaires (International Institute of Banking Studies) since May 2013. He was also a member of the Liikanen Group on reforming the structure of the EU banking sector. He has been a Member of the Board of Directors of the Bank since April 2016.

Non-Executive Member

(pursuant to the provisions of Law 3723/2008)
The Greek State, via its appointed representative:

Marica S. Ioannou - Frangakis (until 20.3.2017)

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

Non-Executive Member

(pursuant to the provisions of Law 3864/2010)

Panagiota S. Iplixian (until 23.2.2017)

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

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

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

SECRETARY

George P. Triantafyllides

Audit Committee

The Audit Committee comprises the following Non-Executive Members of the Board of Directors:

- Evangelos J. Kaloussis, Chairman
- Minas G. Tanes (until 21.4.2016)
- Jan A. Vanhevel (as of 21.4.2016)
- Ioannis K. Lyras (until 30.11.2016)
- Carolyn G. Dittmeier (as of 26.1.2017)
- Panagiota S. Iplixian (until 23.2.2017)
- Spyridon-Stavros A. Mavrogalos-Fotis (as of 23.2.2017)

The Internal Auditor and the Group Compliance Officer report to the Audit Committee.

The Committee convened six times in 2016.

The Committee evaluated the Internal Auditor and the Group Compliance Officer, as well as the Internal Control System of the Bank and the Group, based on the relevant data and information of the Internal Audit Division as well as on the remarks and findings of both the external auditors and the Supervisory Authorities.

As part of its responsibilities, the Committee monitored, supervised and assessed the work of the Internal Audit Division and the Compliance Division.

It was informed, from the quarterly reports about the activity of the aforementioned Divisions as well as the corrective actions for the adequate handling of important remarks and recommendations that were documented in the reports of all sorts of audits (by internal auditors, external auditors, Supervisory Authorities, tax authorities, etc.).

The Committee was briefed about the extent of audits carried out by these Divisions and their results, in particular their findings related to the adequacy and effectiveness of the Internal Control System, in accordance with the Bank of Greece Governor's Act No 2577/2006, as in force. It was constantly informed of the ongoing modernisation of the tools and procedures pertaining to the Internal Control System to meet the Bank's and the Group's increased demands.

It monitored the effectiveness of audits, taking into account the findings and conclusions of the audit reviews carried out by the Supervisory Authorities.

It approved the Annual Audit Plan of the Internal Audit Units of the Bank and the Group and was informed about the Three-year Audit Plan. In addition, it was informed about the annual targets set by the Compliance Division.

It approved the Training Plan for Executives of the Internal Audit Division and it was informed about the Quality Assurance Programme of the said Division.

It was briefed on the minutes of the meetings of the Whistleblowing Committee and the findings pertaining to the relevant cases.

It evaluated the following annual reports to be submitted to the Bank of Greece: a) the annual report on issues pertaining to the responsibility of the Compliance Division and b) the annual assessment report on the adequacy and effectiveness of the Internal Control System of the Alpha Bank Group by the Internal Audit Division.

Furthermore, it drafted and submitted to the Bank of Greece the annual 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 Committee monitored the financial reporting process as well as the Performance versus the Budget on a quarterly basis.

It reviewed and approved the annual Financial Statements for the year 2015 and the corresponding condensed quarterly and semi-annual Financial Statements for the year 2016, before their submission to the Board of Directors for approval.

The Committee held a series of meetings with the Bank's and the Group's Certified Auditors, concerning the Financial Statements as of 31.12.2015 and 30.6.2016 and received clarifications in response to questions put forth by its Members. Pertaining to these issues, the Committee confirmed the adequacy and effectiveness of the procedures for preparing the Financial Statements of the Bank. The Certified Auditors and the Manager of the Internal Audit Division assured the Audit Committee of their independence and that, from the audits carried out, they did not identify any issue, which would have a material impact on the Financial Statements and the smooth operation of the Bank.

It provided prior approvals for all recommendations regarding service provision by the company defined as the Regular Certified Auditor, beyond those relating to the regular audit and performed the overall reviewing and monitoring of issues related to the existence and maintenance of its objectivity and independence.

The Bank informed all Members about issues pertaining to the independence of the Bank's Certified Auditors (KPMG). The company KPMG presented to the Audit Committee the issues pertaining to the independence of the Certified Auditors and the Certified Auditors' Audit Plan for 2016, with reference to the assessment of risks to be covered, the planned audit approach, the new international auditor reporting requirements as well as the developments regarding the International Financial Reporting Standards.

The Committee was informed about issues pertaining to the International Financial Reporting Standard (IFRS) 9 "Financial Instruments", including the impact pertaining to its compulsory implementation as of 1.1.2018 and the related projects and resolved to convene jointly with the Remuneration Committee on a monthly basis, with the aim of monitoring the IFRS 9 implementation programme.

It resolved on the establishment of the Auditors Selection Committee in order to evaluate the proposals to be submitted by the audit firms pertaining to the assignment of the regular audit of the Bank and the Group Companies, on a stand alone and consolidated basis, for five consecutive years starting from the financial year 2017, as provided for in Law 4336/2015 on banks' governance and in the new Relationship Framework Agreement (RFA) concluded between the Bank and the Hellenic Financial Stability Fund (HFSF) as of 23.11.2015. In 2017, the Auditors Selection Committee selected the company Deloitte for the regular and tax audit of the Financial Statements of the Bank and of the Alpha Bank Group Companies, with the exception of a perimeter of Group Companies in Greece, for which the Members selected the company SOL S.A.

It approved the scope of the assessment, which would be assigned to an external auditor, pertaining to the adequacy of the Alpha Bank Group's Internal Control System for the years 2014 to 2016, as per the Bank of Greece's Governor's Act 2577/2006. In 2017, the Committee resolved to assign the assessment to the audit firm PwC.

To ensure the Committee's independence, its meetings were held without Members of the Management being present. There were no disagreements on material issues.

The Audit Committee briefed the Board of Directors on the issues it monitored, discussed and decided upon, following every meeting.

Risk Management Committee

The Risk Management Committee comprises the following Members of the Board of Directors:

- Minas G. Tanes, Chairman (until 21.4.2016)
- Jan A. Vanhevel, Chairman (as of 21.4.2016)
- Evangelos J. Kaloussis
- Richard R. Gildea (as of 28.7.2016)
- Shahzad A. Shahbaz
- Panagiota S. Iplixian (until 23.2.2017)
- Spyridon-Stavros A. Mavrogalos-Fotis (as of 23.2.2017)

The Committee convened twelve times in 2016.

In 2016, the Risk Management Committee Charter was amended in order to include within its scope and responsibilities the effective and timely formulation, proposal to the Board and execution of the NPLs/NPEs Strategy, given its paramount importance. Moreover, the Committee appointed Mr. Richard R. Gildea NPLs/NPEs Expert at Board level.

The Committee approved the submission of the Annual Internal Capital Adequacy Assessment Process (ICAAP) Report and of the Annual Internal Liquidity Adequacy Assessment Process (ILAAP) Report to the Single Supervisory Mechanism. Furthermore, it was informed of the annual supervisory disclosures for the year 2015, made by the Bank under the obligations laid down by Pillar III of the regulatory framework of Basel III.

It was briefed on the Excerpt from the 2015 Internal Control System Assessment Report concerning the assessment of the risk management procedures.

Moreover, it was informed about the Annual Report of the Risk Management Business Unit for the year 2015 and submitted an Evaluation Report of the Risk Management Business Unit for the year 2015. Following the above, it proposed the approval of the Annual Report by the Board of Directors, which was submitted to the Bank of Greece, in accordance with the Bank of Greece Governor's Act 2577/2006.

Further to the above, the Committee was informed about the Recovery Plan for the Group and, subsequently, proposed to the Board of Directors the approval and the submission thereof to the Bank of Greece and to the Single Supervisory Mechanism.

In addition, the Committee was briefed on the NPLs/NPEs Strategy, the NPEs Strategy Explanatory Note and the NPEs Strategy Action Plan. Following the above, the Committee proposed to the Board of Directors the approval of the NPLs/NPEs Strategy, the NPEs Strategy Explanatory Note and the NPEs Strategy Action Plan and their submission to the Single Supervisory Mechanism. Moreover, the Committee was informed about the launch of the Joint Venture for a Retail NPL Servicing Platform in cooperation with Centerbridge Partners. Subsequently, the Committee proposed to the Board of Directors the approval of the Transaction and of all the actions and negotiations that have taken place up to date, in relation to the Transaction. Further to the above, the Committee was informed about the development of a project carried out in collaboration with KKR.

The Committee was informed about the International Financial Reporting Standard (IFRS) 9 and resolved to convene jointly with the Audit Committee on a monthly basis, with the aim of monitoring the IFRS 9 implementation programme.

It assessed the Chief Risk Officer's performance for the year

2015 and was informed about the range of his remuneration for the year 2016, which was determined in cooperation with the Remuneration Committee of the Board of Directors.

The Committee 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.

It held a series of meetings with the Bank's and the Group's Certified Auditors, concerning the annual and bi-annual Financial Statements and received clarifications in response to questions put forth by its Members. The Committee also held meetings with the Chief Financial Officer about these issues to confirm the adequacy and effectiveness of the procedures for preparing the Bank's accounting statements and financial reports. The Certified Auditors assured the Risk Management Committee that, from the audits carried out, they did not identify any significant issue which would have a material impact on the Financial Statements and the smooth operation of the Bank.

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 was also briefed on the various corrective measures taken to contain the Bank's exposure to risks.

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 about the international economic environment. It responded to the emerging conditions and made proposals on the measures needed to address the economic developments.

The Risk Management Committee briefed regularly and in writing the Board of Directors on issues it monitored, discussed and decided upon.

Remuneration Committee

The Remuneration Committee comprises the following Non-Executive Members of the Board of Directors:

- Pavlos A. Apostolides, Chairman (from 1.1.2016 until 15.12.2016)
- Ibrahim S. Dabdoub (Member until 15.12.2016 and Chairman as of 15.12.2016)
- Ioannis K. Lyras (from 1.1.2016 until 30.11.2016)
- Efthimios O. Vidalis (as of 15.12.2016)
- Richard R. Gildea (as of 28.7.2016)
- Panagiota S. Iplixian (until 23.2.2017)
- Spyridon-Stavros A. Mavrogalos-Fotis (as of 23.2.2017)

The Committee convened five times in 2016.

The Committee's decision of 22.12.2009 set the level of remuneration for the Executive Members of the Board of Directors and the Members of the Executive Committee, adjusting it to the level of remuneration for the Governor of the Bank of Greece for the period that the Bank is subject to the provisions of Articles 1 and 2 of Law 3723/2008. The Committee issued an opinion on the level of compensation for the Members of the Board of Directors and its Committees. It submitted a proposal to the Board of Directors regarding both the Remuneration Policy and the Benefits Policy for Alpha Bank and the Group Companies and reviewed the implementation thereof. The Remuneration Committee informed in writing the Board of Directors about the issues it monitored, discussed and decided upon.

Corporate Governance and Nominations Committee

The Corporate Governance and Nominations Committee comprises the following Members of the Board of Directors:

- Minas G. Tanes, Chairman (until 21.4.2016)
- Shahzad A. Shahbaz, Chairman (as of 21.4.2016)
- Pavlos A. Apostolides (until 15.12.2016)
- Efthimios O. Vidalis (as of 15.12.2016)
- Ioanna E. Papadopoulou (until 28.7.2016)
- Ibrahim S. Dabdoub (as of 28.7.2016)
- Panagiota S. Iplixian (until 23.2.2017)
- Spyridon-Stavros A. Mavrogalos-Fotis (as of 23.2.2017)

The Committee convened eight times in 2016.

The Committee, together with the Risk Management Committee, proposed to the Board of Directors the approval of the amended Risk Management Committee Charter.

It conducted and submitted to the Board of the Directors the annual overall assessment of the Board of Directors and its Committees for the year 2015, whereby it ascertained that the requirements of the regulatory framework and the principles of the Corporate Governance of the Bank were met. The Bank assigned an external advisor (Nestor Advisors) to provide advisory services on corporate governance issues, following relative proposals of the Committee to the Board of Directors. In this context:

- the Policy for the Annual Evaluation of the Alpha Bank Board of Directors and the Policy for the Nomination of Candidates to the Alpha Bank Board of Directors were updated. The Committee, after ascertaining that the updated Policies comply with the best European banking practices and with the international and European regulatory and legal framework, submitted them to the Board of Directors for approval.
- an assessment of the Corporate Governance Framework of the Bank was performed.
- the updating of the Board Committees' Charters is in progress.

During 2016, the Bank, in response to the recent regulatory and legal trends in the Corporate Governance framework of the banking sector, proceeded to modify the composition of its Board of Directors, replacing Non-Executive Members with persons who possess significant international experience in banking, audit, risk management and Non-Performing Loans. Following the departures of Messrs Minas G. Tanes, Ioannis K. Lyras, Pavlos A. Apostolides and Ms Ioanna E. Papadopoulou, the Committee proposed the election of Messrs Jan. A. Vanhevel and Richard R. Gildea as well as of Ms Carolyn G. Dittmeier as Non-Executive Independent Members, for the remainder of the tenure of the Board of Directors.

The new Members were provided by the Bank with an introductory information programme on Corporate Governance, Risk Management, Internal Audit, Compliance, Capital Adequacy, Financial Services and Human Resources.

The Committee reviewed the attendance of Members at Board Meetings and deemed that the Members of the Board of Directors who were absent had informed the Bank on time of the relevant reasons and had authorised in writing another Member of the Board of Directors to represent them at the Meeting where they were not present, due to impediment. All Members devoted sufficient time to the meetings of the Board and its Committees.

The Corporate Governance and Nominations Committee informed, in writing, the Board of Directors about the issues it monitored, discussed and decided upon.

Executive Committee

The Executive Committee is the senior executive body of Alpha Bank. Its Members are the following:

- Demetrios P. Mantzounis, Managing Director - CEO, Chairman of the Executive Committee
- Spyros N. Filaretos, Deputy CEO - Chief Operating Officer
- Artemios Ch. Theodoridis, Deputy CEO, Non-Performing Loans and Treasury Management
- George C. Aronis, Deputy CEO, Retail, Wholesale Banking and International Network
- Alexios A. Pilavios, General Manager - Wealth Management
- Spiros A. Andronikakis, General Manager - CRO
- Vassilios E. Psaltis, General Manager - CFO

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. The Executive Committee carries out a review of the domestic and international economy and market developments and examines issues of business planning and policy. Furthermore, the Committee deliberates on issues related to the development of the Group and submits recommendations on the Rules and Regulations of the Bank, as well as on the budget of each Business Unit. Finally, it submits recommendations on the Human Resources policy and the participation of the Bank or the Group Companies in other companies.

BOARD OF DIRECTORS	Audit Committee	Risk Management Committee	Remuneration Committee	Corporate Governance and Nominations Committee
Chairman (Non-Executive Member) Vasileios T. Rapanos Professor Emeritus, University of Athens				
Vice Chairman (Non-Executive Independent Member) Minas G. Tanes (Vice Chairman until 21.4.2016) Chairman, FOOD PLUS S.A.	o	●		●
Pavlos A. Apostolides (Vice Chairman from 21.4.2016 until 15.12.2016) Honorary Ambassador			●	o
Evangelos J. Kaloussis (Vice Chairman as of 15.12.2016) Chairman, FEDERATION OF HELLENIC FOOD INDUSTRIES (SEVT)	●	o		
EXECUTIVE MEMBERS				
Managing Director - CEO Demetrios P. Mantzounis				
Executive Directors and Deputy CEOs Spyros N. Filaretos				
Artemios Ch. Theodoridis				
George C. Aronis				
NON-EXECUTIVE MEMBERS				
Ioanna E. Papadopoulou (until 28.7.2016) President and Managing Director, E.J. PAPADOPOULOS S.A. BISCUIT AND FOODWARE INDUSTRY				o
Efthimios O. Vidalis Executive Member of the Board of Directors, TITAN S.A.			o (as of 15.12.2016)	o (as of 15.12.2016)
NON-EXECUTIVE INDEPENDENT MEMBERS				
Ioannis K. Lyras (until 30.11.2016) President, PARALOS MARITIME CORPORATION S.A.	o		o	
Ilbrahim S. Dabdoub Vice Chairman, INTERNATIONAL BANK OF QATAR			o (until 15.12.2016) ● (as of 15.12.2016)	o (as of 28.7.2016)
Carolyn G. Dittmeier (as of 26.1.2017) Audit, Control and Risk Governance Advisor	o			
Shahzad A. Shahbaz Investment Advisor		o		● (as of 21.4.2016)
Jan A. Vanhevel (as of 21.4.2016) Banking Executive	o	●		
Richard R. Gildea (as of 28.7.2016) Banking Executive		o	o	
NON-EXECUTIVE MEMBER in accordance with Law 3723/2008				
THE GREEK STATE, via its appointed representative, -Ms Marica S. Ioannou – Frangakis, Economist (until 20.3.2017)				
NON-EXECUTIVE MEMBER in accordance with Law 3864/2010				
Panagiota S. Iplixian (until 23.2.2017) Spyridon-Stavros A. Mavrogalos-Fotis (as of 23.2.2017) As representative and upon instruction of the Hellenic Financial Stability Fund	o	o	o	o

● Committee Chairman   o Committee Member

Certified Auditors

The Auditors of the bi-annual and annual 2016 Financial Statements are the following:

Regular: Nikolaos E. Vouniseas
Ioannis A. Achilas

Alternate: Michael A. Kokkinos
Anastasios E. Panagidis

of KPMG Certified Auditors A.E.

Internal Audit

In order to protect the Bank's assets and safeguard its Shareholders and Customers' interests, an Internal Control System is in place that includes control and auditing mechanisms and procedures covering all of its activities on a continuous basis and contributing 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 applying the same audit methodology as the one utilised in Greece.

In 2016, the competent Internal Audit Units carried out audits at the Branches as well as at the Central Units of the Bank and the Group Companies.

The Management and the Audit Committee of the Bank's Board of Directors were informed about the results of the audits and about whether the Internal Control System achieves its objectives.

Regulatory Compliance

The Bank identifies, evaluates and manages risks it may be exposed to due to failure to comply with the applicable regulatory framework (compliance risk). For this purpose, it continuously collects, records, processes and interprets data on the regulatory framework, monitors forthcoming changes and records deviations from the requirements and obligations for the Bank and the Group Companies so as to evaluate promptly their repercussions, implement suitable measures and safeguard both the Bank's interests and reputation.

In particular, in 2016, the most important actions in this area were the following:

- Supervising and effectively coordinating Compliance Officers in the Group Companies in Greece and abroad.
- Monitoring corporate governance issues which are stipulated in Directive 2013/36/EU (CRD IV), as transposed into the Greek legislation via Law 4261/2014 and in Regulation EU No 575/2013 (CRR).
- Issuing a new Circular and the new Procedures Manual for the Prevention of Use of the Financial System for Money Laundering and Terrorism Financing as well as the new Operation Manual for the Siron AML Information System.
- Making a new Functional Area, through which regular remote audits of the Bank's Branch Network are conducted in order to verify compliance with the policy and procedures in force, fully operational. The relevant audit results are communicated to the respective Divisions and corrective measures are taken, where deemed necessary.
- Completing the recording of internal procedures of the Anti-Money Laundering and Combating the Financing of Terrorism Section.
- Increasing the number of suspicious transactions reporting received from Branches, by approximately 50% compared to 2015.
- Completing the monitoring of the Bank's customer base and creating a list of High Risk Customers in terms of tax evasion for the year 2014, in compliance with the Bank of Greece Governor's Act 2652/2012.
- Submitting files concerning services or products to the Bank of Greece, in order to assess the money laundering risk for the year 2015 and the first half of 2016, in compliance with the Bank of Greece Governor's Act 2651/2012.
- Continuously assessing the effective functioning of the existing scenarios of Siron AML and implementing new scenarios, depending on the changes in the regulatory framework.

- Implementing due diligence measures to all correspondent banks with vostro accounts.
- Providing guidelines to the Branch Network on handling third-party requests pertaining to the disclosure of banking secrecy and dealing with a large number of cases regarding the provision of information to Supervisory and Tax Authorities. More specifically, the Compliance Division received and investigated the requests in question and subsequently advised the Branches how to proceed in order to safeguard the Greek State's interests. In parallel, it responded to requests submitted by the Authorities pertaining to information on bank products.
- Completing the recording of internal procedures of the Bank Secrecy and Provision of Information to Third Parties Functional Area.
- Ensuring customer protection through the compliance of the Bank's products, services and Transaction Terms with the regulatory framework in force.
- Monitoring the implementation of the Code of Conduct of Law 4224/2013 on Non-Performing Loans, in order to improve confidence for the exchange of necessary information between the Borrowers and the Bank.
- Monitoring the observance of deadlines for the fulfilment of the reporting obligations to the Regulatory Authorities through the installation and operation of the "Alpha Regulatory Reporting" application.
- Registering personal data files kept and processed by the Bank's Divisions as well as the Group Companies in Greece, in accordance with Law 2472/1997.
- Submitting to the Hellenic Data Protection Authority a notification letter pertaining to the personal data keeping and processing, according to the provisions of Law 2472/1997.
- Placing video surveillance signs in all Branches of the Network.

Emphasis was placed on employee training in order to consolidate and ensure the implementation of regulatory compliance principles and to increase their awareness on the relevant issues.

The main objectives for 2017 are the implementation of a uniform regulatory compliance policy and procedures in the entire Group, so as to achieve complete and ongoing compliance in an ever-changing regulatory environment, the effective provision of information to national and European Supervisory Authorities, the full operation of Siron Embargo and Siron KYC systems, the improvement of the Bank's Siron AML system for continuous monitoring and detection of unusual or suspicious transactions, as well as the implementation of the regulatory framework regarding the Markets in Financial Instruments Directive (MiFID) II and the General Data Protection Regulation.

Group Information Security

The Information Security Division is responsible for developing, implementing, maintaining and monitoring the information security policy, key principles, procedures and mechanisms, as well as for managing related issues at Group level, in accordance with the Group's business goals and the Regulatory Framework. The Division establishes the Group Information Security Framework and submits it for approval to the Operational Risk Committee. It also supervises and coordinates the actions undertaken to ensure the effective management of the protection of information (in oral, printed and electronic form) and the systems within the Group, in collaboration with the respective Executives of the Group Companies. Furthermore, the Division advises on the necessity and the suitability of the projects pertaining to its responsibility. It also represents the Bank in the competent organisations and Authorities for information security issues and is responsible for communicating with them.

The Division is active in the following functional areas:

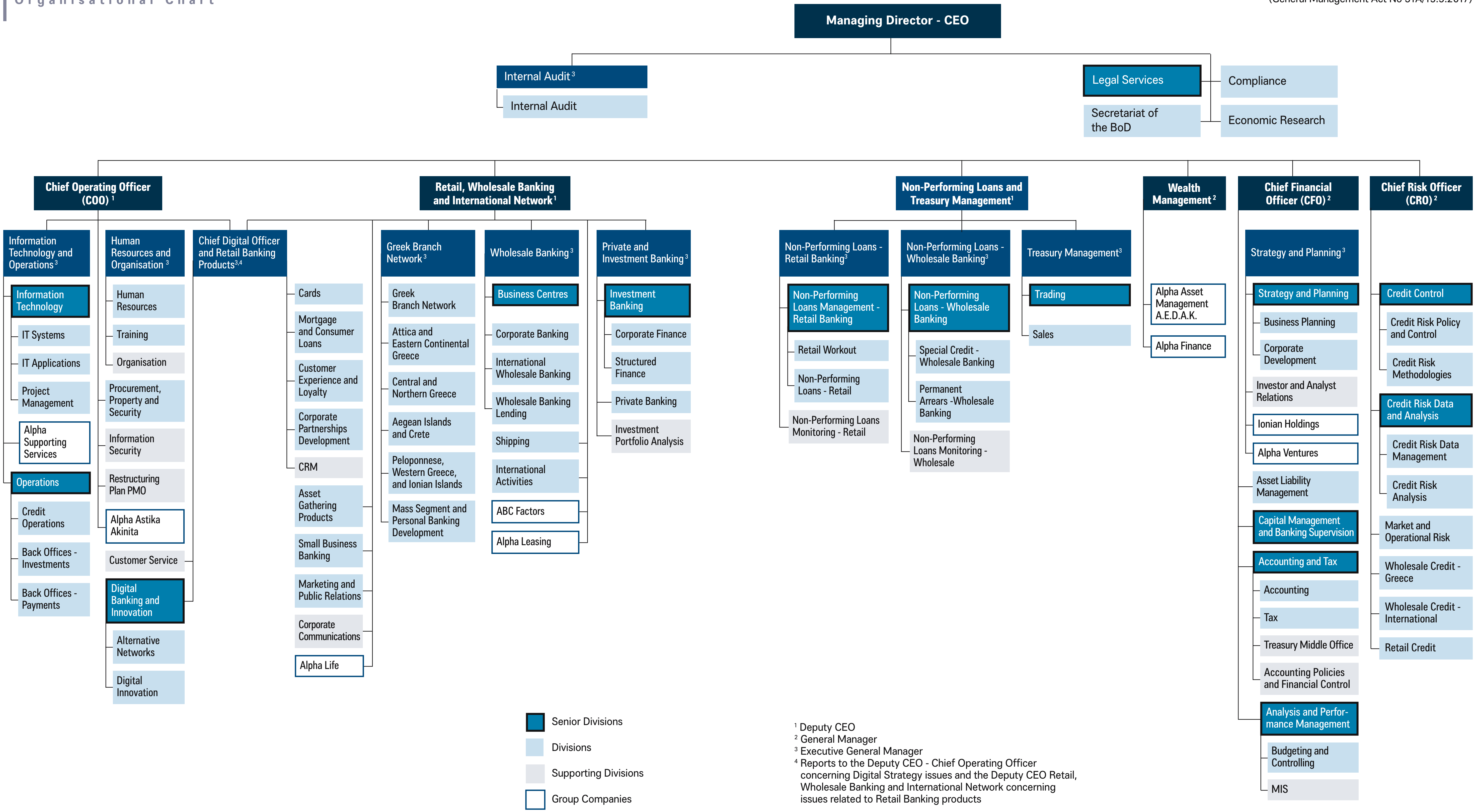
I. Information Security Policy and Planning
II. Information Security Monitoring and Assessment
III. Information Security Infrastructures and Incidents Management.

The most important activities of the Division in 2016 included the following:

1. Checking the application of the Group Information Security Framework in all Units of the Bank and the Group Companies, as well as supervising and coordinating the Information Security Officers responsible locally.
2. Supervising the action plan to correct deviations from the Group Information Security Framework for the Bank and the Group Companies.
3. Monitoring security events and alerts on a 24/7 basis and taking appropriate measures to prevent and respond to attacks.
4. Conducting security checks and introducing improvements in the security of the Group's critical systems, infrastructures and procedures.
5. Revising the Group Information Security Framework (the Information Security Risk Assessment Methodology was issued, together with new and revised technological standards).
6. Conducting Information Security Risk Assessments of systems and services in the Bank and the Group.
7. Designing and specifying security requirements in new systems and infrastructures of the Bank and the Group Companies and participating in their implementation. The following is an indicative list of related projects: Instant Payments, my Alpha wallet, centralised telephony recording infrastructure, Unified Performance Measurement System, Syscon Lending System, Alpha Mobile Trading and Electronic Library of Contracts.
8. Supporting the annual evaluation for the renewal of the Bank's certification as a Level 1 Service Provider and a Level 4 Merchant, in accordance with v3.1 of the PCI DSS International Data Security Standard.
9. Supporting the annual evaluation for the renewal of the Division's certification in accordance with the ISO/IEC 27001:2013 International Information Security Standard, for the design, development, operation, management and support of Information Security for the Alpha Bank Group.
10. Installing a specialised technology to prevent and respond to zero-day and Advanced Persistent Threats (ATPs) attacks launched via electronic mail and over the Internet.
11. Implementing an automated information classification system (Stage A: Head Office Units).
12. Implementing a secure infrastructure for remote access, using Windows tablets, to services and applications of the Bank, in order to meet off-Branch Customer requirements.
13. Replacing and/or upgrading of security infrastructures in the Bank and the Group Companies.
14. Evaluating and integrating into production, on a trial basis, the Security Information and Event Management (SIEM) system for providing centralised management and correlation of the logs generated by security mechanisms and critical systems (e.g. Active Directory, Exchange infrastructure). This system will replace the MSS currently in use, as it expands and upgrades its capabilities.
15. Installing a specialised system for the optimisation of security rules for Firewalls.
16. Evaluating and using, on a trial basis, a new Mobile Office system for the secure access of mobile devices to corporate systems such as the Alpha Bank Intranet and the central internal documents repository (SharePoint) – in progress.
17. Integrating the Siglo system into the Identity Management (IDM) System as a connected application.
18. Developing and evaluating an infrastructure for secure file sharing with third parties (POC) – in progress.
19. Redesigning the procedure and infrastructure allowing access of external associates and software developers to production data/systems – in progress.
20. Creating and operating an infrastructure for remote secure communication between the Bank's Executives or between them and Customers via videoconference (Skype for Business).
21. Creating an infrastructure for the encryption of the data stored on the central file servers of the Virtual Branch (vBranch) project (Vormetric).
22. Adding a new anti-malware mechanism to the external electronic mail infrastructure (Sophos).

Organisational Chart

Date Issued: 1.6.2017
(General Management Act No 31A/15.5.2017)



[1] Deputy CEO
[2] General Manager
[3] Executive General Manager
[4] Reports to the Deputy CEO - Chief Operating Officer concerning Digital Strategy issues and the Deputy CEO Retail, Wholesale Banking and International Network concerning issues related to Retail Banking products

08

Auditors' Report and Financial Statements

8. Auditors' Report and Financial Statements

Independent Auditors' Report
(Translated from the original in Greek)

To the Shareholders of
ALPHA BANK A.E.

Audit Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of ALPHA BANK A.E. (the "Bank"), which comprise the Consolidated Balance Sheet as of 31 December 2016 and the Consolidated Statements of Income and Comprehensive Income, Changes in Equity and Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Management is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with the International Financial Reporting Standards as adopted by the European Union and for such internal control as the Management determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing incorporated in Greek law. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position of ALPHA BANK A.E. as of 31 December 2016 and of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosures made in note 1.31.1 to the Consolidated Financial Statements, which refer to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments that could adversely affect the going concern assumption.

Report on Other Legal and Regulatory Requirements

Taking into consideration that the Management is responsible for the preparation of the Board of Directors' Report and the Corporate Governance Statement which is incorporated in this report, pursuant to the provisions of paragraph 5 of Article 2 of Law 4336/2015 (part B), we note that:

(a) The Board of Directors' Report includes a Corporate Governance Statement which provides the information set by article 43bb of C.L. 2190/1920.

(b) In our opinion, the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of articles 43a and 107a and paragraphs 1c and 1d of Article 43bb of C.L. 2190/1920 and its content corresponds with the accompanying Consolidated Financial Statements for the year that ended on 31 December 2016.

(c) (c) Based on the knowledge acquired during our audit, for ALPHA BANK A.E. and its environment, we have not identified material misstatements in the Board of Directors' Report.

Athens, 30 March 2017
KPMG Certified Auditors A.E.
AM SOEL 114

Nikolaos Vouniseas	Ioannis Achilas
Certified Auditor Accountant	Certified Auditor Accountant
AM SOEL 18701	AM SOEL 12831

Group Financial Statements as at 31.12.2016

Consolidated Income Statement

	(in Euro thousand)	
	From 1 January to	
	31.12.2016	**31.12.2015**
Interest and similar income	2,668,781	2,972,740
Interest expense and similar charges	(744,696)	(1,075,279)
Net interest income	1,924,085	1,897,461
Fee and commission income	373,667	373,791
Commission expense	(55,742)	(65,150)
Net fee and commission income	317,925	308,641
Dividend income	3,178	3,308
Gains less losses on financial transactions	84,896	(46,869)
Other income	56,988	58,329
	145,062	14,768
Total income	**2,387,072**	**2,220,870**
Staff costs	(507,853)	(519,626)
Cost/Provision for separation schemes	(31,655)	(64,300)
General administrative expenses	(510,770)	(539,563)
Depreciation and amortisation	(97,425)	(102,587)
Other expenses	(77,752)	(40,793)
Total expenses	**(1,225,455)**	**(1,266,869)**
Impairment losses and provisions to cover credit risk	(1,167,953)	(2,987,646)
Share of profit/(loss) of associates and joint ventures	(3,342)	(9,821)

The table above derives from the Annual Report as of 31.12.2016. Therefore, we recommend to the reader, to visit the website of the Bank, where the financial statements, as well as the auditor's report, are available (http://www.alpha.gr/page/default.asp?la=2&id=16175).

	(in Euro thousand)	
	From 1 January to	
	31.12.2016	**31.12.2015**
Profit/(loss) before income tax	**(9,678)**	**(2,043,466)**
Income tax	29,214	806,814
Profit/(loss) after income tax, from continuing operations	**19,536**	**(1,236,652)**
Profit /(loss) after income tax, from discontinued operations	22,766	(134,802)
Profit/(loss) after income tax	**42,302**	**(1,371,454)**
Profit/(loss) attributable to:		
Equity owners of the Bank		
- from continuing operations	19,374	(1,236,912)
- from discontinued operations	22,766	(134,802)
	42,140	**(1,371,714)**
Non-controlling interests		
- from continuing operations	162	260
Earnings/(losses) per share:		
Basic and diluted (Euro per share)	0.03	(3.56)
Basic and diluted from continuing operations (Euro per share)	0.01	(3.21)
Basic and diluted from discontinued operations (Euro per share)	0.01	(0.35)

The table above derives from the Annual Report as of 31.12.2016. Therefore, we recommend to the reader, to visit the website of the Bank, where the financial statements, as well as the auditor's report, are available (http://www.alpha.gr/page/default.asp?la=2&id=16175).

Consolidated Balance Sheet

	(in Euro thousand)	
	31.12.2016	**31.12.2015**
ASSETS		
Cash and balances with central banks	1,514,607	1,730,327
Due from banks	1,969,281	1,976,273
Trading securities	4,701	2,779
Derivative financial assets	634,323	793,015
Loans and advances to customers	44,408,760	46,186,116
Investment securities		
- Available for sale	5,217,053	5,794,484
- Held to maturity	44,999	79,709
- Loans and receivables	2,682,655	4,289,482
Investments in associates and joint ventures	21,792	45,771
Investment property	614,092	623,662
Property, plant and equipment	793,968	860,901
Goodwill and other intangible assets	371,314	345,151
Deferred tax assets	4,519,046	4,398,176
Other assets	1,450,459	1,508,633
	64,247,050	68,634,479
Assets held for sale	625,216	663,063
Total Assets	**64,872,266**	**69,297,542**
LIABILITIES		
Due to banks	19,105,577	25,115,363
Derivative financial liabilities	**1,336,227**	**1,550,529**
Due to customers (including debt securities in issue)	32,946,116	31,434,266
Debt securities in issue held by institutional investors and other borrowed funds	616,865	400,729

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	(in Euro thousand)	
	31.12.2016	**31.12.2015**
Liabilities for current income tax and other taxes	33,778	38,192
Deferred tax liabilities	21,219	20,852
Employee defined benefit obligations	91,828	108,550
Other liabilities	879,185	910,623
Provisions	321,704	298,458
	55,352,499	59,877,562
Liabilities related to assets held for sale	406,354	366,781
Total Liabilities	**55,758,853**	**60,244,343**
EQUITY		
Equity attributable to equity owners of the Bank		
Share capital	461,064	461,064
Share premium	10,790,870	10,790,870
Reserves	400,640	308,880
Amounts recognised directly in equity related to assets held for sale	(68,579)	40
Retained earnings	(2,506,711)	(2,546,885)
	9,077,284	**9,013,969**
Non-controlling interests	**20,997**	**23,998**
Hybrid securities	**15,132**	**15,232**
Total Equity	**9,113,413**	**9,053,199**
Total Liabilities and Equity	**64,872,266**	**69,297,542**

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Consolidated Statement of Comprehensive Income

	(in Euro thousand)	
	From 1 January to	
	31.12.2016	**31.12.2015**
Profit/(loss), after income tax, recognised in the Income Statement	**42,302**	**(1,371,454)**
Other comprehensive income recognised directly in Equity:		
Amounts that may be reclassified in the Income Statement		
Net change in available for sale securities reserve	93,352	214,288
Net change in cash flow hedge reserve	(55,212)	52,313
Exchange differences on translating and hedging the net investment in foreign operations	(849)	773
Net change in the share of other comprehensive income of associates and joint ventures		(547)
Income tax	(6,635)	(68,055)
Amounts that may be reclassified in the Income Statement from continuing operations	**30,656**	**198,772**
Amounts that may be reclassified in the Income Statement from discontinued operations	**(1,458)**	**1,959**
Amounts that may not be reclassified in the Income Statement from continuing operations		
Net change in actuarial gains/(losses) of defined benefit obligations	(10,694)	916
Income tax	3,100	2,130
	(7,594)	**3,046**
Amounts that may not be reclassified in the Income Statement from discontinued operations	**4**	**(4)**

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	(in Euro thousand)	
	From 1 January to	
	31.12.2016	**31.12.2015**
Total of other comprehensive income recognised directly in Equity, after income tax	**21,608**	**203,773**
Total comprehensive income for the year, after income tax	**63,910**	**(1,167,681)**
Total comprehensive income for the year attributable to:		
Equity owners of the Bank		
- from continuing operations	42,448	(1,035,109)
- from discontinued operations	21,312	(132,847)
	63,760	**(1,167,956)**
Non controlling interests		
- from continuing operations	150	275

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Consolidated Statement of Changes in Equity

(in Euro thousand)

	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Hybrid securities	Total
Balance 1.1.2015	**3,830,718**	**4,858,216**	**105,687**	**(1,142,801)**	**7,651,820**	**23,266**	**31,464**	**7,706,550**
Changes for the period 1.1- 31.12.2015								
Profit for the year, after income tax				(1,371,714)	(1,371,714)	260		(1,371,454)
Other comprehensive income recognised directly in Equity, after income tax			200,713	3,045	203,758	15		203,773
Total comprehensive income for the year, after income tax			**200,713**	**(1,368,669)**	**(1,167,956)**	**275**		**(1,167,681)**
Decrease of common shares nominal value	(3,754,104)	3,754,104						
Share capital increase paid in cash	232,825	1,319,344			1,552,169			1,552,169
Share capital increase through capitalisation of monetary claims	151,625	859,206			1,010,831			1,010,831
Share capital increase expenses, after income tax				(43,506)	(43,506)			(43,506)
Effect due to change in income tax rate for the share capital increase expenses				6,261	6,261			6,261
Purchases/sales and change of ownership interests in subsidiaries				(457)	(457)	457		
(Purchases), (redemptions)/ sales of hybrid securities, after income tax				4,807	4,807		(16,232)	(11,425)
Appropriation of reserves			2,520	(2,520)				
Balance 31.12.2015	**461,064**	**10,790,870**	**308,920**	**(2,546,885)**	**9,013,969**	**23,998**	**15,232**	**9,053,199**

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(in Euro thousand)

	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Hybrid securities	Total
Balance 1.1.2016	**461,064**	**10,790,870**	**308,920**	**(2,546,885)**	**9,013,969**	**23,998**	**15,232**	**9,053,199**
Changes for the period 1.1-31.12.2016								
Profit for the year, after income tax				42,140	42,140	162		42,302
Other comprehensive income recognised directly in Equity, after income tax			29,208	(7,588)	21,620	(12)		21,608
Total comprehensive income for the year, after income tax			**29,208**	**34,552**	**63,760**	**150**		**63,910**
Share capital increase expenses, after income tax				(689)	(689)			(689)
Purchases/sales and change of ownership interests in subsidiaries			(8,826)	8,826		(3,151)		(3,151)

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(in Euro thousand)

	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Hybrid securities	Total
(Purchases), (redemptions)/ sales of hybrid securities, after income tax				61	61		(100)	(39)
Appropriation of reserves			2,759	(2,759)				
Other				183	183			183
Balance 31.12.2016	**461,064**	**10,790,870**	**332,061**	**(2,506,711)**	**9,077,284**	**20,997**	**15,132**	**9,113,413**

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Consolidated Statement of Cash Flows

	(in Euro thousand)	
	From 1 January to	
	31.12.2016	31.12.2015
Cash flows from continuing operating activities		
Profit/(Loss) before income tax	(9,678)	(2,043,466)
Adjustments for gain/(losses) before income tax for:		
Depreciation/Impairment/Write-offs of fixed assets	101,855	92,139
Amortisation/Impairment/Write-offs of intangible assets	51,578	45,714
Impairment losses from loans, provisions and staff leaving indemnity	1,237,992	3,117,055
(Gains)/Losses from investing activities	(109,792)	75,696
(Gains)/Losses from financing activities	50,015	31,714
Share of (profit)/loss of associates and joint ventures	3,342	9,821
Other adjustments		9,529
	1,325,312	**1,338,202**
Net (increase)/decrease in assets relating to continuing operating activities:		
Due from banks	(135,041)	1,059,452
Trading securities and derivative financial assets	156,769	356,871
Loans and advances to customers	480,508	(223,026)
Other assets	82,573	(54,510)
Net increase/(decrease) in Liabilities relating to continuing operating activities:		
Due to banks	(6,004,782)	7,842,354
Derivative financial liabilities	(269,485)	(345,729)
Due to customers	1,901,458	(11,008,914)
Other liabilities	(28,180)	(230,316)
Net cash flows from continuing operating activities before taxes	**(2,490,868)**	**(1,265,616)**
Income taxes and other taxes paid	(17,391)	(40,794)
Net cash flows from continuing operating activities	**(2,508,259)**	**(1,306,410)**

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	(in Euro thousand)	
	From 1 January to	
	31.12.2016	31.12.2015
Net cash flows from discontinued operating activities	**2,697**	**(869)**
Cash flows from continuing investing activities		
Investments in associates and joint ventures	(18,655)	(12,310)
Acquisitions during the year		9,151
Amounts received from disposal of subsidiaries	76,016	15,392
Dividends received	3,178	3,308
Acquisitions of fixed and intangible assets	(186,048)	(105,553)
Disposals of fixed and intangible assets	36,537	14,270
Net (increase)/decrease in investement securities	2,093,587	7,469
Net cash flows from continuing investing activities	**2,004,615**	**(68,273)**
Net cash flows from discontinued investing activities	**(24,477)**	**33,252**
Cash flows from continuing financing activities		
Receipts of debt securities in issue and other borrowed funds	204,640	
Repayments of debt securities in issue and other borrowed funds		(9,640)
(Purchases)/sales of hybrid securities	(15)	(1,730)
Share capital increase		1,552,169
Share capital increase expenses	(970)	(61,276)
Net cash flows from continuing financing activities	**203,655**	**1,479,523**
Effect of exchange rate differences on cash and cash equivalents	(31,476)	(3,334)
Net increase/(decrease) in cash flows from continuing activities	**(331,465)**	**101,506**
Net increase/(decrease) in cash flows from discontinued activities	**(21,780)**	**32,383**
Cash and cash equivalents at the beginning of the year	**1,328,133**	**1,194,244**
Cash and cash equivalents at the end of the year	974,888	1,328,133

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Bank Financial Statements as at 31.12.2016

Income Statement

	(in Euro thousand)	
	From 1 January to	
	31.12.2016	31.12.2015
Interest and similar income	2,372,840	2,647,094
Interest expense and similar charges	(706,293)	(1,037,928)
Net interest income	1,666,547	1,609,166
Fee and commission income	320,636	313,930
Commission expense	(49,987)	(58,111)
Net fee and commission income	270,649	255,819
Dividend income	448,975	35,465
Gains less losses on financial transactions	(170,029)	(91,280)
Other income	11,494	13,345
	290,440	(42,470)
Total income	**2,227,636**	**1,822,515**
Staff costs	(400,921)	(401,781)
Provision for separation scheme		(64,300)
General administrative expenses	(417,397)	(439,498)
Depreciation and amortisation	(71,048)	(71,336)
Other expenses	(30,281)	(7,057)
Total expenses	**(919,647)**	**(983,972)**
Impairment losses and provisions to cover credit risk	(1,170,200)	(2,699,237)
Negative goodwill from the acquisition of Diners		48,237
Profit/(loss) before income tax	**137,789**	**(1,812,457)**

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	(in Euro thousand)	
	From 1 January to	
	31.12.2016	31.12.2015
Income tax	123,155	823,105
Profit/(loss) after income tax, from continuing operations	**260,944**	**(989,352)**
Profit/(loss) after income tax, from discontinued operations	(326)	(42,924)
Profit/(loss) after income tax	**260,618**	**(1,032,276)**
Earnings/(losses) per share:		
Basic and diluted (Euro per share)	0.1696	(2.6792)
Basic and diluted from continuing operations (Euro per share)	0.1698	(2.5678)
Basic and diluted from discontinued operations (Euro per share)	(0.0002)	(0.1114)

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Balance Sheet

	(in Euro thousand)	
	31.12.2016	**31.12.2015**
ASSETS		
Cash and balances with Central Banks	674,439	698,730
Due from banks	2,912,313	3,406,859
Trading securities	2,865	1,888
Derivative financial assets	644,436	794,471
Loans and advances to customers	40,261,524	41,558,014
Investment securities		
- Available for sale	4,360,047	4,890,891
- Held to maturity	9,342	2,823
- Loans and receivables	2,682,655	4,289,482
Investments in subsidiaries, associates and joint ventures	1,815,255	2,087,386
Investment property	27,836	28,813
Property, plant and equipment	675,870	691,847
Goodwill and other intangible assets	333,926	299,821
Deferred tax assets	4,477,144	4,372,486
Other assets	1,378,290	1,421,770
	60,255,942	**64,545,281**
Assets held for sale	146,631	447,601
Total Assets	**60,402,573**	**64,992,882**
LIABILITIES		
Due to banks	19,433,001	25,170,637
Derivative financial liabilities	1,337,559	1,556,555
Due to customers	29,009,979	27,733,679
Debt securities in issue and other borrowed funds	598,759	406,231

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	(in Euro thousand)	
	31.12.2016	**31.12.2015**
Liabilities of current income tax and other taxes	19,419	21,108
Employee defined benefit obligations	89,126	105,816
Other liabilities	806,500	831,557
Provisions	383,188	410,446
	51,677,531	**56,236,029**
Liabilities related to assets held for sale		338,820
Total Liabilities	**51,677,531**	**56,574,849**
EQUITY		
Share capital	461,064	461,064
Share premium	10,790,870	10,790,870
Reserves	208,187	153,631
Retained earnings	(2,735,079)	(2,987,532)
Total Equity	**8,725,042**	**8,418,033**
Total Liabilities and Equity	60,402,573	64,992,882

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Statement of Comprehensive Income

	(in Euro thousand)	
	From 1 January to	
	31.12.2016	31.12.2015
Profit/ (loss), after income tax, recognised in the Income Statement	**260,618**	**(1,032,276)**
Other comprehensive income recognised directly in Equity:		
Amounts that may be reclassified in the Income Statement		
Net change in available for sale securities reserve	133,659	67,378
Net change in cash flow hedge reserve	(57,273)	52,408
Income tax	(21,830)	(19,506)
Total amounts that may be reclassified in the Income Statement	**54,556**	**100,280**
Total amounts that will not be reclassified in the Income Statement		
Net change in actuarial gains/(losses) of defined benefit obligations	(10,529)	1,025
Income tax	3,052	2,076
	(7,477)	**3,101**
Total of other comprehensive income recognised directly in Equity, after income tax	**47,079**	**103,381**
Total comprehensive income for the year, after income tax	**307,697**	**(928,895)**
Total comprehensive income for the year, after income tax attributable to:		
Equity owners of the Bank		
- from continuing operations	308,023	(885,971)
- from discontinued operations	(326)	(42,924)

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Statement of Changes in Equity

(in Euro thousand)					
	Share capital	Share premium	Reserves	Retained earnings	Total
Balance 1.1.2015	**3,830,718**	**4,858,216**	**53,351**	**(1,921,112)**	**6,821,173**
Changes for the period 1.1 - 31.12.2015					
Profit for the year, after income tax				(1,032,276)	(1,032,276)
Other comprehensive income recognised directly in equity, after income tax			100,280	3,101	103,381
Total comprehensive income for the year, after income tax			**100,280**	**(1,029,175)**	**(928,895)**
Decrease of common shares nominal value	(3,754,104)	3,754,104			
Share capital increase paid in cash	232,825	1,319,344			1,552,169
Share capital increase through capitalisation of monetary claims	151,625	859,206			1,010,831
Share capital increase expenses, after income tax				(43,506)	(43,506)
Effect due to change of the income tax rate for share capital increase expenses				6,261	6,261
Balance 31.12.2015	**461,064**	**10,790,870**	**153,631**	**(2,987,532)**	**8,418,033**

	Share capital	Share premium	Reserves	Retained earnings	Total
Balance 1.1.2016	**461,064**	**10,790,870**	**153,631**	**(2,987,532)**	**8,418,033**
Changes for the period 1.1 - 31.12.2016					
Profit for the year, after income tax				260,618	260,618
Other comprehensive income recognised directly in equity, after income tax			54,556	(7,477)	47,079
Total comprehensive income for the year, after income tax			**54,556**	**253,141**	**307,697**
Share capital increase expenses, after income tax				(688)	(688)
Balance 31.12.2016	**461,064**	**10,790,870**	**208,187**	**(2,735,079)**	**8,725,042**

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Statement of Cash Flows

	(in Euro thousand)	
	From 1 January to	
	31.12.2016	**31.12.2015**
Cash flows from continuing operating activities		
Profit/(loss) before income tax	137,789	(1,812,457)
Adjustments for gains/(losses) before income tax for:		
Depreciation/impairment of fixed assets	42,625	34,752
Amortisation of intangible assets	39,282	38,191
Impairment losses from loans, provisions and staff leaving indemnity	1,129,237	2,790,974
Impairment of investments	307,280	25,553
Negative goodwill from the acquisition of Diners Club Greece A.E.P.P.		(48,237)
(Gains)/losses from investing activities	(503,715)	(47,664)
(Gains)/losses from financing activities	47,433	156,968
	1,199,931	**1,138,080**
Net (increase)/decrease in Assets relating to continuing operating activities:		
Due from banks	535,954	1,274,513
Trading securities and derivative financial assets	149,058	359,314
Loans and advances to customers	138,353	(1,249,681)
Other Assets	19,759	53,757
Net increase/(decrease) in liabilities relating to continuing operating activities:		
Due to banks	(5,740,787)	7,616,240
Derivative financial liabilities	(276,269)	(337,439)
Due to customers	1,272,982	(10,239,781)
Other liabilities	(14,370)	(283,609)

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	(in Euro thousand)	
	From 1 January to	
	31.12.2016	**31.12.2015**
Net cash flows from continuing operating activities before taxes	**(2,715,389)**	**(1,668,606)**
Income taxes and other taxes paid	(1,688)	(26,563)
Net cash flows from continuing operating activities	**(2,717,077)**	**(1,695,169)**
Net cash flows from discontinued operating activities	**(17,434)**	**15,340**
Cash flows from continuing investing activities		
Investments in subsidiaries, associates and joint ventures	(105,520)	(40,032)
Acquisitions of the Retail Banking operations of Citibank		10,046
Dividends received	448,975	35,751
Acquisitions of fixed and intangible assets	(98,405)	(76,678)
Disposals of fixed and intangible assets	1,285	3,163
Net (increase)/decrease in investment securities	2,211,631	(74,503)
Net cash flows from continuing investing activities	**2,457,966**	**(142,253)**
Net cash flows from discontinued investing activities	**(9,906)**	**(460)**
Cash flows from continuing financing activities		
Share capital increase		1,552,169
Share capital increase expenses	(970)	(61,276)
Repayments of debt securities in issue and other borrowed funds	168,969	(128,262)
Net cash flows from continuing financing activities	**167,999**	**1,362,631**
Effect of exchange rate differences on cash and cash equivalents	1,295	2,130
Net increase/(decrease) in cash flows from continuing activities	**(89,817)**	**(472,661)**
Net increase/(decrease) in cash flows from discontinued activities	**(27,340)**	**14,880**
Cash and cash equivalents at the beginning of the year	**765,248**	**1,223,029**
Cash and cash equivalents at the end of the year	**648,091**	**765,248**

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