ALPHA BANK

SEMI ANNUAL FINANCIAL REPORT

For the period from 1st January to 30th June 2018

(In accordance with Law 3556/2007)

Athens, 30 August 2018

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Statement by the Members of Board of Directors
(in accordance with article 5 paragraph 2 of Law 3556/2007)

To the best of our knowledge, the interim financial statements that have been prepared in accordance with the applicable International Financial Reporting Standards, give a true view of the assets, liabilities, equity and financial performance of Alpha Bank A.E. and of the group of companies included in the consolidated financial statements taken as a whole, as provided in article 5 paragraphs 3-5 of Law 3556/2007, and the Board of Directors' semi-annual management report presents fairly the information required by article 5 paragraph 6 of Law 3556/2007 and the related decisions of the Hellenic Capital Market Commission.

Athens, 30 August 2018

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR	THE DEPUTY CEO OF NON-PERFORMING LOANS AND TREASURY MANAGEMENT
VASILEIOS T. RAPANOS ID. No AI 666242	DEMETRIOS P. MANTZOUNIS ID. No I 166670	ARTEMIOS CH. THEODORIDIS ID. No AB 281969

Board of Directors' Semi Annual Management Report

THE GREEK ECONOMY

Economic activity gained momentum in Q1 2018. The economy expanded by 2.3% year-on-year, registering the highest increase since Q1 2008. This development, driven mainly by the external balance of goods and services, is a result of strong base effects, due to the weak economic performance in Q1 2017. On the other hand, private consumption was stagnant while investment fell substantially.

Regarding in particular the GDP components in Q1 2018, the following are noted:

- The external sector contributed positively to GDP growth by 3.4 percentage points, as exports of goods and services increased by 7.6% year-on-year, while imports declined by 2.8%.
- Investment excluding inventories fell significantly by 10.4% year-on-year, while investment including inventories registered a bigger fall by 12.1%, subtracting from GDP 0.9 percentage points. The fall of investment in Q1 2018 is attributed to the decline of investment in transport and equipment by 55% year-on-year. This is a result of base effects, as investment in this category had recorded a strong increase by 213% in Q1 2017. In contrast, all other categories of investment increased in Q1 2018 year-on-year.
- Private consumption decreased by a mere 0.4% year-on-year, against an increase of 0.7% year-on-year in Q1 2017, as a result of the tax hikes and the increase in the social contributions imposed on household disposable income. This development coincided with the low level of consumer confidence indicator at -51.5 units on average in H1 2018 (as the expected pension cuts weighed on consumer confidence).
- Public consumption increased marginally by 0.3% year-on-year in Q1 2018, against a fall by 3.5% in Q1 2017.

Economic activity is expected to gain momentum in the following quarters, as reflected by the evolution of the economic indicators. In particular, in H1 2018 it is noted (i) the improvement of the Economic Sentiment Indicator (ESI), with remarkable increases in all the sub-indices apart from the business confidence indicator in construction, (ii) the increase of the general volume index of retail trade and new passenger cars registrations, (iii) the increase of the house price index, by 0,5% yoy, for the first time since 2009, (iv) the increase of tourism receipts by 21.7% yoy and tourist arrivals by 16.8%, yoy, in January-May 2018, (v) the expansion of industrial and manufacturing production, (vi) the decline of unemployment rate to 19.5% in May 2018.

For 2018 and 2019, the prospects of the Greek economy appear positive. The completion of the third Economic Adjustment Programme in August 2018 is expected to boost confidence. GDP growth is estimated to increase by 2.0% and 2.3% in 2018 and 2019 respectively (Bank of Greece estimate, July 2018), mainly supported by exports, investment and, to a lesser extent, the increase in private consumption. The completion of the Programme is expected to mark the beginning of swift and sustainable growth, as the country is expected to improve significantly its position as an investment destination. The Eurogroup agreement reached concerning the Greek debt relief measures and the post-Programme surveillance framework is considered vital for the economy's return to the international markets and the country's economic convergence with the other European economies.

Attracting foreign direct investment presupposes the establishment of a business-friendly environment, the full implementation of the privatisation programme, as well as overcoming the obstacles that hinder the progress of reforms aimed at supporting the smooth functioning of the markets. Finally, the change in the fiscal adjustment mix can act as an additional catalyst for growth, through a decisive tax reform that will encompass the expansion of the tax base by limiting tax evasion, the lowering of tax rates and the simplification of the tax system.

Growth momentum, though, is likely to be affected by uncertainties regarding mainly the external environment. The Turkish lira crisis and the concerns regarding the fiscal discipline of the new Italian government has risen significantly volatility in the international markets. The

depreciation of the Turkish lira may impact Greece's external balance of goods and services. Moreover, factors that may stall the downward move of the 10year Greek government spread are associated with: (i) Greece's rating that remains four levels below the investment grade, (ii) the decision by the ECB to revoke the waiver on Greek government bonds and (iii) the possibility the Greek bonds not be included in the ECB's quantitative easing programme. The aforementioned developments are crucial, rendering critical the full commitment to the economic policy framework agreed with our partners and the implementation of the pending structural reforms and the privatizations in order to secure confidence in a insecure international environment.

In Q1 2018, Greek banks achieved profits, albeit limited. The capital adequacy of the banking system remained at a high level. On a consolidated basis, Common Equity Tier 1 (CET1) capital stood at 15.8%[1] in March 2018 and the sector's capital adequacy ratio at 16.4%[1]. The EU-wide stress test exercise conducted in Q1 2018 demonstrated that the Greek banking sector is adequately capitalised.

Liquidity conditions in the banking sector continue to improve, as the outstanding amount of the private sector deposits stood at Euro 128.0 bn in May 2018, from Euro 126 bn in March 2018, of which Euro 104.8 bn were household deposits and Euro 23.2 bn were business deposits. Total deposits in the banking system (private sector and general government deposits) amounted to Euro 142.9 bn in May 2018, registering a 10.1% increase year-on-year.[2] Regarding credit expansion, at the end of May 2018 the outstanding amount of loans to the private sector stood at Euro 179.3 bn, against Euro 180.3 bn at the end of March 2018.

The reliance of Greek banks on the Eurosystem's mechanism for emergency funding (i.e. ELA plus ECB) was further limited in H1 2018. In June 2018, this funding amounted to Euro 16.3 bn, down from Euro 66.6 bn in December 2017.

INTERNATIONAL ECONOMY

According to the latest International Monetary Fund forecasts (IMF, World Economic Outlook, July 2018), global GDP rose by 3.7% in 2017 and is expected to increase by 3.9% in 2018. The projected growth rate of world GDP is close to the long-term average rate but economic expansion in the current conjuncture is still supported by both the expansionary monetary policy and the relaxation of fiscal policy implemented in advanced economies, suggesting that growth at this level is not sustainable. Trade protectionism is already taking a toll on investor confidence and further escalation would hurt investment, job creation and living standards in general. In Q1 2018, the slowdown in GDP growth was evident in advanced economies, particularly in the Eurozone and Japan. This development is attributed to temporary factors such as unfavourable weather conditions, concerns about the outlook of international trade, and the downturn in consumer spending due to high oil prices. In general, world GDP outlook remains favourable in the short term but there are still downside risks that may hinder the upward trend of global economy.

As regards the rate of economic growth for advanced economies, the IMF estimates that in 2018 it will remain at 2.4%, as in 2017, from 1.7% in 2016.

The marked recovery in the oil price by 23.3% in 2017 – after three years of low prices – resulted in a strengthening of inflationary pressures, which were further boosted by the commodity price increase of 6.8% in 2017 (IMF, July 2018). According to the IMF, inflation in advanced economies will be around 2.2% in 2018, slightly higher than the medium-term target (2%). This has led the major central banks to start phasing out the non-conventional monetary policy measures (such as the very low or even negative interest rates, and securities purchase programmes).

The agreement to reduce the daily oil production by 1.2 million barrels in order to limit surplus supply and boost the price lasted 18 months, since on 22 June 2018 the 14 member countries of the Organization of the Petroleum Exporting Countries (OPEC) and 10 non-OPEC oil producers have decided to increase their production as of July 2018. The stance of Saudi Arabia and Russia was the catalyst for this decision. It is worth noting that in May 2018 the Brent oil price exceeded $80 per barrel for the first time since November 2014, due to growing concerns that Iran's oil exports will be curtailed due to the imposition of new sanctions on the part of the US. Uncertainty about oil production by Venezuela and Iran is crucial for the future course of the oil price. The Brent oil futures market expects an average price at $74.4 per barrel for H2 2018 and at $71.6 per barrel for 2019.

International trade in goods and services grew significantly, by 5.1% in 2017 compared with 2.2% in 2016, while it is expected to slow down and increase by 4.8% in 2018 and

[1] Bank of Greece: Monetary Policy interim Report, July 2018.

4.5% in 2019 (IMF, July 2018) due to increasing tariffs.

In the USA, the GDP growth rate is expected to increase by 2.9% in 2018 compared to 2.3% in 2017. A key factor in boosting economic activity is the tax reform, which includes measures such as a significant reduction in the corporate tax rate (from 35% to 21%) and incentives to repatriate business profits from abroad, whose combined effects are expected to drive GDP growth rates up by 1.2 percentage points cumulatively by 2020. In addition, the unemployment rate – which is around the full employment level (June: 4.0%) – has declined significantly. The above led the US Federal Reserve Bank (Fed) to two new increases in its key interest rates in March and June 2018. At the same time, the Federal Reserve Bank expects two additional interest rate hikes by the end of the year. It is clear that, despite the US-China trade tensions and geopolitical concerns, the Federal Reserve Bank is accelerating the pace of monetary policy normalisation, causing limited small spill-over effects on markets. The rise in interest rates in the United States underlines the financing problems that may arise for emerging economies.

Turkey has already entered an economic crisis with its national currency under pressure from mid-March 2018. The imposition of economic sanctions by the USA against Turkey in early August triggered further deterioration of the monetary crisis. The causes of which are focused on the pathogenies of the Turkish economy, such as double-digit inflation, large deficits in fiscal sector and in the current account ballance, along with the over-lending to the private sector, a major part of which is in foreign currency

In China, GDP increased by 6.8% year-on-year in Q1 2018 and for the current year the growth rate is expected to decline to 6.6% and to further slow down to 6.4% in 2019 (IMF, July 2018), from 6.9% in 2017. In 2018 economic adjustment continues aiming to slow down credit expansion, increase private consumption and reduce exports and government investments' contribution to growth.

In Japan, GDP declined by 0.6% year-on-year in Q1 2018, while for the current year it is expected to increase by 1.0% and to marginally decline to 0.9% in 2019 (IMF, July 2018), compared to 1.7% in 2017. It is estimated that growth in the current and next year will be driven by private consumption, foreign demand and private investment. In order to achieve the medium-term inflation target (2%), the Bank of Japan applies quantitative and qualitative monetary policy relaxation by controlling the yield curve.

In the Eurozone, the rate of GDP growth rose to 2.4% in 2017 compared to 1.8% in 2016 and is expected to decline to 2.2% in 2018, according to the IMF. The recovery is mainly driven by domestic demand, as the European Central Bank (ECB) has adopted an expansive monetary policy since June 2014, to be followed until September 2018. In particular, the deposit facility rate was negative as of June 2014 (-0.1%), falling further to -0.4% since March 2016. The ECB's negative interest rates and quantitative easing (QE) programme have substantially contributed to stimulating the real economy. However, sovereign, mortgage and corporate bond purchases have inflated the ECB's balance sheet by € 2.4 trillion since December 2014, to € 4.56 trillion in May 2018. In addition, as the ECB points out, expansionary monetary policy needs to be complemented by the necessary reforms in the labour and product markets in order to improve the competitiveness of the Eurozone, create new jobs and achieve a viable recovery. The economic recovery has led to job creation, resulting in the Eurozone unemployment rate falling to 9.1% in 2017. According to the ECB's forecasts (June 2018), the unemployment rate is expected to fall further, to 8.4% in 2018 and to 7.8% in 2019.

Finally, concerns are raised about whether the United Kingdom could reach an agreement on its preferred future trade deal with the EU.

In June 2016 the United Kingdom (UK) voted to leave the European Union (EU). During early 2017, the formal process to leave the EU was triggered and the UK government has been negotiating with the EU since this date. Negotiations are ongoing and it is not expected that a final agreement will be completed until closer to the departure date, originally expected to be March 2019, although there may be a transitional period implemented beyond this date. Alpha Bank is actively monitoring developments but at this time does not see any significant impacts on its the business in the UK. There may be longer term impacts which we cannot foresee or predict with any certainty.

Analysis of Group financial information [2]

On 30.6.2018 the total assets amounted to € 59 billion, decreased by € 1.8 billion or 3% compared to 31.12.2017. At the end of June 2018, the total Group Loans and advances to customers, before allowance for impairment

[2] According to European Securities and Markets Authority guidelines (ESMA), the definition and precise calculation of the ratios are presented in the Semi Annual Report's Appendix.

losses, amounted to € 53.7 billion, decreased by € 0.6 billion compared to 31.12.2017 (€ 54.4 billion). The allowance for impairment losses was increased by € 1.5 billion mainly due to the impact from the implementation of IFRS 9, which replaced IAS 39 from 1.1.2018. Following the above, the balance of Group Loans and advances to customers, after allowance for impairment losses, amounted to € 41.2 billion compared to € 43.3 billion on 31.12.2017.

In addition, during the first semester of 2018, the sale of part of a Non Performing and uncollaterilised retail loans portfolio as well as the sale of a Non Performing corportate loans portfolio of the Bank and its subsidiary Alpha Bank Romania S.A., were completed. These portfolios had been classified as "Held for sale".

On 30.6.2018, the balance of Group's securities amounts to € 5.6 billion, decreased by € 0.3 billion compared to 31.12.2017, as a result of the disposals of the Greek Government Bonds and Treasury Bills.

In Liability side, the total due to customers (including debt securities in issue) of the Group amounted to € 37.1 billion showing an increase compared to 31.12.2017 by € 2.2 billion or 6.2%, resulting to a loans (before allowance for impairment) to deposits ratio of 144.9%. This ratio was improved compared to 31.12.2017 when it was 155.8%, as a result of the gradual deposit inflow during the period and the controlled deleverage of customer loans.

During the first semester of 2018, covered bonds of € 0.5 billion were issued, which resulted in an increase from € 0.7 billion on 31.12.2017 to € 1.1 billion on 30.6.2018 of "Debt securities in issue held by institutional investors and other borrowed funds".

The increase in customers deposits and the issuance of covered bonds, led to the reduced dependency from the Eurosystem by € 4.3 billion, namely from € 10.2 billion to € 5.9 billion. Due to banks balance for the Group amounted to € 10 billion, decreased by € 3.2 billion or 23.99% compared to the end of prior year.

On 30.6.2018, the Group's Equity amounted to € 8.3 billion, decreased by € 1.3 billion compared to 31.12.2017, while the Common Equity Tier 1 ratio amounted to 18.4%. The decrease in Group's Equity reflects the impact from the transition to IFRS 9, which is estimated at € 1.1 billion post tax. Alpha Bank successfully concluded the Stress Test, from which it was assessed that there is no capital shortfall and therefore no capital plan was required as a result of the exercise.

Analyzing the financial performance of the first semester of 2018, Group's Profit before income tax amounted to € 103.2 million, decreased by € 71.5 million compared to the first semester of 2017, mainly due to the increased impairment losses and provisions to cover credit risk, which amounted to € 699.5 million compared to € 463.4 million, reflecting cost of risk of 233 basis points (30.6.2017: 155 basis points).

Group's profit before income tax and impairment losses amounted to € 803.3 million, increased by € 163.6 million compared to the first semester of 2017. This change is attributed to the increase of the total operating income by € 154.8 million or 12.9% and to the decrease of operating expenses by € 8.8 million or 1.6%.

In more detail, the net interest income amounted to € 902.8 million compared to € 976.1 million in the comparative period of 2017, negatively affected by the decrease in interest income of loan's portfolios due to the increased impairments recognized during the period and to the implementation of IFRS 9 on 1.1.2018. However, the decrease in funding cost by the Eurosystem had a positive effect in net interest income.

Net fee and commission income amounted to € 169 million increased by 4.6% compared to € 161.5 million at the end of first semester of 2017, positively affected by the increase of credit cards commissions income.

Gains less losses on financial transactions recorded net gain amounting to € 251.4 million, reflecting the increased gains from the disposals of the Greek Government Bonds. The Group's total operating revenue amounted to € 1,354.4 million compared to € 1,199.6 million in 2017, whereas Group's total operating expenses amounted to € 551 million compared to € 559.9 million in 2017. The expenses to revenue ratio, excluding the gains less losses on financial transactions and other nonrecurring expenses, increased by 3.3% compared to the comparative period (30.6.2018: 49.5%, 30.6.2017: 46.2%).

Following the above, Group's profit after income tax, amounted to € 12.3 million, decreased by € 37.3 million compared to 30.6.2017.

Other information

Since 2017 there were no distributable profits, in accordance with article 44a of Codified Law 2190/1920, the Bank's Ordinary General Meeting of Shareholders on 29.6.2018, decided the non-distribution of dividend to ordinary shareholders of the Bank.

Bank's branches as at 30.6.2018 were 458, out of which 457 established in Greece and 1 established in United Kingdom (London).

Risk Managemet

The Group has established a framework of thorough and discreet management of all kinds of risks, based on best practices, the supervisory requirements and also based on the common European legislation and the current system of common banking rules, principles and standards, is improving continuously over the time in order to be applied in a coherent and effective way in a daily conduct of the Bank's activities within and across the borders making effective the corporate governance of the Bank.

The main objective of the Group during the first semester of 2018 was to maintain the high quality internal corporate governance and compliance within the regulatory and supervisory provisions risk management in order to ensure the confidence in the conduct of its business activities through sound provision of suitable financial services.

Since November 2014, the Group falls within the Single Supervisory Mechanism (SSM) - the new financial supervision system which involves the European Central Bank (ECB) and the Bank of Greece -and as a major banking institution is directly supervised by the European Central Bank (ECB). The Single Supervisory Mechanism is working with the European Banking Authority (EBA), the European Parliament, the Eurogroup, the European Commission and the European Systemic Risk Board (ESRB) within their respective competences.

Moreover, since January 1st, 2014, EU Directive 2013/36/EU of the European Parliament and of the Council dated June 26, 2013 along with the EU Regulation 575/2013/EU dated June 26, 2013 ("CRD IV") are effective. The Directive and the Regulation gradually introduce the new capital adequacy framework (Basel III) of credit institutions.

In this new regulatory and supervisory risk management framework, Alpha Bank Group strengths its internal governance and its risk management strategy and redefining its business model in order to achieve full compliance within the increased regulatory requirements and the extensive guidelines. The latest ones are related to the governance of data risks, the collection of such data and their integration in the required reports of the management and supervisory authorities.

The Group's new approach constitutes of a solid foundation for the continuous redefinition of Risk Management strategy through (a) the determination of the extent to which the Bank is willing to undertake risks (risk appetite), (b) the assessment of potential impacts of activities in the development strategy by defining the risk management limits, so that the relevant decisions to combine the anticipated profitability with the potential losses and (c) the development of appropriate monitoring procedures for the implementation of this strategy through a mechanism which allocates the risk management responsibilities between the Bank units.

More specifically, the Group taking into account the nature, the scale and the complexity of its activities and risk profile, develops a risk management strategy based on the following three lines of defense, which are the key factors for its efficient operation:

- Development Units of banking and trading arrangements (host functions and handling customer requests, promotion and marketing of banking products to the public (credits, deposit products and investment facilities), and generally conduct transactions (front line), which are functionally separated from the requests approval units, confirmation, accounting and settlement.

  They constitute the first line of defense and 'ownership' of risk, which recognizes and manages risks that will arise in the course of banking business.

- Management and control risk and regulatory compliance Units, which are separated between themselves and also from the first line of defense.

  They constitute the second line of defense and their function is complementary in conducting banking business of the first line of defense in order to ensure the objectivity in decision-making process, to measure the effectiveness of these decisions in terms of risk conditions and to comply with the existing legislative and institutional framework, by involving the internal regulations and ethical standards as well as the total view and evaluation of the total exposure of the Bank and the Group to risk.

- Internal audit Units, which are separated from the first and second line of defense.

  They constitute the third line of defense, which through the audit mechanisms and procedures cover an ongoing basis of all operation of the Bank and the Group. They ensure the consistent implementation of the business strategy, by involving the risk management strategy through the true and fair implementation of the internal

policies and procedures and they contribute to the efficient and secure operation.

Credit Risk

Credit risk arises from the potential weakness of borrowers' or counterparties' to repay their debts as they arise from their loan obligations to the Group.

The primary objective of the Group's strategy for the credit risk management in order to achieve the maximization of the adjusted relative to the performance risk is the continuous, timely and systematic monitoring of the loan portfolio and the maintenance of the credit risks within the framework of acceptable overall risk limits. At the same time, the conduct of daily business within a clearly defined framework of granting credit is ensured.

The framework of the Group's credit risk management is developed based on a series of credit policy procedures, systems and measurement models by monitoring and auditing models of credit risk which are subject to an ongoing review process. This happens in order to ensure full compliance with the new institutional and regulatory framework as well as the international best practices and their adaptation to the requirements of respective economic conditions and to the nature and extent of the Group's business.

In 2017, in the context of the Bank's and subsidiaries' compliance with the new International Financial Reporting Standard (IFRS) 9, the Group carried out additional work on the development of statistical models, the updating of risk policies and methodologies and the development of appropriate IT infrastructures.

Under this perspective and with main scope to further strengthen and improve the credit risk management framework in the first semester of 2018, the following actions have been performed:

- Update of Credit Policy Manuals for Wholesale Banking and Retail Banking in Greece and abroad, taking into account the International Financial Reporting Standard (IFRS) 9, so as to ensure their proper and effective operation.
- Ongoing validation of the risk models in order to ensure their accuracy, reliability, stability and predictive power
- Alignment of the credit risk rating systems of Greece and all Group Subsidiaries abroad based on the requirements of the new International Financial Reporting Standard 9 (IFRS 9).
- Implementation of Impairment Calculation system based on the requirements of the new International Financial Reporting Standard 9 (IFRS 9).
- Development of the necessary policies, procedures and models for the adoption of the International Financial Reporting Standard (IFRS) 9 at Group level.
- Updating the Group Loan Impairment Policy, in compliance with the new evolving institutional and supervisory requirements for prudential supervision, according to the International Financial Reporting Standard (IFRS) 9 requirements.
- Updating Group Write-off Policy, in compliance with the regulatory requirements for the management of non-performing exposures, according to the International Financial Reporting Standard (IFRS) 9 requirements.
- Design and implement initiatives in order to enhance the level of automation, accuracy, comprehensiveness, quality, reconciliation and validation of data, as part of the Bank's strategic objective to a holistic approach for the development of an effective data aggregation and reporting framework, in line with BCBS 239 requirements.
- The mechanism for the submission of counterparties analytical data for legal entities, the governance structure, the operational model and quality control framework is already in place in order to meet the requirements for the monthly submission of analytical credit risk data according to the European Union regulation 2016/867 and the Bank of Greece Governor's Act 2677/19.5.2017 (AnaCredit).
- Implementation of an automated Early Warning Mechanism, according the Group's Early Warning Policy. More specifically, these procedures and actions are defined to identify borrowers or parts of the loan portfolio in time, with probability of non-serving the Group's debts, so that targeted actions at the borrower level and / or portfolios by country where the Group operates.
- Updating of Environmental and Social Risk Policy. During the credit approval process, supplementary to the credit risk assessment, the strict compliance of the principles of an environmentally and socially responsible credit facility is also examined.
- Systematic estimation and assessment of credit risk per counterparty and per sector of economic activity.

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

- Continuous upgrade of databases for performing statistical tests in the Group's credit risk rating models.
- Upgrade and automation of the aforementioned process in relation to the Wholesale and Retail banking by using specialized statistical software.
- Gradual implementation of an automatic interface of the credit risk rating systems with the central systems (core banking systems I-flex) for all Group companies abroad.
- Reinforcing the completeness and quality control mechanism of crucial fields of Wholesale and Retail Credit for monitoring, measuring and controlling of the credit risk.
- Update of the framework and policies for the management of overdue and non-performing loans, in addition to the existing obligations, which arise from the Commission Implementing Regulation 2015/227 of January 9, 2015 of the European Committee for amending Executive Committee Act (EU) No. 680/2014 of the Committee for establishing executive technical standards regarding the submission of supervisory reports by institutions in accordance with the regulation (EU) No. 575/2013 of the European Parliament and the Council and Executive Committee Act of Bank of Greece, P.E.E. 42/30.5.2014 and the amendment of this with the Executive Committee Act of Bank of Greece, P.E.E. 47/9.2.2015 and P.E.E. 102/30.8.2016, which define the framework of supervisory commitments for the management of overdue and non-performing loans from credit institutions.

  This framework develops based on the following pillars:

  a. the establishment of an independent operation management for the "Troubled assets" (Troubled Asset Committee). This is achieved by the representation of the Administrative Bodies in the Evaluation and Monitoring of Denounced Customers Committee as well as in the Arrears Councils,

  b. the establishment of a separate management strategy for these loans, and

  c. the improvement of IT systems and processes in order to comply with the required periodic reporting to management and supervisory mechanisms.

Liquidity and interest rate risk of banking portfolio

During the first semester of 2018 capital controls in the Greek banking system, which were imposed for the first time in June 29th, 2015, remain (even though slightly relaxed) resulting to the reduction of capital sources from the banking system. The amount of customer deposits at Bank level increased since December 2017. More specifically, the Bank's customer deposits increased by € 2.6 billion (6.8%) since 31.12.2017, while for the same period the customer deposits of the Greek banking sector increased by 2.4%. The Group's deposits increased by 6.2% (€ 2.17 billion) with no significant increase from the subsidiaries. The Greek Government deposits stood up to € 1.05 billion on 30.6.2018.

The improvement of the economic environment, along with the restoration of confidence in the Greek economy, are evident in interbank transactions. In the first half of 2018 there was an increase of repurchase agreement transactions amounting to € 1.1 billion at Group level.

In February 2018, the Bank successfully completed the issuance of covered bonds of amount € 0.5 billion as part of the Covered Bonds Program, while in May, the Bank also completed successfully the issuance of € 1 billion of covered bonds under the same program. These two transactions contributed the sources of funding diversification and the improvement of the Bank's liquidity, as both the Covered bonds are used in the interbank repo market.

As a result from the above developments on 30.6.2018 the Bank's financing from the Eurosystem decreased by 41.8% (€ 4.27 billion), since 31.12.2017, reaching the level of €5.9 billion, of which €2.5 billion came from the emergency funding mechanism of Bank of Greece (ELA). At the same time the Bank's Targegted Long Term refinancing operations of ECB (TLTRO II) remained stable at the level of € 3.1 billion. It needs to be mentioned that during the first six months of 2018, the ECB Governing Council decreased significantly the amount of Emergency Liquidity Assistance (ELA) to the greek banking sector by €13.9 billion, from €24.8 billion to €10.9 billion.

In the first six months of 2018, the Bank reviewed, in the context of Pillar II requirements, both Internal Capital Adequacy Assesment Process (ICAAP) and Internal Liquidity Adequacy Asssesment Process (ILAAP). During the second semester of 2018 the Recovery Plan will be reviewed, along with the senarios for liquidity stress test purposes. Also, all the Group subsidiaries will review their Contigency Funding Plans along with their Recovery Plans.

The interbank financing (short, medium to long-term) and the Early Warning Indicators of the Bank and of Group's subsidiaries are monitored on a daily basis with reports and checks in order to capture daily variations.

Due to the specifications of the Greek economy, stress tests incur frequently for liquidity purposes in order to assess potential outflows (contractual or contingent). The purpose of this process is to determine the level of the immediate liquidity which is available in order to cover the Bank's needs. These exercises are carried out in accordance with the approved Liquidity Buffer and Liquidity Stress Scenario of Group's policy.

During the first semester of 2018, the interest rate risk of the banking portfolio remained at low levels without noticing any exceeding limits. The Bank proceeds by review/update of the interest rate stress scenarios as well as meeting the requirements by the supervisory authorities. Both the volatility of the net interest income of the banking book and loans fair value has been renewed in order to examine and control the impact on short and medium-long term interest rate risk, earnings at risk and economic value of equity.

The continuous update of the Assets and Liabilities Management (ALM) system is essential for the evolution and the development of the product mix of the Bank, by taking into account the current balance sheet structure and the economic conditions. At the same time, the set-up in the AL Sendero application of the new non-maturing assets-liabilities conventions was completed after their annual review in cooperation with the Asset-Liability & Risk Model Validation Divisions.

Market, Foreign Currency and Counterparty Risk

The Group has developed a strong control environment applying policies and procedures in accordance with the regulatory framework and the international best practices in order to meet business needs incurring market and counterparty risk while limiting adverse impact on results and equity. The framework of methodologies and systems for the effective management of those risks is evolving on a continuous basis in accordance with the changing circumstances in the markets and in order to meet customer requirements.

The valuation of bonds and derivative positions are monitored on an ongoing basis. Each new position is examined for its characteristics and an appropriate valuation methodology is developed, in case it is required. On a regular basis stress tests are conducted in order to assess the impact on the results and the equity, in the markets where the Group operates. During the first quarter of 2018, the market risk internal model was audited by the SSM (Targeted Review of Internal Models) regarding the procedure, the market risk management framework and the capital requirement calculation, resulting in no material findings with impact on the market risk capital requirement calculation.

A detailed structure for trading limits, investment limits and counterparty limits have been adopted and implemented. This structure involves regular monitoring of trigger events in order to perform extra revisions. The limit usage is monitored on an ongoing basis and any limit breaches identified are reported officially.

For the mitigation of the market risk of the banking portfolio, hedging relationships are applied using derivatives and hedge effectiveness is tested on a regular basis.

During the first semester of 2018, market risk decreased. This decrease concerns the following:

- The investment position in Greek government bonds, where the credit spread volatility of the bonds decreased, while the position remained constant.
- The investment position in shares following the Bank's participation in Liability Management Exercises (LME), which decreased with gradual sales.

Operational Risk

Operational risk is the risk of loss from inadequate or failed internal processes and IT systems, people (intentionally or unintentionally) and external events. Operational risk also includes legal risk. The Group has adopted the Standardised Approach for the operational risk capital calculation and fulfils all quality requirements set therein.

During the first half of 2018 the Group continued the implementation of projects relevant to the enhancement of the risk assessment processes on Information and Communication Technology (ICT) Risk and Model Risk, within the context of the increased regulatory requirements in the specific areas.

Additionally, the Group continued the enrichment of its operational risk monitoring techniques by introducing additional Key Risk Indicators (KRIs) and improved its practices on operational risk events management and monitoring. 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. The improved risk assessment techniques on outsourcing risk that were introduced during

2017 were further enhanced and a project on the revision of the outsourcing risk assessment scorecards was initiated.

The operational risk events, the risk and control self-assessment results as well as, other operational risk issues are systematically monitored by the Bank and the Group Companies competent Operational Risk Management Committees which review the relevant information and ensure the implementation of Operational Risk mitigation measures.

Management Non Performing Exposures (NPEs) and Strategy

As a result of the Greek financial crisis started in 2009, the NPE/NPL levels increased across all business segments resulting in the deterioration of the Bank's loans portfolio.

However, in a non-conducive economic environment with a need to reform the legal framework, the Bank set as a paramount importance the effective management of NPEs, as this will lead, not only to the improvement of the Bank's financial strength but also to the release of funds towards productive business sectors and will contribute to the development of the Greek economy in general.

On the 30th of September 2016 the Bank submitted to the Single Supervisory Mechanism (SSM) the NPE/NPL targets along with the NPE Strategy Explanatory Note and the relevant Action Plan, depicting the Bank's full commitment towards the active management and reduction of NPEs over the business plan period 2016-2019. On the 29th of September 2017 the Bank submitted the updated NPE/NPL targets to the SSM including the review of the progress made in reducing NPEs/NPLs against the first year's targets, as well as the key changes to the Bank's strategy and Business Plan regarding NPEs.

During the first two years of the Business Plan the Bank managed to achieve its NPL/NPE reduction targets, despite the challenging macroeconomic environment and the presence of certain impediments in the resolution of NPEs. At the same time, the Bank's NPE Management infrastructure and Strategy have been revisited leveraging also recommendations and relevant decisions of the Bank of Greece. As a result of the said actions, the balance of NPE/NPL of the Bank as at 30.6.2018 is lower by approximatelly € 250 million compaired to the target included in the Plan.

The Bank's Troubled Assets management objective is to reduce significantly the Solo-level NPL/NPE volume as per Business Plan through the reduction of NPL/NPE stock, curtailing new NPL/NPE formation and minimizing medium term losses for the Bank.

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

- Governance, policies and operating model through increased oversight and active involvement of the Management and the BoD with clear roles and accountabilities through the relevant Comittees.
- Portfolio segmentation and analysis based on detailed execution roadmaps within a strict and defined segmentation framework under continuous review, update and improvement.
- Continuous update and creation of flexible restructuring products, which are based on debtors' repayment ability and aim at long-term viable restructurings as well as in final settlement solutions.
- Effective human resources management focusing on know how and training, which will be further improved through attracting specialized executives.
- Strategic joint venture initiatives:
  - With Cepal for Retail exposures,
  - With Pillarstone (subsidiary of the international private equity firm KKR) on the management of selected large corporate non–performing exposures
  - With doBank – in cooperation with the other Greek systemic banks – an assignment agreement had been signed for the management of Non Performing SMEs exposures of approximately € 450 million over total SME's exposures of the Greek systemic Banks of € 2 billion approximately. The aim of this common initiative of the 4 Greek systemic banks is to tackle with SMEs NPE, in cases where the banks have common exposure, in coordination and with a uniform credit policy as well as to provide common solutions.
- The development and implementation of a uniform management stratery for repossessed real estate properties, aiming at:
  - Monitoring the repossession procedure (asset on-boarding) and its assignment to the Group's subsidiary Alpha Astika Akinita A.E. or to an other appropriate asset management agency
  - Supervising and coordinating asset management and development
  - Supervising and coordinating asset commercialization.
  - Setting and monitoring appropriate Key Performance

Indicators (KPIs) for the asset management agencies (internal units and external collaborators).

The successful implementation of the Bank's NPE Strategy is affected by a number of external/ systemic factors that include – among others – the following:

- Intensification of the electronic auctions to support liquidations and serve as a credible enforcement threat to non cooperative borrowers.
- The reform of Out of Court Settlements (OCW) framework which provides an electronic platform where a quick and effective debt extrajudicial settlement/ restructuring can be achieved for businesses.
- Criminal law protection for bank officials involved in debt restructuring as long as they follow due process.
- Acceleration of L.3869 court decisions – further legislative changes that facilitate interbank cooperation in managing cases within L. 3869 framework.
- Realization of NPL Forum's outcome for the resolution of common large Corporate cases and the cooperation of the banks aiming at a joint management of SME's respectively.
- Realization of a continuously improving macroeconomic condition.

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

Capital Adequacy

According to article 5 of Law 4303/17.10.2014 as amended by article 4 of Law 4340/1.11.2015 "Recapitalization of financial institutions and other provisions of the Ministry of Finance" deferred tax assets that have been recognized and are due to the debit difference arising from the PSI and the accumulated provisions and other general losses due to credit risk, which were accounted until 30.6.2015, are converted into final and settled claims against the Greek State, in case the accounting result for the period after taxes is a loss, according to the audited and approved by the Ordinary Shareholders' General Meeting financial statements.

In accordance with the article 39 of the Regulation 575/2013 of European Parliament and of the Council of 26.6.2013 related to the requirements of supervision for banking institutions and investment companies and the amendment of (EU) Regulation 648/2012 (Capital Requirements Regulation – CRR), the above mentioned deferred tax assets that may be converted into tax credit, should be weighted with 100% instead of being deducted from regulatory capital.

On 30.6.2018, the amount of deferred tax assets which is eligible to the scope of the aforementioned Law for the Bank and the Group and is included in Common Equity Tier I amounts to € 3,271 million and constitutes 36.8%. of the Group's Common Equity Tier I and 6.8% of the respective weighted assets.

Any change in the above framework that will result in the non-recognition of deferred tax assets as a tax credit will have an adverse effect on the Bank's and Group's capital adequacy.

Organizational Structure and Corporate Governance

Since 2009 discrete units for the management of Retail and Wholesale NPLs have been established which are key pillars for the Bank. These independent Units report directly to the Bank Deputy CEO Non-Performing Loans and Treasury Management through the Executive General Managers and the Heads of each division. Moreover, they are responsible for all the areas which are related to the exposure management – such as monitoring the portfolio and the front line services.

Furthermore, the establishment of the Troubled Assets Committee (TAC) with enhanced / expanded responsibilities is a key pillar in the governance of NPEs management.

Due to the constant need of intense focus on NPE management so as to meet the ambitious SSM targets, the Bank has streamlined the monitoring functions and the management of past due exposures. Dedicated teams are in place within the Bank to monitor the evalution of a wide range of NPL-related strategies and metrics within the Bank's NPE Strategy aiming at a significant reduction of their distressed assets by the end of 2019 within a challenging environment.

At the same time the Bank is setting up an independed unit, through a specialized Alpha Bank Group company, which will undertake the development and the implementation of a uniform management strategy on repossessed real estate properties.

Prospects for the future

Bank's challenges in the medium term concern the reduction of non-performing exposures, the exploitation of new

technologies and the further reduction of costs. In particular, regarding the reduction of non-performing exposures, the Bank expects to release funds and liquidity through the implementation of its management program, while at the same time contributing to the restructuring of the business and productive sector through the reorganization of enterprises and the formation of conditions fair and fair competition.

Finally, regarding Bank's profitability, it is estimated that it will be a function of, among other factors, the course in the Greek economy as it will significantly determine the speed and cost of solving the issue of non-performing loans and the rate of the liquidity restoration in the banking system.

Transactions with related parties

According to the corresponding regulatory framework, this report must include the main transactions with related parties. All the transactions between related parties, the Bank and the Group companies, are performed in the ordinary course of business, conducted according to market conditions and are authorized by corresponding management personnel. There are no other material transactions between related parties beyond those described in the following paragraph.

A. The outstanding balances of the Group transactions with key management personnel which is composed by members of the Board of Directors and the Executive Committee of the Bank, as well as their close family members and the companies relating to them, as well as the corresponding results from those transactions are as follows:

(Amounts in thousand of Euro)

Loans and advances to customers	1.196
Due to customers	6.670
Employee defined benefit obligations	249
Letters of guarantee and approved limits	2.119
Interest and similar income	23
Fee and commission income	2
Interest expense and similar expenses	10
Fees paid to key management and close family members	1.804

B. The outstanding balances and the corresponding results of the most significant transactions of the Bank with Group companies are as follows:

i. Subsidiaries

(Amounts in thousand of Euro)

Name	Assets	Liabilities	Income	Expenses	Letters of guarantee and other guarantees
Banks					
1. Alpha Bank London Ltd	13,950	2,768	3,577	13	339
2. Alpha Bank Cyprus Ltd	32,722	103,069	1,405	347	46,453
3. Alpha Bank Romania S.A.	760,790	101,222	1,419	1,136	292,951
4. Alpha Bank Albania SH.A.	38,860	63,524	2,218	(62)	20,817
Leasing					
1. Alpha Leasing A.E.	199,945	1,548	2,809	568	10,044
2. ABC Factors A.E.	416,338	588	5,499	1,262	107,324
Investment Banking					
1. Alpha Finance A.E.P.E.Y.	437	13,058	391	206	
2. SSIF Alpha Finance Romania S.A.		2			
3. Alpha A.E. Investment Holdings		2,498	8	27	
4. Alpha A.E. Ventures Capital management – AKES		2,395	17	6	
5. Emporiki Ventures Capital Developed Markets Ltd		10,560			
6. Emporiki Ventures Capital Emerging Markets Ltd		9,367			
Asset Management					
1. Alpha Asset Management A.E.D.A.K.	2,783	29,833	10,011	187	
Insurance					
1. Alpha Insurance Agents A.E.		2,886		6	
2. Alphalife A.A.E.Z.	4,501	8,649	2,366	3,654	

(Amounts in thousand of Euro)

Name	Assets	Liabilities	Income	Expenses	Letters of guarantee and other guarantees
Real Estate and hotel					
1. Alpha Astika Akinita A.E.	711	74,027	499	2,968	
2. Emporiki Development and real Estate A.E.		820			
3. Alpha Real Estate Bulgaria E.O.O.D.				45	
4. Chardash Trading E.O.O.D.		439		5	
5. Alpha Investment Property AttikisA.E.		78			
6. Alpha Investment Property Attikis II A.E.		602			
7. Stockfort Ltd		439	112		
8. AGI-RRE Zeus S.R.L.		1,152	215	1	
9. AGI-RRE Poseidon S.R.L.		337	94		
10. AGI-BRE Participations 2 E.O.O.D.			46	19	
11. AGI-BRE Participations 2BGE.O.O.D.	8,626		142	4	
12. AGI-BRE Participations 3 E.O.O.D.			97	2	
13. AGI-BRE Participations 4 E.O.O.D.			639	(221)	
14. APE Fixed Assets A.E.		16			
15. HT-1 E.O.O.D.			4		
16. SC Carmel Residential S.R.L.		224	118		
17. AGI – RRE Cleopatra S.R.L.		227	112		
18. AGI – RRE Hera S.R.L.		940	27		
19. Alpha Investment Property Neas Kifisias A.E.		785	5		
20. Alpha Investment Property KalliroiosA.E.		703	1		
21. Alpha Investment Property LivadiasA.E.		786	12		
22. Alpha Investment Property KefalariouA.E.		93			
23. Ashtrom Residents S.R.L.		165	129		
24. Cubic Center Development S.A.		176	258	86	
25. Alpha Investment Property Neas Erythreas A.E.	1,650	216	23		
26. Alpha Investment Property ChanionA.E.		420			
27. AGI SRE Participations 1 DOO	27,563		269		5,000
28. Alpha Investment Property SpatonA.E.		995	34		
29. TH TOP Hotels SRL				(138)	
30. Alpha Investment Property Kallitheas A.E.	1,368	1,370	18	(35)	
31. AGI - RRE Participations 1 SRL		142			
32. Romfelt Real Estate SA		22			
33. SC Cordia Residence Srl		51			
34. Alpha Investment Property Hrakleiou A.E.		24			
Special purpose and holding entities					
1. Alpha Credit Group Plc		8,928			
2. Alpha Group Jersey Ltd	40	15,289			15,542
3. Alpha Group Investments Ltd		69,548		4	
4. Ionian Holdings A.E.		342,300		940	
5. Ionian Equity Participations Ltd		2,012			
6. Emporiki Group Finance Plc		1,185			
7. AGI – RRE Participations 1 Ltd		2,002		2	
8. Alpha Group Ltd		26,458			
9. Katanalotika Plc	1,185				
10. Epihiro Plc	0	1,259			
11. Irida Plc	401,656	110,848	16		
12. Pisti 2010-1 Plc		142			
13. Alpha Shipping Finance Ltd	4	255,781	3,219	9,381	

(Amounts in thousand of Euro)

Name	Assets	Liabilities	Income	Expenses	Letters of guarantee and other guarantees
Special purpose and holding entities (continue)					
14. Umera Ltd	405,147	30,929	3,266	1,301	779
15. AGI-RRE Poseidon Ltd		5,604	286		
16. AGI-BRE Participations 4 Ltd			15		
17. AGI-RRE Artemis Ltd		19	13		
18. Zerelda Ltd		998			
19. AGI-Cypre Ermis Ltd	782,046	11,143	8,985	486	622
20. AGI-CYPRE ALAMINOS Ltd			20		
21. AGI-CYPRE TOCHINI Ltd		9	3		
22. AGI-CYPRE MAZOTOS Ltd			18		
23. Alpha Proodos DAC	15	178,443	30	2,538	
24. AGI-CYPRE Evagoras Ltd		10			
25. AGI-RRE Hermes Ltd		3			
26. Asmita Gardens Srl		463			
Other					
1. KafeAlpha A.E.		355	9	159	
2. Alpha Supporting Service A.E.	525	34,286	373	2,157	
3. Real Car Rental A.E.		23			
4. Emporiki Management A.E.	22	1,715	31		
5. Alpha Bank Notification Services A.E.	135	2,078	315	2,429	

ii. Joint ventures

(Amounts in thousand of Euro)

Name	Assets	Liabilities	Income	Expenses	Letters of guarantee and other guarantees
1. APE Commercial Property A.E.		16,531	1	2	
2. APE Investment Property A.E.		6,563	992		
3. Alpha TANEO A.K.E.S.		60			
4. Rosequeens Properties S.R.L.	7,313		2,088		

iii. Associates

(Amounts in thousand of Euro)

Name	Assets	Liabilities	Income	Expenses	Letters of guarantee and other guarantees
1. AEDEP Thessalias and Stereas Ellados		182			
2. Banking Information Systems A.E.		87			
3. Olganos A.E.	1,286		345		
4. Alpha Investment Property Eleona A.E.	51,187	124	526		
5. Cepal Hellas Holdings A.E (ex Actua Hellas Holdings S.A.)	2,236	11,021	34	6,109	
6. Alpha Investment Property I A.E.		9,546	52	7	

Total	**3,163,041**	**1,583,160**	**53,211**	**35,601**	**499,871**

C. Other related party transactions

The outstanding balances and the corresponding results are analyzed as follows:

(Amounts in thousand of Euro

	Assets	Liabilities	Income	Expenses	Letters of guarantee and other guarantees
Employee Supplementary Funds - TAP		7			
Hellenic Financial Stability Fund - HFSF			6		

Athens, 30 August 2018

THE CHAIRMAN
OF THE BOARD OF DIRECTORS

VASILEIOS T. RAPANOS
ID No AI 666242

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TRANSLATION

REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

To the Shareholders of ALPHA BANK A.E.

Introduction

We have reviewed the accompanying condensed separate and consolidated balance sheet of the Bank and the Group of ALPHA BANK A.E. (the "Group") as of 30 June 2018 and the related condensed separate and consolidated statements of income and comprehensive income, changes in equity and cash flows for the six-month period then ended, as well as the selected explanatory notes, which together comprise the condensed interim financial information and which represent an integral part of the six month financial report provided under Law 3556/2007. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union and applicable to Interim Financial Reporting (International Accounting Standard "IAS" 34). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 "Review of interim financial information performed by the independent auditor of the entity". The review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on Other Legal and Regulatory Requirements

Our review has not revealed any inconsistency or discrepancy in the content of the other information in the six month financial report provided under article 5 of Law 3556/2007 when compared to the accompanying condensed interim financial information.

Athens, 30 August 2018

The Certified Public Accountant

Alexandra B. Kostara
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"Koimtzoglou-Leventis & Associates Law Partnership" ("KL Law Firm") is a Greek law partnership qualified to provide legal services and advice in Greece.

Co.Reg. No: 001223601000

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Interim Consolidated Financial Statements as at 30.6.2018

ALPHA BANK

Interim Consolidated Income Statement

(Amounts in thousands of Euro)

	Note	FROM 1 JANUARY TO		FROM 1 APRIL TO	
		30.6.2018	30.6.2017	30.6.2018	30.6.2017
Interest and similar income		1,166,305	1,271,758	578,978	639,647
Interest expense and similar charges		(263,497)	(295,653)	(119,985)	(146,042)
Net interest income	2	902,808	976,105	458,993	493,605
Fee and commission income	3	197,731	192,141	104,349	104,584
Commission expense		(28,758)	(30,623)	(19,748)	(18,796)
Net fee and commission income		168,973	161,518	84,601	85,788
Dividend income		626	530	584	499
Gain less losses on derecognizing financial assets measured at amortised cost		12,219		(407)	
Gains less losses on financial transactions	4	251,380	40,743	77,913	7,254
Other income		18,380	20,716	10,058	10,591
Total other income		282,605	61,989	88,148	18,344
Total income		**1,354,386**	**1,199,612**	**631,742**	**597,737**
Staff costs		(234,073)	(236,541)	(117,653)	(119,390)
General administrative expenses	5	(255,911)	(261,081)	(129,644)	(129,735)
Depreciation and amortization		(50,119)	(50,008)	(25,062)	(24,615)
Other expenses		(10,943)	(12,219)	(8,379)	(6,883)
Total expenses before impairment losses and provisions to cover credit risk		**(551,046)**	**(559,849)**	**(280,738)**	**(280,623)**
Impairment losses and provisions to cover credit risk	6, 7	(699,500)	(463,396)	(356,781)	(216,637)
Share of profit/(loss) of associates and joint ventures		(623)	(1,612)	(339)	(1,015)
Profit/(loss) before income tax		**103,217**	**174,755**	**(6,116)**	**99,462**
Income Tax	8	(90,954)	(56,768)	(46,817)	(28,719)
Profit/(loss) after income tax, from continuing operations		**12,263**	**117,987**	**(52,933)**	**70,743**
Profit /(loss) after income tax, from discontinued operations		-	(68,457)	-	(69,367)
Profit/(loss) after income tax		**12,263**	**49,530**	**(52,933)**	**1,376**
Profit/(loss) attributable to:					
Equity owners of the Bank					
- from continuing operations		12,343	118,027	(52,905)	70,805
- from discontinued operations	31	-	(68,457)	-	(69,367)
		12,343	**49,570**	**(52,905)**	**1,438**
Non-controlling interests					
- from continuing operations		(80)	(40)	(28)	(62)
Earnings/(losses) per share:					
Basic and diluted (€per share)	9	0.01	0.03	(0.03)	0.00
Basic and diluted from continuing operations (€per share)	9	0.01	0.08	(0.03)	0.05
Basic and diluted from discontinued operations (€per share)	9	-	(0.04)	-	(0.04)

The attached notes (pages 31 - 118) form an integral part of these interim consolidated financial statements

Interim Consolidated Balance Sheet

(Amounts in thousands of Euro)

	Note	30.6.2018	31.12.2017
Assets			
Cash and balances with central banks		1,864,007	1,593,850
Due from banks	10	1,698,916	1,715,649
Trading securities	12	13,953	8,685
Derivative financial assets		715,280	622,536
Loans and advances to customers	11	41,206,746	43,318,193
Investment securities	12		
- Measured at fair value through other comprehensive income		5,540,609	
- Measured at fair value through profit or loss		42,837	
- Available for sale			5,873,768
- Held to maturity			10,870
Investments in associates and joint ventures		18,160	18,886
Investment property	13	569,731	577,112
Property, plant and equipment	14	727,348	735,250
Goodwill and other intangible assets	15	404,595	389,809
Deferred tax assets		4,734,666	4,330,602
Other assets		1,370,917	1,328,838
		58,907,765	60,524,048
Assets held for sale	31	105,110	288,977
Total Assets		**59,012,875**	**60,813,025**
LIABILITIES			
Due to banks	16	9,989,508	13,141,531
Derivative financial liabilities		1,107,501	1,029,421
Due to customers (including debt securities in issue)		37,058,666	34,890,436
Debt securities in issue held by institutional investors and other borrowed funds	17	1,050,779	655,567
Liabilities for current income tax and other taxes		43,563	42,761
Deferred tax liabilities		20,956	24,997
Employee defined benefit obligations		93,489	92,038
Other liabilities		803,930	867,921
Provisions	18	550,457	441,240
		50,718,849	51,185,912
Liabilities related to assets held for sale	31	476	422
Total Liabilities		**50,719,325**	**51,186,334**
EQUITY			
Equity attributable to equity owners of the Bank			
Share capital	19	463,110	463,110
Share premium		10,801,029	10,801,029
Reserves		642,571	809,073
Amounts recognized directly in equity related to assets held for sale		-	(122)
Retained earnings	19	(3,656,919)	(2,490,040)
		8,249,791	9,583,050
Non-controlling interests		**28,652**	**28,534**
Hybrid securities	20	**15,107**	**15,107**
Total Equity		**8,293,550**	**9,626,691**
Total Liabilities and Equity		**59,012,875**	**60,813,025**

The attached notes (pages 31 - 118) form an integral part of these interim consolidated financial statements

Interim Consolidated Statement of Comprehensive Income

(Amounts in thousands of Euro)

	Note	FROM 1 JANUARY TO 30.6.2018	FROM 1 JANUARY TO 30.6.2017	FROM 1 APRIL TO 30.6.2018	FROM 1 APRIL TO 30.6.2017
Profit/(loss), after income tax, recognized in the Income Statement		**12,263**	**49,530**	**(52,933)**	**1,376**
Other comprehensive income					
Amounts that may be reclassified to the Income Statement					
Net change in available for sale securities reserve		-	236,380	-	208,168
Net change in securities reserves measured at fair value through other comprehensive income		(296,517)	-	(44,209)	-
Net change in cash flow hedge reserve		(1,453)	50,608	(5,125)	25,193
Exchange differences on translating and hedging the net investment in foreign operations		9,926	1,737	1,095	2,331
Income tax	8	83,678	(82,682)	13,255	(66,560)
Amounts that may be reclassified in the Income Statement from continuing operations		**(204,366)**	**206,043**	**(34,984)**	**169,132**
Amounts that may be reclassified in the Income Statement from discontinued operations	31	**-**	**68,457**	**-**	**69,367**
Amounts that will not be reclassified in the Income Statement from continuing operations					
Net change in actuarial gains/(losses) of defined benefit obligations		123	4	-	29
Gains/losses from shares measured at fair value through other comprehensive income		2,282		6,336	
Income tax	8	(851)	(1)	(1,253)	(9)
		1,554	**3**	**5,083**	**20**
Total of other comprehensive income		**(202,812)**	**274,503**	**(29,901)**	**238,519**
Total comprehensive income for the period, after income tax		**(190,549)**	**324,033**	**(82,834)**	**239,895**
Total comprehensive income for the period attributable to:					
Equity owners of the Bank					
- from continuing operations		(190,469)	324,081	(82,805)	239,911
- from discontinued operations			-	-	-
		(190,469)	**324,081**	**(82,805)**	**239,911**
Non controlling interests					
- from continuing operations		(80)	(48)	(29)	(16)

The attached notes (pages 31 - 118) form an integral part of these interim consolidated financial statements

Interim Consolidated Statement of Changes in Equity

(Amounts in thousands of Euro)

	Note	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Hybrid securities	Total
Balance 1.1.2017		**461,064**	**10,790,870**	**332,061**	**(2,506,711)**	**9,077,284**	**20,997**	**15,132**	**9,113,413**
Changes for the period 1.1 - 30.6.2017									
Profit/(loss) for the period, after income tax					49,570	49,570	(40)		49,530
Other comprehensive income after income tax				274,508	3	274,511	(8)		274,503
Total comprehensive income for the period, after income tax				**274,508**	**49,573**	**324,081**	**(48)**	**-**	**324,033**
Share capital increase expenses, after income tax					(384)	(384)			(384)
Conversion of convertible bond loan into shares		2,046	10,159			12,205			12,205
Distribution of dividends						-	(7)		(7)
(Purchases)/sales and change of ownership interests in subsidiaries						-	8,234		8,234
Appropriation of reserves				1,408	(1,408)	-			-
Other					(149)	(149)			(149)
Balance 30.6.2017		**463,110**	**10,801,029**	**607,977**	**(2,459,079)**	**9,413,037**	**29,176**	**15,132**	**9,457,345**
Changes for the period 1.7 - 31.12.2017									
Profit/(loss) for the period, after income tax					(28,499)	(28,499)	21		(28,478)
Other comprehensive income after income tax				198,597	(30)	198,567	3		198,570
Total comprehensive income for the period, after income tax		**-**	**-**	**198,597**	**(28,529)**	**170,068**	**24**	**-**	**170,092**
Share capital increase expenses, after income tax					(176)	(176)			(176)
Distribution of dividends						-	7		7
(Purchases)/sales and change of ownership interests in subsidiaries and subsidiaries' share capital increases					(26)	(26)	(673)		(699)
(Purchases), (redemptions)/sales of hybrid securities, after income tax								(25)	(25)
Appropriation of reserves				2,377	(2,377)	-			-
Other					147	147			147
Balance 31.12.2017		**463,110**	**10,801,029**	**808,951**	**(2,490,040)**	**9,583,050**	**28,534**	**15,107**	**9,626,691**

The attached notes (pages 31 - 118) form an integral part of these interim consolidated financial statements

(Amounts in thousands of Euro)

	Note	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Hybrid securities	Total
Balance 31.12.2017		463,110	10,801,029	808,951	(2,490,040)	9,583,050	28,534	15,107	9,626,691
Impact from the implementation of IFRS 9 as at 1.1.2018	27			37,059	(1,179,336)	(1,142,277)			(1,142,277)
Balance 1.1.2018		463,110	10,801,029	846,010	(3,669,376)	8,440,773	28,534	15,107	8,484,414
Changes for the period 1.1 - 30.6.2018									
Profit for the period, after income tax					12,343	12,343	(80)		12,263
Other comprehensive income after income tax				(204,366)	1,554	(202,812)	-		(202,812)
Total comprehensive income for the period, after income tax		-	-	(204,366)	13,897	(190,469)	(80)	-	(190,549)
(Purchases)/sales and change of ownership interests in subsidiaries and subsidiaries' share capital increases					(198)	(198)	198		-
Appropriation of reserves				927	(927)	-			-
Other					(315)	(315)			(315)
Balance 30.6.2018		463,110	10,801,029	642,571	(3,656,919)	8,249,791	28,652	15,107	8,293,550

The attached notes (pages 31 - 118) form an integral part of these interim consolidated financial statements

Interim Consolidated Statement of Cash Flows

(Amounts in thousands of Euro)

		FROM 1 JANUARY TO	
	Note	30.6.2018	30.6.2017*
Cash flows from continuing operating activities			
Profit before income tax		103,217	174,755
Adjustments for gain/(losses) before income tax for:			
Depreciation/impairment/write-offs of fixed assets		31,427	27,547
Amortization/impairment/write-offs of intangible assets		26,392	26,832
Impairment losses on financial assets an other provisions		656,075	507,345
Valuation of financial assets measured at fair value through profit or loss		15,900	
(Gains)/losses from loans' disposals		(10,169)	
Results from investing activities		(342,757)	(105,389)
Results from financing activities		19,605	(10,826)
Share of losses of associates and joint ventures		623	1,612
		500,313	**621,876**
Net (increase)/decrease in assets relating to continuing operating activities:			
Due from banks		(148,296)	326,838
Trading securities and derivative financial assets		(91,517)	62,346
Loans and advances to customers		(7,218)	201,411
Other assets		119,236	28,723
Net increase/(decrease) in liabilities relating to continuing operating activities:			
Due to banks		(3,152,023)	(1,889,517)
Derivative financial liabilities		77,050	(149,477)
Due to customers		2,172,280	177,289
Other liabilities		(79,924)	(123,805)
Net cash flows from continuing operating activities before taxes		**(610,099)**	**(744,316)**
Income taxes and other taxes paid		(23,801)	(16,322)
Net cash flows from continuing operating activities		**(633,900)**	**(760,638)**
Net cash flows from discontinued operating activities		-	**7,010**
Cash flows from continuing investing activities			
Investments in associates and joint ventures		29	(8,418)
Amounts received from disposal of subsidiaries			53,100
Dividends received		626	530
Acquisitions of fixed and intangible assets	13, 14, 15	(67,589)	(79,033)
Disposals of fixed and intangible assets		24,932	23,491
Interest received on investment portfolio securities		31,563	97,383
Purchases of Greek State treasury bills		(1,326,801)	(1,770,396)
Disposals / maturity of Greek State treasury bills		1,633,447	1,877,348
Purchases of investment securities (excluding Greek State treasury bills)		(1,990,248)	(1,211,997)
Disposals / maturity of investment securities (excluding Greek State treasury bills)		2,113,238	1,730,747
Net cash flows from continuing investing activities		**419,198**	**712,755**
Net cash flows from discontinued investing activities		-	**(52,684)**
Cash flows from continuing financing activities			
Receipts of debt securities in issue and other borrowed funds		498,183	
Repayments of debt securities in issue and other borrowed funds		(157,201)	(94,676)
Interest repayments of debt securities in issue and other borrowed funds		(8,646)	(5,362)
Share capital increase expenses			(463)
Net cash flows from continuing financing activities		**332,336**	**(100,501)**
Effect of exchange rate differences on cash and cash equivalents		6,775	(319)
Net increase/(decrease) in cash flows from continuing activities		**124,409**	**(148,703)**
Net increase/(decrease) in cash flows from discontinued activities		-	**(45,674)**
Cash and cash equivalents at the beginning of the period		**1,260,833**	**974,888**
Cash and cash equivalents at the end of the period		**1,385,242**	**780,511**

* The figures of the Interim Consolidated Statement of Cash Flows of the comparative period have been restated for comparability reasons (note 33).

The attached notes (pages 31 - 118) form an integral part of these interim consolidated financial statements

Notes to the Interim Consolidanted Financial Statements

GENERAL INFORMATION

The Alpha Bank Group, which includes companies in Greece and abroad, offers the following services: corporate and retail banking, financial services, investment banking and brokerage services, insurance services, real estate management, hotel services.

The parent company of the Group is Alpha Bank A.E. which operates under the brand name Alpha Bank. The Bank's registered office is 40 Stadiou Street, Athens and is listed in the General Commercial Register with registration number 223701000 (ex. societe anonyme registration number 6066/06/B/86/05). The Bank's duration is until 2100 but may be extended by the General Meeting of Shareholders.

In accordance with article 4 of the Articles of Incorporation, the Bank's objective is to engage, on its own account or on

behalf of third parties, in Greece and abroad, independently or collectively, including joint ventures with third parties, in any and all (main and secondary) operations, activities, transactions and services allowed to credit institutions, in conformity with whatever rules and regulations (domestic, community, foreign) may be in force each time. In order to serve this objective, the Bank may perform any kind of action, operation or transaction which, directly or indirectly, is pertinent, complementary or auxiliary to the purposes mentioned above.

The tenure of the Board of Directors which was elected by the Ordinary General Meeting of Shareholders on 29.6.2018, expires in 2022.

The Board of Directors as at 30 June 2018, consists of:

CHAIRMAN (Non Executive Member)
Vasileios T. Rapanos

EXECUTIVE MEMBERS

MANAGING DIRECTOR
Demetrios P. Mantzounis

DEPUTY MANAGING DIRECTORS
Spyros N. Filaretos
Artemios Ch. Theodoridis
George C. Aronis

NON-EXECUTIVE MEMBER
Efthimios O. Vidalis */**/****

NON-EXECUTIVE INDEPENDENT MEMBERS
Jean L. Cheval */**/****
Ibrahim S. Dabdoub **/****
Carolyn Adele G. Dittmeier */***
Richard R. Gildea **/***
Shahzad A. Shahbaz ****
Jan Oscar A. Vanhevel */***

NON-EXECUTIVE MEMBER
(in accordance with the requirements of Law 3864/2010)
Johannes Herman Frederik G. Umbgrove */**/***/****

SECRETARY
George P. Triantafyllides

The Bank's shares are listed in the Athens Stock Exchange since 1925 and are included among the companies with the higher market capitalization. Additionally, the Bank's share is included in a series of international indices, such as the MSCI Emerging Markets Index,the MSCI Greece, the FTSE All World and the FTSE4Good Emerging Index.

* Member of the Audit Committee
** Member of the Remuneration Committee
*** Member of the Risk Management Committee
**** Member of Corporate Governance and Nominations Committee

Apart from the Greek listing, the shares of the Bank are traded over the counter in New York (ADRs).

Total ordinary shares in issue as at 29 June 2018 were 1,543,699,381. In Athens Stock Exchange are traded 1,374,525,214 ordinary shares of the Bank, while the Hellenic Financial Stability Fund ("HFSF") possesses the remaining 169,174,167 ordinary, registered, voting, paperless shares or percentage equal to 10.96% on the total of ordinary shares issued by the Bank. The exercise of the voting rights for the shares of HFSF is subject to restrictions according to the article 7a of Law 3864/2010.

During the first quarter of 2018, the average daily volume per session for shares was € 8,797,732.

The credit rating of the Bank performed by three international credit rating agencies is as follows:

- Moody's: Caa2
- Fitch Ratings: RD
- Standard & Poor's: CCC+ (B- since 3.7.2018)

It is noted that according to No.8/754/14.4.2016 decision of the Hellenic Capital Market Commission Board of Directors with subject "Special Topics for Periodic Reporting according to Law 3556/30.4.2007", the obligation to publish Data and Information arising from the quarterly and half-yearly financial statements, as previously stated by the No.4/507/28.4.2009 decision of the Hellenic Capital Market Commission Board of Directors, was abolished.

The financial statements have been approved by the Board of Directors on 30 August 2018.

ACCOUNTING POLICIES APPLIED

1.1 Basis of presentation

The Group has prepared the condensed interim financial statements as at 30.6.2018 in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as it has been adopted by the European Union.

The condensed financial statements have been prepared on the historical cost basis. However, some assets and liabilities are measured at fair value. Those assets are mainly the following:

- Securities held for trading
- Derivative financial instruments
- Loans and advances to customers measured at fair value through profit or loss (applicable to the current reporting period)
- Investment securities measured at fair value through other comprehensive income (applicable to the current reporting period)
- Available for sale securities (applicable to 2017)
- Investment securities measured at fair value through profit or loss (applicable to the current reporting period)
- The convertible bond issued by the Bank which, until its conversion into shares that took place in the first quarter of the preceding year, was included in "Debt securities in issue held by institutional investors and other borrowed funds".

The financial statements are presented in Euro, rounded to the nearest thousand, unless otherwise indicated.

The accounting policies applied by the Group in preparing the condensed interim financial statements are consistent with those stated in the published financial statements for the year ended on 31.12.2017. It is noted, however, that the adoption of IFRS 9 resulted in significant modifications to the accounting policies for financial assets and liabilities. Those accounting policies, which are applicable from 1.1.2018, are presented in note 1.2. Comparative information for 2017 was not restated, as permitted by IFRS 9. In addition, the accounting policies applied in the current reporting period took into account the following new standards and amendments to standards as well as IFRIC 22 which were issued by the International Accounting Standards Board (IASB), adopted by the European Union and applied on 1.1.2018:

▸ **Amendment to International Financial Reporting Standard 2 "Share-based Payment":** Classification and Measurement of Share-based Payment Transactions (Regulation 2018/289/26.2.2018)

On 20.6.2016 the International Accounting Standards Board issued an amendment to IFRS 2 with which the following were clarified:

- in estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions shall follow the same approach as for equity-settled share-based payments,
- where tax law requires an entity to withhold a specified amount of tax (that constitutes a tax obligation of the employee) that relates to share-based payments and shall be remitted to the tax authority, such an arrangement shall be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature,
- if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification.

The above amendment had no impact on the financial statements of the Group.

▸ **Amendment to International Financial Reporting Standard 4** "Insurance Contracts": applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Regulation 2017/1988/3.11.2017)

On 12.9.2016 the International Accounting Standards Board issued an amendment to IFRS 4 with which:

- It provides insurers, whose activities are predominantly connected with insurance, with a temporary exemption from application of IFRS 9 until 1.1.2021 and
- following full adoption of IFRS 9 and until applying IFRS 17, it gives all entities with insurance contracts the option to present changes in fair value on qualifying designated financial assets in other comprehensive income instead of profit or loss.

The above amendment had no impact on Group's financial statements since the Group did not make use of the above exceptions to the application of IFRS 9.

▸ **International Financial Reporting Standard 9** "Financial Instruments" (Regulation 2016/2067/22.11.2016)

On 24.7.2014, the International Accounting Standards Board completed the issuance of the final text of IFRS 9 "Financial Instruments", which replaces the existing IAS 39. The new standard provides for significant differentiations in the classification and measurement of financial instruments as well as in hedge accounting. An indication of the new requirements is presented below:

Classification and measurement

Financial instruments shall be classified, after initial recognition, at either amortized cost or at fair value. The criteria that should be considered for the initial classification of the financial assets are the following:

i. The entity's business model for managing the financial assets. Three categories of Business Models are defined:
   - Hold to collect contractual cash flows
   - Hold to collect and sell
   - Other

and

ii. The contractual cash flow characteristics of the financial assets.

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the instrument is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

If an instrument meets the above criteria but is held with the objective of both selling and collecting contractual cash flows it shall be classified as measured at fair value through other comprehensive income.

Financial assets that are not included in any of the above two categories are mandatorily measured at fair value though profit or loss.

In addition, IFRS 9 permits, at initial recognition, equity instruments to be classified at fair value through other comprehensive income. The option precludes equity instruments held for trading. Moreover, with regards to embedded derivatives, if the hybrid contact contains a host that is within the scope of IFRS 9, the embedded derivative shall not be separated and the accounting treatment of the hybrid contact should be based on the above requirements for the classification of the financial instruments.

With regards to the financial liabilities, the main difference is that the change in the fair value of a financial liability initially designated at fair value through profit or loss shall be recognised in profit or loss with the exception of the effect of change in the liability's credit risk which shall be recognised directly in other comprehensive income.

Impairment

Contrary to IAS 39, under which an entity recognizes only incurred credit losses, the new standard requires the recognition of expected credit losses. In particular, on initial recognition of an asset, 12-month expected credit losses are recognized.

However, in case the credit risk of the issuers has increased significantly since initial recognition as well as in cases of purchased or originated credit impaired assets lifetime expected credit losses are recognized.

Hedging

The new requirements for hedge accounting are more aligned with the entity's risk management. The main changes in relation to the current requirements of IAS 39 are summarized below:

- more items become eligible for participating in a hedging relationship either as hedging instruments or as hedged items,
- the requirement for hedge effectiveness tests to be within the range of 80%-125% is removed. Hedge effectiveness test is performed progressively only and under certain circumstances a qualitative assessment is considered adequate,
- in case that a hedging relationship ceases to be effective but the objective of risk management regarding the hedging relationship remains the same, the entity shall rebalance the hedging relationship in order to satisfy the hedge effectiveness criteria.

It is noted that the new requirements for hedge accounting do not include those that relate to macro hedging, since they have not been finalized yet.

Except for the aforementioned modifications, the issuance of IFRS 9 has resulted in the amendment to other standards and mainly to IFRS 7 where new disclosures were added.

The impact from the application of IFRS 9 to the Interim Consolidated Financial Statements is presented in note 27.

▸ **International Financial Reporting Standard 15** "Revenue from Contracts with Customers" (Regulation 2016/1905/22.9.2016) and **Amendment to International Financial Reporting Standard 15** "Revenue from Contracts with Customers": Clarifications to IFRS 15 Revenue from Contracts with Customers (Regulation 2017/1987/31.10.2017)

IFRS 15 "Revenue from Contracts with Customers" was issued on 28.5.2014 by the International Accounting Standards Board. The new standard is the outcome of a joint project by the IASB and the Financial Accounting Standards Board (FASB) to develop common requirements as far as the revenue recognition principles are concerned.

The new standard shall be applied to all contracts with customers, except those that are in scope of other standards, such as financial leases, insurance contracts and financial instruments.

According to the new standard, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A new revenue recognition model is introduced, by applying the following five steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The performance obligation notion is new and in effect represents a promise in a contract with a customer to transfer to the customer either: (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The new IFRS 15 supersedes:

(a) IAS 11 "Construction Contracts";

(b) IAS 18 "Revenue";

(c) IFRIC 13 "Customer Loyalty Programmes";

(d) IFRIC 15 "Agreements for the Construction of Real Estate";

(e) IFRIC 18 "Transfers of Assets from Customers";and

(f) SIC-31 “Revenue—Barter Transactions Involving Advertising Services”.

On 12.4.2016 the International Accounting Standards Board issued an amendment to IFRS 15 with which it provided clarifications on its application.

Impact from the application of IFRS 15

The Group applies the new standard from 1.1.2018 without reforming comparative information for 2017.

It is noted that the main part of the Group’s income is net interest income which has not been affected by the application of IFRS 15. In the Group, the contracts that are in the scope of the new standard relate to the provision of the following services:

- Banking services (fees related to the execution of banking operations and to asset management or to loan syndication)
- Management and collection of receivables services
- Real estate services (Valuation Reports and Certification of Projects, Real Estate Management)

For services provided over time, such as management fee income earned for the provision of asset management services (i.e. performance fee income for management of asset portfolio) and real estate management services, income is recognised as the service is being provided to the customer.

If a performance obligation is not satisfied over time, it is satisfied at a point in time. For services such as executing transactions (e.g. currency exchange transactions, customers’ trading in securities) and coordinating and arranging syndicated loan transactions, the execution and completion of the transaction requested by the customer signals the point in time, in which the service is transferred to the customer and the revenue is recognized. It is noted that most of the Group’s commissions fall into this category and as result there was no change in the accounting treatment for their recognition due to the application of IFRS 15.

▸ **Amendment to International Accounting Standard 40** “Investment Property”: Transfers of Investment Property (Regulation 2018/400/14.3.2018)

On 8.12.2016 the International Accounting Standards Board issued an amendment to IAS 40 with which it clarified that an entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management’s intentions for the use of a property does not provide evidence of a change in use. In addition, the examples of evidence of a change in use were expanded to include assets under construction and not only transfers of completed properties.

The adoption of the above amendment had no impact on the Group’s financial statements.

▸ **Improvements to International Accounting Standards –** cycle 2014-2016 (Regulation 2018/182/7.2.2018)

As part of the annual improvements project, the International Accounting Standards Board issued, on 8.12.2016, non- urgent but necessary amendments to IFRS 1 and IAS 28.

The adoption of the above amendments had no impact on the Group’s financial statements.

▸ **IFRIC Interpretation 22** “Foreign Currency Transactions and Advance Consideration” (Regulation 2018/519/28.3.2018)

On 8.12.2016 the International Accounting Standards Board issued IFRIC 22. The Interpretation covers foreign currency transactions when an entity recognizes a non monetary asset or liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation clarified that the date of the transaction, for the purpose of determination of exchange rate to use on initial recognition of the asset, the income or expense, is the date of initial recognition of the non monetary asset or liability (i.e. advance consideration). Additionally, if there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

The adoption of the above Interpretation had no impact on the Group’s financial statements.

1.2 Accounting policies applied for financial assets and liabilities applicable from 1.1.2018

The following paragraphs describe the accounting policies that the Group applies from 1.1.2018 for financial assets and financial liabilities following IFRS9 adoption.

1.2.1 Classification and measurement of financial instruments

Initial recognition

The Group recognises financial assets or financial liabilities in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

Upon initial recognition the Group measures financial assets and liabilities at fair values. Financial instruments not measured at fair value through profit or loss are initially recognised at fair value plus transaction costs and minus income or fees that are directly attributable to the acquisition or issue of the financial instrument.

It is noted that loans and bonds are recognized in the balance sheet at the settlement date. For bonds that are measured at fair value, the change in fair value during the period between the trade date and the settlement date is recognized in profit or loss or in other comprehensive income based on the bond's classification category.

Subsequent measurement of financial assets

The Group classifies its financial assets as:

- Financial assets measured at amortised cost
- Financial assets measured at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition
- Equity instruments measured at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets measured at fair value through profit or loss.

For each of the above categories the following apply:

a) Financial assets measured at amortised cost

In this category are classified the financial assets that satisfy both of the following criteria:

- are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows,
- the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The above category is measured at amortised cost using effective interest method and is periodically assessed for expected credit losses, as it is further described in notes 1.2.3 and 1.2.4.

b) Financial assets measured at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition

In this category are classified the financial assets that satisfy both of the following criteria:

- are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets,
- the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The above category is periodically assessed for expected credit losses, as it is further described in notes 1.2.3 and 1.2.4.

c) Equity instruments measured at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition

In this category are classified equity instruments that are neither held for trading nor contingent consideration recognised by

an acquirer in a business combination and that Group decides, at initial recognition, to measure at fair value through other comprehensive income. This decision is irrevocable. With the exception of dividends, which are directly recognized in profit or loss, all other gains and losses arising from those instruments are directly recognized in other comprehensive income and are not reclassified to profit or loss. For those equity instruments there is no impairment assessment.

d) Financial assets measured at fair value through profit or loss

Financial assets included in this category are:

i. those acquired principally for the purpose of selling in the near term to obtain short term profit (held for trading).

The Group has included in this category bonds, treasury bills and a limited number of shares.

ii. those that do not meet the criteria to be classified into one of the above categories

iii. those the Group designated, at initial recognition, as at fair value through profit or loss. This classification option, which is irrevocable, is used when the designation eliminates an accounting mismatch which would otherwise arise from measuring financial assets and liabilities on a different basis (i.e. amortized cost) in relation to another financial asset or liability (i.e. derivatives which are measured at fair value through profit or loss).

As at the reporting date, the Group had not designated, at initial recognition, any financial assets as at fair value through profit or loss.

Business Model assessment

The business model reflects how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. Accordingly, business model does not depend on management's intentions for an individual instrument but it is determined on a higher level of aggregation.

The business models of the Group are determined by the Asset Liability Committee (ALCO) or the Executive Committee (ExCo) which decide on the determination of a new business model both for the loans and the securities portfolio. In this context:

- Loans and advances to customers and due from banks are included in the business model whose objective is to hold financial assets in order to collect contractual cash flows (hold to collect)
- For bonds and in general for fixed income investments, the Group has identified the following business models:
  - Business model whose objective is to hold financial instruments in order to collect their contractual cash flows (hold to collect)
  - Business model that aims both at collecting contractual cash flows and selling (hold to collect and sell)
  - Trading portfolio.

The determination of the above business models has been based on:

- The way the performance of the business model and the asset portfolios held within it are evaluated and reported to the Group key management personnel.
- The risks that affect the performance of the business model (and the asset portfolios held within) and, in particular, the way those risks are managed.
- The way managers of the business are evaluated (e.g., whether the evaluation is based on the fair value of the assets managed or the contractual cash flows collected).
- The expected frequency and value of sales.

The Group, at each reporting date, reassesses its business models in order to confirm that there has been no change compared to the prior period or application of a new business model. In the context of the reassessment of the hold to collect business model past sales as well as expected future sales are taken into account. In this assessment, the following cases of sales are considered consistent with a hold to collect business model:

a) Sales of non performing loans due to the credit deterioration of the debtor, excluding those sales of loans considered as credit impaired at origination.

b) Sales made close to the maturity of the financial assets so that the proceeds from the sales approximate the collection of the remaining contractual cash flows. In these cases, the Group defines as 'close', what is less than 5% of the total life of the instrument remaining at the time of sale.

c) Sales (excluding a and b) which are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent). The Group has defined the following thresholds:
   - Significance: Sales exceeding 5% the previous reporting period gross balance of the respective portfolio
   - Frequency: Significant sale transactions occurring more than twice a year.

Solely Payments of Principal and Interest (SPPI) assessment

For the purposes of applying the SPPI assessment:

- Principal is the fair value of the asset at initial recognition (which may change over the life of the financial asset, for example if there are repayments of principal).
- Interest is the consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks (i.e. liquidity risk) and costs, as well as a profit margin.

Contractual terms that introduce exposure to risks and volatility in contractual cash flows that are not related to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

In this context, in assessing whether contractual cash flows are SPPI, the Group assesses whether the instrument contain contractual terms that change the timing or amount of contractual cash flows. More specifically, the following are taken into account:

- Leveraged payments
- Payments linked with the variability in exchange rates
- Conversion to equity terms
- Interest rates indexed to non-interest variables
- Prepayment or extension options
- Terms that limit the Group's claim to the cash flows from specified assets or based on which the Group has no contractual right to unpaid amounts
- Interest-free deferred payments
- Terms based on which the performance of the instruments is affected by equity or commodity prices

Especially in the case of financing of a special purpose vehicle, in order for the loan to meet the criterion that its cash flows are solely payments of principal and interest on the principal amount outstanding, among other, at least one of the following conditions should apply:

- At initial recognition, LTV (Loan to Value) shall not exceed the threshold of 80% or LLCR (Loan Life Coverage Ratio) shall be at least equal to the threshold of 1.25.
- The equity of the special purpose vehicle shall amount to at least 20% of its total assets.
- There are sufficient collaterals that are not related to the asset being funded.

In addition, in determining whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding, it is assessed whether time value of money element has been modified. Time value of money is the element of interest that provides consideration for only the passage of time. That is, the time value of money element does not provide consideration for other risks or costs associated with holding the financial asset. However, in some cases, the

time value of money element may be modified. That would be the case, for example, if a financial asset's interest rate is periodically reset but the frequency of that reset does not match the tenor of the interest rate or if a financial asset's interest rate is periodically reset to an average of particular short- and long-term interest rates. In such cases, the Group assesses the modification to determine whether the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding. The objective of the assessment is to determine how different the contractual (undiscounted) cash flows could be from the (undiscounted) cash flows that would arise if the time value of money element was not modified (benchmark test). The effect of the modified time value of money element must be considered in each reporting period and cumulatively over the life of the instrument. If the Group concludes that the contractual (undiscounted) cash flows could be significantly different from the (undiscounted) benchmark cash flows, the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding. According to the policy set by the Group, the above assessment test does not result in significant different contractual cash flows when the cumulative difference over the life of the instrument does not exceed 10% and at the same time the number of individual cash flows with a difference of more than 10% do not exceed 5% of total reporting periods of the asset until maturity.

Reclassification of financial assets

Reclassifications of financial assets between measurement categories occur when, and only when, the Group changes its business model for managing the assets. In this case the reclassification is applied prospectively. Changes in the business model of the Group are expected to be rare. They arise from senior management decisions as a result of external or internal changes which must be significant to the entity's operations and demonstrable to external parties.

If the Group reclassifies a financial asset out of the amortized cost measurement category and into the fair value through profit or loss measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss. The same happens if the Group reclassifies a financial asset out of the amortized cost measurement category and into the fair value through other comprehensive income measurement category, however in this case the difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification. However, the loss allowance would be derecognized (and thus would no longer be recognized as an adjustment to the gross carrying amount) but instead would be recognized as an accumulated impairment amount in other comprehensive income.

If the Group reclassifies a financial asset out of the fair value through profit or loss measurement category and into the amortised cost measurement category, its fair value at the reclassification date becomes its new gross carrying amount. At this date, the effective interest rate of the asset is calculated while the date of the reclassification is treated as the date of initial recognition for impairment calculation purposes.

If the Group reclassifies a financial asset out of the fair value through profit or loss measurement category and into the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value. As in the above case, at this date, the effective interest rate of the asset is calculated while the date of the reclassification is treated as the date of initial recognition for impairment calculation purposes.

If a financial asset is reclassified out of the fair value through other comprehensive income measurement category and into the amortised cost measurement category, the asset is reclassified at its fair value at the measurement date. However, the cumulative gain or loss previously recognized in other comprehensive income is reversed and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortised cost. This reversal affects other comprehensive income but does not affect profit or loss and therefore is not a reclassification adjustment under IAS 1. The effective interest rate and the calculation of expected credit losses are not affected. However, the loss allowance is recognized as an adjustment to the gross carrying amount of the financial asset from the reclassification date.

If the Group reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the fair value through profit or loss measurement category, the financial asset continues to be measured at fair

value. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (in accordance with IAS 1) at the reclassification date.

Derecognition of financial assets

The Group derecognizes financial assets when:

- the cash flows from the financial assets expire,
- the contractual right to receive the cash flows of the financial assets is transferred and at the same time both risks and rewards of ownership are transferred,
- loans or investments in securities are no longer recoverable and consequently are written off,
- the contractual cash flows of the assets are significantly modified.

In the case of transactions where despite the transfer of the contractual right to recover the cash flows from financial assets both the risk and rewards remain with the Group, no derecognition of these financial assets occurs. The amount received by the transfer is recognized as a financial liability.

In the case of transactions, whereby the Group neither retains nor transfers risks and rewards of the financial assets, but retains control over them, the financial assets are recognized to the extent of the Group's continuing involvement. If the Group does not retain control of the assets then they are derecognised, and in their position the Group recognizes, distinctively, the assets and liabilities which are created or retained during the transfer. No such transactions occurred upon balance sheet date.

In case of a change in the contractual terms of a financial asset, the change is considered significant and therefore it results in the derecognition of the original asset and the recognition of a new one when one of the following criteria is met:

- Change of issuer/debtor
- Change in denomination currency
- Consolidation of different types of contracts
- Consolidation of contracts that do not entirely satisfy the criterion that cash flows are solely payments of principal and interest on the principal amount outstanding
- Addition or deletion of equity conversion terms
- Separation of a non-SPPI debt instrument into two or more new instruments so that the reason that leads to SPPI failure of the original instrument is not included in all of the new instruments.

In case of derecognition due to significant modification, the difference between the carrying amount of the original asset and the fair value of the new asset is directly recognized in the Income Statement. Additionally, in case the original asset was measured at fair value through other comprehensive income, the cumulative gains or losses recognized in other comprehensive income is recycled to profit or loss.

In contrast, if the change in contractual cash flows is not significant, the gross carrying amount of the asset is recalculated by discounting new contractual cash flows with the original effective interest rate and the difference compared to the current gross carrying amount is directly recognized in profit or loss (modification gain or loss). Fees related to the modification adjust the carrying amount of the asset and are amortised over the remaining term of the modified financial asset through the effective interest method.

Subsequent measurement of financial liabilities

The Group classifies financial liabilities in the following categories for measurement purposes:

a) Financial liabilities measured at fair value through profit or loss

i. This category includes financial liabilities held for trading, that is:
   - financial liabilities acquired or incurred principally with the intention of selling or repurchasing in the near term for short term profit, or

- derivatives not used for hedging purposes. Liabilities arising from either derivatives held for trading or derivatives used for hedging purposes are presented as "derivative financial liabilities" and are measured according to the principles set out in note 1.2.2.

ii. this category also includes financial liabilities which are designated by the Group as at fair value through profit or loss upon initial recognition, when:

- doing so results in more relevant information, because either:
  - it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
  - a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- the contract contains one or more embedded derivatives and the Group measures the compound financial instrument as a financial liability measured at fair value through profit or loss unless:
  - the embedded derivative does not significantly modify the cash flows that otherwise would be required by the contract or
  - it is clear with little or no analysis when a similar hybrid instrument is first considered that the separation of the embedded derivative(s) is prohibited.

It is noted that in the above case, the amount of the change in fair value attributable to the Group's credit risk is recognized in other comprehensive income, unless this treatment would create or enlarge an accounting mismatch in profit or loss. Amounts recognized in other comprehensive income are never recycled to profit or loss.

In the context of the acquisition of Emporiki Bank, the Group issued a bond which was classified in the above mentioned category. The bond was converted into shares in the first quarter of the preceding year.

b) Financial liabilities carried at amortized cost

The liabilities classified in this category are measured at amortized cost using the effective interest method.

Liabilities to credit institutions and customers, debt securities issued by the Group and other loan liabilities are classified in this category.

In cases when financial liabilities included in this category are designated as the hedged item in a hedge relationship, the accounting principles applied are those set out in note 1.2.2.

c) Liabilities arising from financial guarantees and commitments to provide loans at a below market interest rate

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make a payment.

The financial guarantee contracts and the commitments to provide loans at a below market interest rate are initially recognized at fair value, and measured subsequently at the higher of:

- the amount of the provision determined during expected credit loss calculation (note 1.2.3),
- the amount initially recognised less cumulative amortization.

d) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies

In the first case the liability should be equal to the amount received during the transfer while in the second case it should measured in such a way that the net carrying amount of the transferred asset and the associated liability is:

- The amortized cost of the rights and obligations retained by the Group, if the transferred asset is measured at amortized cost or
- Equal to the fair value of the rights and obligations retained by the Group when measured on a stand-alone basis, if the

transferred asset is measured at fair value.

e) Contingent consideration recognized by an acquirer in a business combination

Such contingent consideration is subsequently measured at fair value with changes recognized in profit or loss.

Derecognition of financial liabilities

The Group derecognizes a financial liability (or part thereof) when its contractual obligations are discharged or cancelled or expire.

In cases that a financial liability is exchanged with another one with substantially different terms, the exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new one. The same applies in cases of a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor). The terms are considered substantially different if the discounted present value of the cash flows under the new terms (including any fees paid net of any fees received), discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability.

In cases of derecognition, the difference between the carrying amount of the financial liability (or part of the financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is presented in the balance sheet, only in cases when the Group has both the legal right and the intention to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

1.2.2 Derivative financial instruments and hedge accounting

Derivative financial instruments

Derivatives are financial instruments that upon inception have a minimal or zero value that subsequently changes in accordance with a particular underlying instrument (foreign exchange, interest rate, index or other variable).

All derivatives are recognized as assets when their fair value is positive and as liabilities when their fair value is negative.

Derivatives are entered into for either hedging or trading purposes and they are measured at fair value irrespective of the purpose for which they have been transacted.

In case a derivative is embedded in a financial asset, the embedded derivative is not separated and the hybrid contract is accounted for based on the classification requirements mentioned in note 1.2.1.

In case a derivative is embedded in a host contract, other than a financial asset, the embedded derivative is separated and measured at fair value through profit or loss when the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host,
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss.

The Group uses derivatives as a means of exercising Asset-Liability management within the guidelines established by the Asset-Liability Committee (ALCO).

In addition the Group uses derivatives for trading purposes to exploit short-term market fluctuations, within the Group risk level set by the Asset-Liability Committee (ALCO).

Valuation differences arising from these derivatives are recognized in gains less losses on financial transactions.

When the Group uses derivatives for hedging purposes it ensures that appropriate documentation exists on inception of the transaction, and that the effectiveness of the hedge is monitored on an ongoing basis at each balance sheet date.

We emphasize the following:

a. Synthetic Swaps

The parent company (Alpha Bank), in order to increase the return on deposits to selected customers, uses synthetic swaps.

This involves the conversion of a Euro deposit to JPY or other currency with a simultaneous forward purchase of the related currency to cover the foreign exchange exposure.

The result arising from the forward transaction is recognized as interest expense, which is included in deposits' interest expense, foreign exchange differences and other gains less losses on financial transactions.

b. FX Swaps

These types of swaps are entered into primarily to economically hedge the exposures arising from customer loans and deposits.

For those cases for which no hedge accounting is applied, swaps are accounted for as trading instruments.

The result arising from these derivatives is recognized as interest and foreign exchange differences, in order to match with the interest element and foreign exchange differences resulting from the deposits and loans, and as other gains less losses on financial transactions.

Hedge accounting

Hedge accounting establishes the valuation rules to offset the gain or loss of the fair value of a hedging instrument and a hedged item which would not have been possible if the normal measurement principles were applied. It is noted that the Group has opted to continue to apply the provisions for hedge accounting of IAS 39.

Documentation of the hedging relationship upon inception and of the effectiveness of the hedge on an on-going basis are the basic requirements for the adoption of hedge accounting.

The hedge relationship is documented upon inception and the hedge effectiveness test is carried out upon inception and is repeated at each reporting date.

a. Fair value hedges

A fair value hedge of a financial instrument offsets the change in the fair value of the hedged item in respect of the risks being hedged.

Changes in the fair value of both the hedging instrument and the hedged item, in respect of the specific risk being hedged, are recognized in the income statement.

When the hedging relationship no longer exists, the hedged items continue to be measured based on the classification and valuation principles set out in note 1.2.1. Specifically any adjustment, due to the fair value change of a hedged item for which the effective interest method is used, up to the point that the hedging relationship ceases to be effective, is amortized to interest income or expense based on a recalculated effective interest rate, over its remaining life.

The Group uses interest rate swaps (IRS's) to hedge risks relating to borrowings and loans.

b. Cash flow hedge

A cash flow hedge changes the cash flows of a financial instrument from a variable rate to a fixed rate.

The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, whereas the ineffective portion is recognized in profit or loss. The accounting treatment of the hedged item does not change.

When the hedging relationship is discontinued, the amount recognized in equity remains there separately until the cash flows or the future transaction occur. When the cash flows or the future transaction occur the following apply:

- If the result is the recognition of a financial asset or a financial liability, the amount is reclassified to profit or loss in the same periods during which the hedged forecast cash flows affect profit or loss.
- If the result is the recognition of a non-financial asset or a non-financial liability or a firm commitment for which fair value hedge accounting is applied, the amount recognized in equity either is reclassified to profit or loss in the same periods during which the asset or the liability affect profit or loss or adjusts the carrying amount of the asset or the liability.

If the expected cash flows or the transaction are no longer expected to occur, the amount is reclassified to profit or loss.

The Group applies cash flow hedge accounting for specific groups of term deposits as well as for the currency risk of specific assets. The amount that has been recognized in equity, as a result of revoked cash flow hedging relationships for term deposits, is linearly amortized in the periods during which the hedged cash flows from the aforementioned term deposits affect profit or loss.

c. Hedges of net investment in a foreign operation

The Group uses foreign exchange derivatives or borrowings to hedge foreign exchange risks arising from investment in foreign operations.

Hedge accounting of net investment in a foreign operation is similar to cash flow hedge accounting. The cumulative gain or loss recognized in equity is reversed and recognized in profit or loss, at the time that the disposal of the foreign operation takes place.

1.2.3 Credit impairment losses on loans and advances to customers, undrawn loan commitments, letters of credit and letters of guarantee

The Group, at each reporting date, recognizes a loss allowance for expected credit losses on loans and advances to customers not measured at fair value through profit or loss as well as for off-balance sheet exposures (letters of guarantee, letters of credit, undrawn loan commitments).

The loss allowance for loans and off-balance sheet exposures is based on expected credit losses related to the probability of default within the next twelve months, unless there has been a significant increase in credit risk from the date of initial recognition in which case expected credit losses are recognized over the life of the instrument. In addition, if the financial asset falls under the definition of purchased or originated credit impaired (POCI) financial assets, a loss allowance equal to the lifetime expected credit losses is recognized.

a) Default definition

The Group has adopted as default definition non-performing exposures (NPE), as defined in the EBA Guidelines (GL/2016/07), thus harmonizing the definition of default used for accounting purposes with the one used for regulatory purposes.

b) Classification of exposures into stages based on credit risk (Staging)

For the purposes of calculating expected credit losses, the exposures are classified into stages as follows:

- Stage 1: Stage 1 includes performing exposures that do not have significant increase in credit risk since initial recognition. Stage 1 also includes exposures for which credit risk has been improved and the exposure has been reclassified from stages 2 or 3. In this stage, expected credit losses are recognized based on the probability of default within the next twelve months.
- Stage 2: Stage 2 includes performing exposures for which there has been a significant increase in credit risk since initial recognition. Stage 2 also includes exposures for which credit risk has been improved and the exposure has been reclassified from stage 3. In this stage, lifetime expected credit losses are recognized.

- Stage 3: Stage 3 includes non performing/impaired exposures. In this stage, lifetime expected credit losses are recognized.

As an exception to the above, for purchased or originated credit impaired (POCI) exposures, lifetime expected credit losses are always recognized. Purchased or originated credit impaired exposures include:

- Exposures that at the time of acquisition meet the criteria to be classified as non- performing exposures.
- Exposures for which there has been a change in repayment terms, either due to financial difficulty or not, which resulted in derecognition and recognition of a new impaired asset (POCI). If the exposure before the derecognition was classified as impaired the new loan will be classified as POCI. However, especially for Wholesale Banking exposures, in the case where the newly recognized loan is the result of a change of borrower whose overall creditworthiness is better than the previous one, based on an assessment by the competent Credit Committee, the new borrower does not have financial difficulties and simultaneously has presented a viable business plan and no debt has been written-down, then the exposure will not be classified as POCI.

c) Significant increase in credit risk

In determining significant increase in credit risk of an exposure since initial recognition and the recognition of lifetime expected credit losses instead of 12 months expected credit losses, the Group assesses, at each reporting date, the risk of default compared to the risk of default at initial recognition for all its performing exposures including those with no delinquencies.

The assessment of the significant increase in credit risk is based on the following:

- Quantitative Indicators: refers to the quantitative information used and more specifically to the comparison of the probability of default (PD) between the reporting date and the date of initial recognition.
- Qualitative Indicators: refers to the qualitative information used which is not necessarily reflected in the probability of default, such as the classification of an exposure as forborne performing (FPL, according to EBA ITS). Additional qualitative indicators, both for corporate and retail portfolios are also reflected through the Early Warning indicators where depending on the underlying assessment, an exposure can be considered to have a significant increase in credit risk or not. Especially for special lending portfolio, additional qualitative indicators are captured through slotting category.
- Backstop Indicators: in addition to the above, and in order to capture cases for which there are no triggers reflecting the increase in credit risk, based on qualitative and quantitative indicators, the 30 days past due indicator is used as a backstop.

d) Calculation of expected credit loss

The measurement of expected credit losses is made as follows:

- For financial assets, a credit loss is the present value of the difference between:

  (a) the contractual cash flows and

  (b) the cash flows that the Group expects to receive
- For undrawn loan commitments, a credit loss is the present value of the difference between:

  (a) the contractual cash flows that are due if the holder of the loan commitment draws down the loan; and

  (b) the cash flows that the Group expects to receive if the loan is drawn down.
- For letters of guarantee and letters of credit, the loss is equal to the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder.

The Group calculates impairment losses either on a collective (collective assessment) or on an individual basis (individual assessment), taking into account the significance of an exposure or the borrower's limit. In addition, exposures that do not have common credit risk characteristics or for which there are no sufficient historical behavioral data are assessed on an individual basis.

The Group calculates expected credit losses based on the weighted probability of three scenarios. More specifically, the Economic Research Division produces forecasts for the possible evolution of macroeconomic variables that affect the level of expected credit losses of loan portfolios under a baseline and under alternative macroeconomic scenarios and also generates the cumulative probabilities associated with these scenarios.

The mechanism for calculating expected credit loss is based on the following credit risk parameters:

- Probability of Default (PD): It is an estimate of the probability of a debtor to default over a specific time horizon.
- Exposure at default (EAD): Exposure at Default is an estimate of the amount of the exposure at the time of the default taking into account: (a) expected changes in the exposure after the reporting date, including principal and interest payments; (b) the expected use of credit limits and (c) accrued interest. The approved credit limits that have not been fully disbursed represent a potential credit exposure and are converted into a credit exposure equal to the approved undrawn credit limit multiplied by a Credit Conversion Factor (CCF). The Credit Conversion factor of credit exposure is calculated based on statistical models.
- Loss given default (LGD): Loss given default is an estimate of the loss that will occur if the default occurs at a given time. It is based on the difference between the contractual cash flows due and those expected to be received, including the liquidation of collaterals and cure rate.

e) Measurement of expected credit losses on receivables from customers

Receivables from customers are derived from the Group's commercial, other than loan, activity, are usually directly due and as a result there is no significant financing component. Therefore, the loss allowance for receivables from customers is measured at an amount equal to the lifetime expected credit losses (there is no stage allocation) based on the simplified approach provided by IFRS 9.

f) Presentation of expected credit losses in financial statements

Loss allowances for expected credit losses are presented in the Balance Sheet as follows:

- Financial assets measured at amortised cost and finance lease receivables: loss allowance is presented as a deduction from the gross carrying amount of the assets.
- Financial assets measured at fair value through other comprehensive income: for those assets no loss allowance is recognized in the Balance Sheet, however, its amount is disclosed in the notes to the financial statements.
- Undrawn loan commitments and letters of credit/letters of guarantee: loss allowance is recognized in line "Provisions" of liabilities in Balance Sheet. If a financial asset includes both a loan and an undrawn loan commitment, the accumulated expected credit losses of the loan commitment are presented together with the accumulated expected credit losses of the loan, as a deduction from its gross carrying amount. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognized in line "Provisions" of liabilities in Balance Sheet.

The amount of expected credit losses for the period is presented in the caption "Impairment losses and provisions to cover credit risk". In the same caption the following are also recognized: recoveries from written-off loans measured at amortised cost or at fair value through other comprehensive income, modification gains or losses of loans measured at amortised cost or at fair value through other comprehensive income and the favourable changes in expected credit losses of POCI assets in case expected credit losses are less than the amount of expected credit losses included in the estimated cash flows on initial recognition.

g) Write-offs

The Group proceeds with the write-off of loans and advances to customers when it has no reasonable expectations for their recovery. In this case, the loss allowance is used against the carrying amount of the financial asset.

1.2.4 Credit impairment losses on due from banks and bonds

The Group, at each reporting date, recognizes a loss allowance for expected credit losses on due from banks and bonds not measured at fair value through profit or loss.

The loss allowance is based on expected credit losses related to the probability of default within the next twelve months, unless there has been a significant increase in credit risk from the date of initial recognition in which case expected credit losses are recognized over the life of the instrument. In addition, if the financial asset falls under the definition of purchased or originated credit impaired (POCI) financial assets, a loss allowance equal to the lifetime expected credit losses is recognized.

a) Default definition

Due from banks and bonds are considered impaired when the external rating of the issuer/counterparty is equivalent to default (D). In case there is no external rating, then the instrument is characterized as impaired based on internal rating. If there is also an exposure to the corporate issuer/counterparty to the loan portfolio which has been classified as impaired, the instrument is also characterized as impaired.

b) Classification of due from banks and bonds into stages based on credit risk (Staging)

For the purposes of calculating expected credit losses, the exposures are classified into stages as follows:

- Stage 1: Stage 1 includes non impaired instruments that do not have significant increase in credit risk since initial recognition. Stage 1 also includes instruments for which credit risk has been improved and the instrument has been reclassified from stages 2 or 3. In this stage, expected credit losses are recognized based on the probability of default within the next twelve months.
- Stage 2: Stage 2 includes non impaired instruments for which there has been a significant increase in credit risk since initial recognition. Stage 2 also includes instruments for which credit risk has been improved and the instrument has been reclassified from stage 3. In this stage, lifetime expected credit losses are recognized.
- Stage 3: Stage 3 includes impaired instruments. In this stage, lifetime expected credit losses are recognized.

As an exception to the above, for purchased or originated credit impaired (POCI) instruments, lifetime expected credit losses are always recognized. An instrument is characterized as purchased or originated credit impaired when:

- The instrument (or the issuer) has an external rating that corresponds to default at the time of acquisition
- Corporate bonds resulting from debt restructuring are classified as purchased or originated credit impaired, based on the guidelines applicable to the loan portfolio.

When a debt security has been purchased at a large discount and does not fall into any of the categories mentioned above, the Group examines the transaction in detail (transaction price, recovery rate, issuer's financial condition at the time of purchase, etc.) in order to determine whether it should be recognised as purchased or originated credit-impaired (POCI). Classification in this category requires documentation and approval by the relevant committees of the Group.

c) Significant increase in credit risk

The classification into stages for the purpose of expected credit loss measurement is based on the credit rating of rating agencies or, for corporate securities issued by Greek issuers for which there is also an exposure in loan portfolio, on the issuer's internal rating.

The Group defines as low credit risk all investment grade securities, which are classified in Stage 1.

The determination of significant increase in credit risk for non-investment grade securities is based on the following two conditions:

- Downgrade in the issuer / counterparty's credit rating on the reporting dates compared to the credit rating on the date of the initial recognition.
- Increase in the probability of default of the issuer / counterparty for the 12-month period compared to the corresponding probability of default at initial recognition.

Additionally, the Group monitors the change in the credit spread since initial recognition. A change in credit spread at the reporting date that exceeds a specific threshold compared to the credit margin prevailing at the date of initial recognition is a trigger for reviewing the securities classification stage.

d) Calculation of expected credit loss

The expected credit loss is the present value of the difference between:

(a) the contractual cash flows and

(b) the cash flows that the Group expects to receive

For the calculation of the expected credit loss, the following parameters are used:

- Probability of default (PD): the probability of default over the next 12 months is used to calculate the expected credit loss for 12 months, and the probability of default over the life of the instrument is used to calculate the lifetime expected credit losses.
- Exposure at default (EAD): In the case of securities, the Group estimates the future unamortized cost in order to calculate the EAD. In particular, for each period, EAD is the maximum loss that would result from issuer / counterparty potential default.
- Loss given default (LGD) is the percentage of the total exposure that the Group estimates as unlikely to recover at the time of the default. The Group distinguishes sovereigns from non-sovereign issuers / counterparties as regards to the LGD estimation. In case the Group has also granted a loan to the issuer / counterparty of the security, the estimated LGD is aligned to corresponding estimate for the loan portfolio (taking into account any potential collaterals the loan portfolio is likely to have against the unsecured debt securities).

e) Presentation of expected credit losses in financial statements

Loss allowances for expected credit losses are presented in the Balance Sheet as follows:

- Financial assets measured at amortised cost: loss allowance is presented as a deduction from the gross carrying amount of the assets.
- Financial assets measured at fair value through other comprehensive income: for those assets no loss allowance is recognized in the Balance Sheet, however, its amount is disclosed in the notes to the financial statements.

The amount of expected credit losses for the period is presented in the caption "Impairment losses and provisions to cover credit risk". The caption includes also the favourable changes in expected credit losses of POCI assets in case expected credit losses are less than the amount of expected credit losses included in the estimated cash flows on initial recognition.

1.2.5 Interest income and expense

Interest income and expense is recognized in the income statement for all interest bearing financial assets and liabilities.

Interest income and expense is recognised on an accrual basis and measured using the effective interest method.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate.

For financial assets, in particular, the following apply:

- For those financial assets classified within stage 1 or stage 2 for the purpose of expected credit losses measurement, interest income is calculated by applying effective interest rate to the gross carrying amount of the asset.
- For those financial assets classified within stage 3 for the purpose of expected credit losses measurement, interest income is calculated by applying the effective interest rate to the amortised cost of the asset.

- For purchased or originated credit impaired financial assets interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset.

Borrowing costs that are directly attributable to assets that require a substantial period of time to get ready for their intended use or sale are capitalized as part of the cost of the asset. Capitalisation ceases when substantially all the activities necessary to prepare the asset for its intended use are complete.

1.2.6 Gains less losses on financial transactions

Gains less losses on financial transaction include:

- fair value changes of financial assets and liabilities,
- gains and losses arising from the modification of the contractual terms of financial assets measured at fair value through profit or loss,
- gains and losses arising from the derecognition of financial assets and liabilities due to early repayment, disposal or significant modification of the contractual terms, except for gains and losses arising from the derecognition of financial assets measured at amortised cost which are recognized in a separate line item of the Income Statement,
- gains and losses arising from the impairment or disposal of Group entities that have not been classified as discontinued operations,
- exchange differences arising from the translation of financial instruments denominated in foreign currencies.

1.2.7 Gains less losses on derecognition of financial assets measured at amortised cost

Gains less losses on derecognition of financial assets measured at amortised cost include:

- Gains and losses from the derecognition of financial assets measured at amortised cost
- The difference, at initial recognition, between the nominal and the fair value of a financial asset measured at amortised cost that is the result of the derecognition of another financial asset due to significant modification of its contractual terms.

1.3 Estimates, decision making criteria and significant sources of uncertainty

The Group, in the context of applying accounting policies and preparing financial statements in accordance with the International Financial Reporting Standards, makes estimates and assumptions that affect the amounts that are recognized as income, expenses, assets or liabilities. The use of estimates and assumptions is an integral part of recognizing amounts in the financial statements that mostly relate to the following:

Fair value of assets and liabilities

For assets and liabilities traded in active markets, the determination of their fair value is based on quoted, market prices. In all other cases the determination of fair value is based on valuation techniques that use observable market data to the greatest extent possible. In cases where there is no observable market data, the fair value is determined using data that are based on internal estimates and assumptions eg. determination of expected cash flows, discount rates, prepayment probabilities or potential counterparty default.

Expected credit losses of financial assets

The measurement of expected credit losses requires the use of complex models and significant estimates of future economic conditions and credit behavior. Significant estimates are also required to identify the criteria that indicate a significant increase in credit risk, the choice of appropriate methodologies for measuring expected credit risk losses and the determination of the alternative macroeconomic scenarios and the cumulative probabilities associated with these scenarios.

Impairment losses on investments in associates and joint ventures and on non - financial assets

The Group, at each year end balance sheet date, assesses for impairment non – financial assets, and in particular property, plant and equipment, investment property, goodwill and other intangible assets, as well as its investments in associates and joint ventures. Internal estimates are used to a significant degree to determine the recoverable amount of the assets, i.e. the higher between the fair value less costs to sell and value in use.

Income Tax

The Group recognizes assets and liabilities for current and deferred tax, as well as the related expenses, based on estimates concerning the amounts expected to be paid to or recovered from tax authorities in the current and future periods. Estimates are affected by factors such as the practical implementation of the relevant legislation, the expectations regarding the existence of future taxable profit and the settlement of disputes that might exist with tax authorities etc. Future tax audits, changes in tax legislation and the amount of taxable profit actually realised may result in the adjustment of the amount of assets and liabilities for current and deferred tax and in tax payments other than those recognized in the financial statements of the Group. Any adjustments are recognized within the year that they become final.

Employee defined benefit obligations

Defined benefit obligations are estimated based on actuarial valuations that incorporate assumptions regarding discount rates, future changes in salaries and pensions, as well as the return on any plan assets. Any change in these assumptions will affect the amount of obligations recognized.

Provisions and contingent liabilities

The Group recognises provisions when it estimates that it has a present legal or constructive obligation that can be estimated reliably, and it is almost certain that an outflow of economic benefits will be required to settle the obligation. In contrast, when it is probable that an outflow of resources will be required, or when the amount of liability cannot be measured reliably, the Group does not recognise a provision but it provides disclosures for contingent liabilities, taking into consideration their materiality. The estimation for the probability of the outflow as well as for the amount of the liability are affected by factors which are not controlled by the Group, such as court decisions and the practical implementation of the relevant legislation.

The estimates and judgments applied by the Group in making decisions and in preparing the financial statements are based on historical information and assumptions which at present are considered appropriate. The estimates and judgments are reviewed on an ongoing basis in order to take into account current conditions, and the effect of any changes is recognized in the period in which the estimates are revised.

1.3.1 Going concern principle

The Group applied the going concern principle for the preparation of the interim financial statements as at 30.6.2018. For the application of this principle, the Group takes into consideration current economic developments in order to make projections for future economic conditions of the environment in which it operates. The main factors that cause uncertainties regarding the application of this principle relate to the economic environment in Greece and abroad and to the liquidity levels of the Hellenic Republic and the banking system as mentioned in detail in note 1.31.1 of the annual financial statements of the Group as at 31.12.2017.

As far as the course of the third financial support program for the Greek economy is concerned, it is noted that all agreed evaluations have already been completed enabling the successful completion of the program in August 2018. In particular, in the Eurogroup meeting of 21.6.2018 the conclusion of the fourth and final review was confirmed, and the agreement of the medium term debt measures and the relevant policy commitments of continuing the reforms to ensure debt sustainability was reached. Following the completion of national procedures, on 1st August the European Stability Mechanism (ESM) governing bodies completed the disbursement of the last tranche of the program amounting to € 15 bn, that will be used to cover debt servicing needs (€ 5,5 bn) and as well to build-up cash buffer (€ 9,5bn) that is expected to amount to € 24,1bn covering

the sovereign financial needs for around 22 months following the end of the program in August 2018, which represents a significant backstop against any risks. In addition to the above, it is noted that the Hellenic Republic is taking action in order to gradually recover its access to the financial markets to cover its financing needs, as outlined in detail in note 1.3.2.

The completion of the economic support program in August of the current year, as well as the gradual return to the markets are expected to contribute to the decrease of uncertainty and to the enhancement of business community and investors' confidence.

In parallel, the Group successfully completed the European stress testing exercise by the ECB in accordance with the methodology of the European Banking Authority. Based on the results of the exercise, under the adverse scenario, 2020 CET1 ratio stood at 9.7% while under the baseline scenario 2020 CET1 ratio reached 20.4%. Based on feedback received from the Single Supervisory Mechanism (SSM) no capital plan is required.

Based on the above and taking into account the Group's high capital adequacy, with which the estimated impact from the application of IFRS 9 is also covered (notes 27 and 29) as well as the amount of available eligible collaterals through which liquidity is obtained through the mechanisms of the eurosystem, the Group estimates that the conditions for the application of the going concern principle for the preparation of its financial statements are met.

1.3.2 Estimation of the Group's exposure to the Hellenic Republic

The Group's total exposure to Greek Government securities and loans related to the Hellenic Republic is presented in note 25. The main uncertainties regarding the estimations for the recoverability of the Group's total exposure relate to the debt service capacity of the Hellenic Republic, which, in turn, is affected by the development of the macroeconomic environment in Greece and the Eurozone as well as by the levels of liquidity of the Hellenic Republic.

As far as debt sustainability is concerned and in accordance with the relevant framework set out in the previous meetings of Eurogroup, it is noted that the short-term measures for enhancing the Greek debt sustainability were implemented. In addition, in the Eurogroup meeting held in 21.6.2018 the medium-term measures for enhancing the Greek debt sustainability were described. In particular, it was confirmed that the gross financing needs of the Greek government should be less than the 15% of GDP in the medium-term and subsequently less than the 20% of GDP while ensuring that the debt remains on a sustained downward path. In order to achieve the aforementioned targets, it was decided:

- The abolition of the step-up interest rate margin related to the debt buy-back tranche of the 2nd Greek program.
- The use of profits from Central Banks (Securities Markets Products, Agreement on Net Financial Assets) from bond's markets realized in previous periods. The available income equivalent amounts will be transferred to Greece in equal amounts on a semi-annual basis in December and June, starting in 2018 until June 2022, via the European Stability Mechanism (ESM) segregated account and will be used to reduce gross financing needs or to finance other agreed investments.
- A deferral of European Financial Stability Fund (EFSF) interest and amortization by 10 years and an extension of the maximum weighted average maturity by 10 years, respecting the program authorized amount.

The first two measures mentioned above are subject to the continuance and implementation of the agreed reforms, as well as of the fiscal commitments to achieve a primary surplus of 3,5% of GDP until 2022 and a primary surplus of 2,2% of GDP on average in the period from 2023 to 2060.

In the long- term and in the event of an adverse scenario further exceptional debt measures could be implemented. However, as noted by the rating agency S&P on 25 June in its statement of the decision for upgrading the long-term rating of the Hellenic Republic in B+ from B, the further deferral of debt in conjunction with the cash buffer represent a significant backstop to the financing risks for the next 2 years.

Finally, it is noted that the Hellenic Republic is taking steps to gradually recover its access to the financial markets to cover its financing needs. In particular, within 2017, the Hellenic Republic successfully completed the exchange of its bonds issued in the context of Private Sector Involvement (PSI) in the Greek debt restructuring in 2012, with new bonds aiming at aligning the terms of the bonds with market standards for sovereign securities in order to normalize the Republic's yield curve and provide

the market with a limited series of benchmark securities which are expected to have significantly greater liquidity than the existing series. This fact in conjunction with the successful issuance of a five-year bond in July 2017 and a seven-year bond in February 2018 are the first steps of the Hellenic Republic to gradually recover the access to financial markets. Based on the above, the Group considers that there has been no significant increase in credit risk on the Greek Government securities that it held as at 30.6.2018 since initial recognition, however, it assesses the developments relating to the Greek Government debt in conjunction with the market conditions and it reviews its estimations for the recoverability of its total exposure at each reporting date.

1.3.3 Recoverability of deferred tax assets

The Group recognizes deferred tax assets to the extent that it is probable that it will have sufficient future taxable profit available, against which, deductible temporary differences and tax losses carried forward can be utilized.

The main change in the amount of deferred tax assets recognized in the Interim Consolidated Financial Statements as at 30.6.2018, compared to the corresponding amount as at 31.12.2017, is due to the recognition of deferred tax assets amounting to approximately € 392 mil which arose from the impact of IFRS 9 implementation on 1.12018. This amount was recognized directly in the Group's equity and has been taken into account during the recoverability assessment of deferred tax assets. Taking into account that the main part of the aforementioned amount is related to the increase in accumulated impairment losses for loans and advances to customers, what is outlined in note 1.31.3 of the annual financial statements of 31.12.2017 regarding the main categories of deferred tax assets recognized, is also applicable to these financial statements. In addition, regarding the methodology applied for the recoverability assessment, what is outlined in the aforementioned note of the annual financial statements is relevant, taking also into consideration the elements that formed the result of the current period and the current business plan of the Group that includes actions aimed at enhancing profitability through:

- the reduction of the amount of non-performing exposures, based on the plan submitted to the Single Supervisory Mechanism (SSM) and which is updated annually,
- further reinstatement of the deposit base with a positive impact on the cost of funding,
- interest income increase through targeted leverage of the Balance Sheet,
- increase in fee and commission income from services and products offered to individuals and corporates and
- further reduction of operating costs.

At each balance sheet date, the Group reassesses its estimation regarding the recoverability of deferred tax assets, in conjunction with the development of the factors that affect it.

INCOME STATEMENT

2. Net interest income

	FROM 1 JANUARY TO		FROM 1 APRIL TO	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Interest and similar income				
Due from banks	(237)	277	(284)	185
Loans and advances to customers measured at amortized cost	993,041	1,103,214	495,872	553,755
Loans and advances to customers measured at fair value through profit or loss	7,957		2,954	
Trading securities	214	136	87	59
Investment securities measured at fair value through other comprehensive income	86,305		40,078	
Investment securities measured at fair value through profit or loss	586		141	
Available for sale securities		112,228		56,183
Held to maturity securities		372		142
Loans and receivables securities		749		326
Derivative financial instruments	74,797	48,441	38,345	25,366
Other	3,642	6,341	1,785	3,631
Total	**1,166,305**	**1,271,758**	**578,978**	**639,647**
Interest expense and similar charges				
Due to banks	(35,919)	(102,967)	(1,534)	(50,858)
Due to customers	(98,479)	(91,774)	(52,229)	(46,236)
Debt securities in issue and other borrowed funds	(12,809)	(7,717)	(6,951)	(2,356)
Derivative financial instruments	(77,346)	(52,557)	(39,321)	(26,876)
Other	(38,944)	(40,638)	(19,950)	(19,716)
Total	**(263,497)**	**(295,653)**	**(119,985)**	**(146,042)**
Net interest income	**902,808**	**976,105**	**458,993**	**493,605**

During the first semester of 2018 net interest income decreased compared to the respective semester of the comparative period, mainly due to the reduction of interest on loan portfolios derived from the increased impairment losses recognized both during 2017 and from the implementation of IFRS 9 on 1.1.2018, as well as from the reduction of interest on investment portfolio securities.The aforementioned decrease in net interest income was partially offset by the reduction in borrowing costs by the Eurosystem.

In addition to the reduction of the Eurosystem funding balance, on 5.6.2018, it was announced by E.C.B. that the interest rate, applicable to the Bank's financing of € 3.1 billion from the second series of Targeted Longer Term Refinancing Operations (TLTRO II) from 29.6.2016 until its maturity, is set at -0.4%. The positive effect from the retrospective application of the negative interest rate up to 5.6.2018 amounts to €18,959 and is included in the caption "Due to banks".

3. Fee and commission income and other income

The table below presents income from contracts per operating segment, that fall within the scope of IFRS 15:

	From 1 January to 30.6.2018						
	Retail Banking	Corporate Banking	Asset Management/ Insurance Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Group
Fee and commision income							
Loans	2,814	17,945	183	2,142	374		23,458
Letters of guarantee	1,071	24,363	5	336	772		26,547
Imports-exports	1,317	3,152		7	250		4,726
Credit cards	37,013	23,248		23	3,747		64,031
Fund Transfers	11,077	5,300	123	591	5,760		22,851
Mutual funds			18,662	42			18,704
Advisory fees and securities transaction fees				608	105		713
Brokerage fees	88			3,843	91		4,022
Foreign exchange trades	6,211	2,052	14	578	236		9,091
Other	10,920	1,399	5,272	120	5,878		23,589
Total	**70,511**	**77,459**	**24,259**	**8,290**	**17,213**	**-**	**197,732**
Other income							
Hotel services					1,025		1,025
Disposals of fixed assets					1,433	308	1,741
Other	1,509	346		760	270	2,667	5,552
Total	**1,509**	**346**	**-**	**760**	**2,728**	**2,975**	**8,318**

	From 1 April to 30.6.2018						
	Retail Banking	Corporate Banking	Asset Management/ Insurance Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Group
Fee and commision income							
Loans	1,343	10,820	(128)	1,026	251		13,312
Letters of guarantee	512	11,921	5	177	375		12,990
Imports-exports	686	1,591		2	131		2,410
Credit cards	20,784	13,316		12	1,813		35,924
Fund Transfers	5,837	2,464	70	575	2,975		11,921
Mutual funds			8,231	21	(3)		8,249
Advisory fees and securities transaction fees				178	77		255
Brokerage fees	30			1,867	44		1,941
Foreign exchange trades	3,232	1,081	15	288	114		4,730
Other	6,234	691	2,640	(23)	3,075		12,618
Total	**38,658**	**41,884**	**10,833**	**4,123**	**8,852**	**-**	**104,349**
Other income							
Hotel services					558		558
Disposals of fixed assets					813	173	986
Other	1,024	245	2	347	106	1,469	3,193
Total	**1,024**	**245**	**2**	**347**	**1,477**	**1,642**	**4,737**

"Other income" of Income Statement includes additionally Income from insurance activities and Operating lease income which are not presented in the above table since they do not fall within the scope of IFRS 15.

4. Gains less losses on financial transactions

	FROM 1 JANUARY TO		FROM 1 APRIL TO	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Foreign exchange differences	3,468	7,153	7,583	2,714
Trading securities:				
- Bonds	619	726	167	397
- Shares	(149)	188	(93)	139
Financial assets measured at fair value through profit or loss:				
- Bonds	751		(55)	
- Other securities	(391)		110	
- Loans	(14,996)		(2,029)	
Financial assets measured at fair value through other comprehensive income:				
- Bonds	264,690		79,546	
- Other securities	1,440			
Securities available for sale and held to maturity:				
- Bonds		33,466		29,177
- Shares		467		692
- Other securities		2,329		2,084
Loans and receivables		3,346		289
From impairments/sale of holdings	(9,040)	1,415	(8,476)	1,810
Derivative financial instruments	9,732	28,371	727	8,699
Other financial instruments	(4,744)	(36,718)	433	(38,747)
Total	**251,380**	**40,743**	**77,913**	**7,254**

"Gains less losses on financial transactions" of the first semester of 2018 were mainly affected by:

- Gains of € 264,690 included in the caption "Bonds at fair value through other comprehensive income" relates to gains of disposals of Greek Government Bonds of € 259,523 and other corporate bonds of € 5,167.
- Loss of € 14,996 resulting from loans measured at fair value through profit or loss following the change in their valuation within the first semester.
- Loss of € 7,300 included in the caption «from impairment/disposal of investments» and concerns the valuation of APE Investment Property A.E., which is classified as assets held for sale according to IFRS 5 (note 31).

"Gains less losses on financial transactions" of the first semester of 2017 were mainly affected by:

- Loss of € 37.3 million included in the caption "Other financial instruments" arising from a fair value measurement, at the initial recognition, of the Group's financial assets in the context of loans and receivables restructuring.
- Gains of € 33.5 million included in the caption "Bonds" of investment portfolio as a result of the sale of Greek Bonds amounting to € 20.8 million. An amount of € 12.7 million concerns the disposal of other Corporate bonds.
- Gains of € 30.3 million included in the caption "Derivative financial instruments" concern the Credit Valuation Adjustment of transactions with the Greek Government due to the reduce of its credit margin.

The amounts are presented in thousands of Euro unless otherwise indicated

5. General administrative expenses

	FROM 1 JANUARY TO		FROM 1 APRIL TO	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Operating leases for buildings	19,210	19,927	9,580	9,868
Rent and maintenance of EDP equipment	9,943	10,726	4,249	4,681
EDP expenses	13,772	14,075	6,964	7,309
Marketing and advertisement expenses	12,256	11,197	7,669	6,683
Telecommunications and postage	8,341	9,342	3,694	4,261
Third party fees	32,769	32,806	17,843	13,866
Consultants fees	4,239	4,406	2,053	1,763
Contribution to the Deposit Guarantee Fund - Investment fund and Solvency Fund	26,542	26,496	12,676	12,044
Insurance	4,924	4,979	2,085	2,439
Consumables	1,740	1,869	822	929
Electricity	4,426	4,754	2,242	2,618
Taxes (VAT, real estate etc)	43,050	40,007	22,428	21,489
Services from collection agencies	8,913	16,795	3,856	8,417
Building and equipment maintenance	3,851	3,622	2,096	1,891
Security of buildings / money transfers	7,043	5,745	3,490	2,913
Cleaning fees	2,528	2,158	1,326	1,162
Commission for the amount of Deferred tax Asset guaranteed by the Greek Government (note 8)	2,830	8,666	1,404	4,333
Third party fees for customer attraction	23	23	12	10
Other	49,511	43,488	25,155	23,059
Total	**255,911**	**261,081**	**129,644**	**129,735**

"General administrative expenses" present a decrease in the A' semester of 2018 compared to the comparative semester mainly due to the fact that the comparative period was burdened with the amount of € 5.784, relating to the annual commission on the amount of deferred tax asset guaranteed by the Greek State for the year 2016, since according to the provisions of article 82 of Law 4472/19 May 2017, the payment of the commission is made within six months from the end of each tax year with first application on 30.6.2017, as well as due to the reduction of collection costs, which under IFRS 9 adjust the carrying amount of the relevant loans and are amortised over their remaining life using the effective interest rate method.

6. Impairment losses and provisions to cover credit risk on loans and advances to customers

The caption of "Impairment losses and provisions to cover credit risk" for the period from 1 January up to 30 June 2018 amounting to € 699,500 and € 356,781 for the period from 1 April up to 30 June 2018 includes the impairment losses and provisions to cover credit risk on loans and advances to customers, which are presented in the table below, along with the impairment losses on other financial instruments, which are presented in note 7.

	FROM 1 JANUARY TO		FROM 1 APRIL TO	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Impairment losses on loans to customers	672,456	476,924	320,023	223,733
Impairment losses of receivables from customers	10,124		(2,713)	
Provisions to cover credit risk relating to off balance sheet items (note 18)	(19,652)	(1,671)	2,538	(222)
Losses on modifications of contractual terms of loans and advances to customers	71,795		34,525	
Recoveries	(13,415)	(11,857)	(6,116)	(6,874)
Impairment losses of other assets	439		439	
Total	**721,747**	**463,396**	**348,696**	**216,637**

7. Impairment losses on other financial instruments

	FROM 1 JANUARY TO		FROM 1 APRIL TO	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Impairment losses on debt securites and other securities measured at fair value through other comprehensive income recognized directly in equity	(22,552)	-	7,849	-
Impairment losses on due from banks	305	-	236	-
Total	**(22,247)**	**-**	**8,085**	**-**

The reduction in expected credit losses of bonds in the first semester of 2018 derives from the upgrading of the Greek government credit rating.

8. Income tax

In accordance with Article 1 par 4 of Law 4334/2015 "Urgent prerequisites for the negotiation and conclusion of an agreement with the European Stability Mechanism (ESM)" the corporate income tax rate for legal entities increased from 26% to 29%. The increased rate applied for profits arising in fiscal years commencing on or after 1 January 2015.

For the Bank's subsidiaries and branches operating in other countries, the applicable nominal tax rates for the first semester of 2018 are as follows, while no changes took place in tax rates compared to year 2017:

Cyprus	12.5
Bulgaria	10
Serbia	15
Romania	16
FYROM	10
Albania	15
Jersey	10
United Kingdom	19* (since 1.4.2017)
Ireland	12.5

In accordance with article 65A of Law 4174/2013, from 2011, the statutory auditors and audit firms conducting statutory audits to a Societe Anonyme (SA), are obliged to issue an Annual Tax Certificate on the compliance on tax issues. This tax certificate is submitted to the entity being audited within the first ten days of the tenth month after the end of the audited financial year, as well as, electronically to the Ministry of Finance, no later than the end of the tenth month after the end of the audited financial year. In accordance with article 56 of Law 4410/3.8.2016 for the fiscal years from 1.1.2016 and onwards, the issuance of tax certificate is optional. The intention of the group entities is to continue to obtain the tax certificate.

For fiscal years 2011 up to 2016 the Bank and its local subsidiaries have obtained the relevant tax certificate without any qualifications on the tax issues covered, whereas for the year 2017 it is anticipated that tax certificates without any qualifications on the tax issues covered will be obtained.

The income tax in the income statement is analysed in the table below:

	FROM 1 JANUARY TO		FROM 1 APRIL TO	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Current tax	24,603	11,004	20,459	6,813
Deferred tax	66,351	45,764	26,358	21,906
Total	**90,954**	**56,768**	**46,817**	**28,719**

* Up to 31.3.2017 the tax rate was 20%.

Deferred tax recognized in the income statement is attributable to temporary differences, the effect of which is analyzed in the table below:

	FROM 1 JANUARY TO		FROM 1 APRIL TO	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Debit difference of Law 4046/2012	22,277	22,277	11,138	11,138
Debit difference of Law 4465/2017	(212,258)	1,264	(1,240)	1,264
Write-offs depreciation and impairment of fixed assets	7,758	6,044	3,741	4,740
Valuation/impairment of loans	104,686	(65,574)	(45,021)	(47,154)
Valuation of loans due to hedging	(83)	(110)	(30)	(48)
Defined benefit obligation and insurance funds	(383)	18,960	(132)	(257)
Valuation of derivatives	2,856	14,684	930	7,897
Effective interest rate	440	760	252	325
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(2,885)	(39,501)	(1,395)	(29)
Valuation/impairment of bonds and other securities	50,477	104,069	14,421	94,100
Tax losses carried forward	101,203	12,088	41,721	(34,761)
Other temporary differences	(7,737)	(29,197)	1,973	(15,309)
Total	**66,351**	**45,764**	**26,358**	**21,906**

Caption “Debit difference of Law 4046/2012” relates to the deffered tax asset on tax losses, due to the Bank’s participation in the Greek government bonds exchange program (PSI) and the Greek government bond buyback program on December 2012, which have been recognized as a debit difference in accordance with Law 4046/14.2.2012 and Law 4110/23.1.2013. According to Law 4110/23.1.2013 the “debit difference” is deductible for tax purposes, gradually in equal installments, within 30 years.

Moreover, according to article 5 of Law 4303/17.10.2014 "Ratification of the Legislative Act Emergency legislation to replenish the General Secretary of Revenue due to early termination of his service (A' 136) and other provisions", which replaced article 27A of law 4172/2013, deferred tax assets of legal entities supervised by the Bank of Greece, under article 26 paragraphs 5, 6 and 7 of Law 4172/2013 that have been or will be recognized and are due to the debit difference arising from the PSI and the accumulated provisions and other general losses due to credit risk, with respect to amounts up to 31 December 2014, are considered final and settled claims against the State, if, the accounting result for the period, after taxes, is a loss, based on the audited and approved financial statements by the Ordinary Shareholders' General Meeting.

The inclusion in the Law is performed with the approval of the General Meeting of Shareholders and relates to tax assets arising from 2016 onwards, and refers to the fiscal year 2015 and onwards, while there is provision for the termination of inclusion with the same procedure and after obtaining relevant approval from the regulatory authority.

According to article 4 of Law 4340/1.11.2015 "Recapitalization of financial institutions and other provisions of the Ministry of Finance" the above were amended regarding the time of the application which is postponed for a year. In addition, the amount of the relevant deferred tax asset which is included in the above provisions of article 5 of Law 4303/17.10.2014 and relates to accumulated provisions and other general losses for credit risk, is limited to the amount of provisions for credit risk which were accounted until 30 June 2015.

In connection with the amount included in caption “Debit difference of Law 4465/2017”, according to article 43 of Law 4465/4.4.2017 “Integration of Directive 2014/92/EU of the European Parliament and Council held on 23.7.2014 for the comparability of charges related to payment accounts, the change of payment account and the access to payment accounts with basic characteristics and other provisions”, the articles 27 and 27A of the Income Tax Code were amended (Law 4172/2013). According to the new legislation, the debit difference that relates to the loss, that will arise from the write-off of debtors’ debts and from the sale of loans of the legal entities supervised by the Bank of Greece, is recognised as a deduction from gross income and is amortized equally over a period of 20 years. The deferred tax asset which will be recognized for the abovementioned debit difference as well as of any accounting write-offs of loans or credits, not converted into debit difference until the end of the year when the accounting write-off took place, are converted into a definite and cleared claim against the State, based on the abovementioned terms and conditions.

Based on the above mentioned Law, the total amount of deferred tax asset from (a) the debit difference from the write-off of debtors' debts and the sale of loans, (b) the temporary differences from any accounting write-off of loans and credits and (c) the temporary differences from acccumulated provisions and other lossses due to credit risk, is limited to the total tax amount related to accumulated provisions and other losses due to credit risk, recognised until 30.6.2015.

This amendment ensures that the loan write-offs and disposals, aiming to decrease the non performing loans, will not result in the loss of regulatory capital.

The above apply from 1.1.2016.

On 30.6.2018 the amount of deferred tax assets which is estimated to be within the scope of the Law 4465/2017, as well as the unamortised balance of the debit difference of PSI amounts to € 3,271 million (31.12.2017: € 3,296 million).

According to article 82 of Law 4472/19.5.2017 “Public Pension Provisions and amendment of provisions of Law 4387/2016, measures for the implementation of budgetary targets and reforms, social support measures and labor regulations, Medium-term Fiscal Strategy Framework 2018-2021 and other provisions” credit institutions and other entities that fall under the provisions of article 27A of Law 4172/2013, are required to pay an annual commission to the Greek State for the amount of the guaranteed deferred tax asset that results from the differrence between the tax rate currently in force (29%) and the tax rate that was in force until 31.12.2014 (26%). The respective amount has been included in caption "General and administrative expenses" (note 5).

Additionally, article 14 of the aforementioned law provides a reduction in the tax rate, from 29% currently in force, to 26%, implied to profits from business activity acquired by legal entities keeping double-entry books. This reduction refers to income earned in the tax year beginning on 1.1.2019, provided that according to the estimation of the International Monetary Fund and the European Commission there is no divergence from the mediumterm budgetary targets. With explicit reference to the law, this reduction does not apply to credit institutions for which the tax rate remains 29%.

A reconciliation between the nominal and effective tax rate is provided below:

	FROM 1 JANUARY TO			
	30.6.2018		30.6.2017	
	%		%	
Profit/(loss) before income tax		103,217		174,755
Income tax (nominal tax rate)	56.81	58,640	35.57	62,162
Increase/(decrease) due to:				
Non taxable income	(3.09)	(3,187)	(0.43)	(747)
Non deductible expenses	0.64	657	1.69	2,954
Other temporary differences	33.76	34,844	(4.35)	(7,601)
Total	**88.12**	**90,954**	**32.48**	**56,768**

	FROM 1 APRIL TO			
	30.6.2018		30.6.2017	
	%		%	
Profit/(loss) before income tax		(6,116)		99,462
Income tax (nominal tax rate)	(280.74)	17,170	34.29	34,103
Increase/(decrease) due to:				
Non taxable income	47.45	(2,902)	(0.50)	(493)
Non deductible expenses	11.18	(684)	1.69	1,685
Other temporary differences	(543.38)	33,233	(6.61)	(6,576)
Total	**(765.49)**	**46,817**	**28.87**	**28,719**

The nominal tax rate is the weighted average nominal tax rate which is calculated using the income tax ratio on earnings before taxes, based on the nominal tax rate and income, for each of the Group's subsidiaries.

Income tax of other comprehensive income

	FROM 1 JANUARY TO					
	30.6.2018			30.6.2017		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Amounts that may be reclassified to the Income Statement						
Net change in available for sale securities' reserve				234,821	(67,561)	167,260
Net change in securities' reserve measured at fair value through other comprehensive income	(296,517)	85,467	(211,050)	-	-	-
Net change in cash flow hedge reserve	(1,453)	421	(1,032)	50,608	(14,676)	35,932
Foreign exchange differences on translating and hedging the net investment in foreign operations	9,926	(2,210)	7,716	71,753	(445)	71,308
	(288,044)	83,678	(204,366)	357,182	(82,682)	274,500
Amounts that will not be reclassified to the Income Statement						
Net change in actuarial gains/(losses) of defined benefit obligations	123	(36)	87	4	(1)	3
Gains/losses from shares measured at fair value through other comprehensive income	2,282	(815)	1,467			
	2,405	(851)	1,554	4	(1)	3
Total	**(285,639)**	**82,827**	**(202,812)**	**357,186**	**(82,683)**	**274,503**

	FROM 1 APRIL TO					
	30.6.2018			30.6.2017		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Amounts that may be reclassified to the Income Statement						
Net change in available for sale securities' reserve	-	-	-	207,210	(58,814)	148,396
Net change in securities' reserve measured at fair value through other comprehensive income	(44,209)	12,104	(32,105)			-
Net change in cash flow hedge reserve	(5,125)	1,486	(3,639)	25,193	(7,306)	17,887
Foreign exchange differences on translating and hedging the net investment in foreign operations	1,095	(335)	760	72,656	(440)	72,216
	(48,239)	13,255	(34,984)	305,059	(66,560)	238,499
Amounts that will not be reclassified to the Income Statement						
Net change in actuarial gains/(losses) of defined benefit obligations				29	(9)	20
Gains/losses from shares measured at fair value through other comprehensive income	6,336	(1,253)	5,083			-
	6,336	(1,253)	5,083	29	(9)	20
Total	**(41,903)**	**12,002**	**(29,901)**	**305,088**	**(66,569)**	**238,519**

On 1.1.2018, a credit deferred tax amounting to € 412,173 was recognized in the caption "Retained earnings", along with a debit deferred tax amounting to € 20,244 in the caption "Reserves" as a result of the implementation of IFRS 9 (note 27).

During the first semester of 2017, "Retained earnings" includes a credit tax amount of € 79 which derives from the share capital increase expenses on 23.2.2017.

 The amounts are presented in thousands of Euro unless otherwise indicated

9. Earnings/(losses) per share

a. Basic

Basic earnings/(losses) per share are calculated by dividing the profit/(losses) after income tax attributable to ordinary equity owners of the Bank, by the weighted average number of outstanding ordinary shares, after deducting the weighted average number of treasury shares held by the Bank, during the period.

b. Diluted

Diluted earnings/(losses) per share are calculated by adjusting the weighted average number of ordinary shares outstanding to the presumed conversion amount of all dilutive potential ordinary shares. The Bank does not have such shares, therefore there is no reason for differentiating its diluted earnings/(losses) per share from the basic ones.

	FROM 1 JANUARY TO		FROM 1 APRIL TO	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Profit/(losses) attributable to equity owners of the Bank	**12,343**	**49,570**	**(52,905)**	**1,438**
Weighted average number of outstanding ordinary shares	1,543,699,381	1,541,665,228	1,543,699,381	1,541,665,228
Basic and diluted earnings/(losses) per share (in €)	0.0080	0.0322	(0.0343)	0.0009

	FROM 1 JANUARY TO		FROM 1 APRIL TO	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Profit/(losses) from continuing operations attributable to equity owners of the Bank	**12,343**	**118,027**	**(52,905)**	**70,805**
Weighted average number of outstanding ordinary shares	1,543,699,381	1,541,665,228	1,543,699,381	1,541,665,228
Basic and diluted earnings/(losses) from continuing operations per share (in €)	0.0080	0.0766	(0.0343)	0.0459

	FROM 1 JANUARY TO		FROM 1 APRIL TO	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Profit/(losses) from discontinued operations attributable to equity owners of the Bank	**-**	**(68,457)**	**-**	**(69,367)**
Weighted average number of outstanding ordinary shares	1,543,699,381	1,541,665,228	1,543,699,381	1,541,665,228
Basic and diluted earnings/(losses) from discontinued operations per share (in €)	-	(0.0444)	-	(0.0450)

On 23.2.2017, as a result of exercising the conversion right of all bondholders, the Bank increased its share capital, due to the conversion of the convertible bond that was issued on 1.2.2013, under the agreement with Credit Agricole S.A. for the acquisition of former Emporiki Bank. From the conversion, 6,818,181 new common shares were issued, which represent 0.44% of total shares. These shares were taken into account for the calculation of weighted average number of outstanding ordinary shares during the first semester of 2017.

ASSETS

10. Due from banks

	30.6.2018	31.12.2017
Placements with other Banks	682,850	760,816
Guarantees for coverage of derivative securities and sale and repurchase agreement	1,049,477	947,939
Sale and repurchase agreements (Reverse Repos)		39,654
Loans to credit institutions measured at amortized cost	37,046	9,201
Less:		
Allowance for impairment losses	(70,457)	(41,961)
Total	**1,698,916**	**1,715,649**

11. Loans and advances to customers

	30.6.2018	31.12.2017
Loans measured at amortized cost	52,428,418	53,427,725
Leasing	701,125	693,705
Less:		
Allowance for impairment losses	(12,469,806)	(11,031,961)
Total	**40,659,737**	**43,089,469**
Receivables from customers measured at amortized cost	188,780	228,724
Loans to customers measured at fair value through profit or loss	358,229	
Loans and advances to customers	**41,206,746**	**43,318,193**

As at 30.6.2018, the caption "Receivables from customers measured at amortized cost" includes accumulated impairments of € 39,656 (31.12.2017: € 6,323).

In the tables that follow, an analysis of loan portfolio per type and classification category is presented.

The Bank and Alpha Leasing A.E. have proceeded in securitization of consumer, corporate loans, credit cards and finance leases through special purpose entities controlled by them.

Based on the contractual terms and structure of the above transactions (e.g. allowance of guarantees or/and credit enhancement or due to the Bank owing the bonds issued by the special purpose entities), the Bank and Alpha Leasing A.E. retained in all cases the risks and rewards deriving from the securitized portfolios. The securitized loans are presented separately in the following tables.

Loans to customers measured at amortized cost

	30.6.2018	31.12.2017
Individuals		
Mortgages	18,661,764	19,063,348
Consumer		
- Non-securitized	3,485,681	3,320,412
- Securitized	1,227,136	1,450,276
Credit cards		
- Non-securitized	776,237	906,224
- Securitized	606,591	548,642
Other	1,110	1,232
Total	**24,758,519**	**25,290,134**
Companies		
Corporate loans		
- Non-securitized	24,532,444	25,180,988
- Securitized	2,584,108	2,495,437
Leasing		
- Non-securitized	359,549	360,268
- Securitized	341,576	333,437
Factoring	553,347	461,166
Total	**28,371,024**	**28,831,296**
	53,129,543	**54,121,430**
Less:		
Allowance for impairment losses	(12,469,806)	(11,031,961)
Total	**40,659,737**	**43,089,469**

Mortgages as at 30.6.2018 include loans of € 2,877,953 (31.12.2017: € 1,112,325) that have been used as a collateral in the Bank's covered bond program. On 30.6.2018 the nominal value of the covered bonds amounts to € 2,500,000 (31.12.2017: € 1,000,000) (note 17).

The movement in allowance for impairment losses of loans to customers measured at amortized cost is following:

Allowance for impairment losses

Balance 1.1.2017	**12,558,253**
Changes in period 1.1. - 30.6.2017	
Impairment losses for the period	476,924
Transfer of accumulated provisions to assets held for sale	3,417
Sales of impaired loans	(51,717)
Change in present value of impairment losses	171,170
Foreign exchange differences	(28,042)
Loans written-off during the period	(807,838)
Balance 30.6.2017	**12,322,167**
Changes in period 1.7 - 31.12.2017	
Impairment losses for the period	551,599
Transfer of accumulated provisions to assets held for sale	(852,516)
Sales of impaired loans/ disposals of subsidiaries	(18,710)
Change in present value of impairment losses	92,187
Foreign exchange differences	(66,476)
Loans written-off during the period	(1,144,226)
Other movements	154,259
Balance 31.12.2017	**11,038,284**
Reclassification of receivables	(6,323)
Balance 31.12.2017 including reclassification of receivables	**11,031,961**
Impact from the implementation of IFRS 9	1,423,042
Balance 1.1.2018	**12,455,003**
Changes in period 1.1. - 30.6.2018	
Impairment losses for the period	774,235
Sales of impaired loans	(7,014)
Derecognizing due to significant modifications in loans' contractual terms	(2,542)
Change in present value of impairment losses	58,963
Foreign exchange differences/other movements	10,420
Loans written-off during the period	(819,259)
Balance 30.6.2018	**12,469,806**

The finance lease receivables by duration are as follows:

	30.6.2018	31.12.2017
Up to 1 year	345,518	336,976
From 1 year to 5 years	229,105	225,371
Over 5 years	200,099	209,078
	774,722	**771,425**
Non accrued finance lease income	(73,597)	(77,720)
Total	**701,125**	**693,705**

The net amount of finance lease receivables by duration is analyzed as follows:

	30.6.2018	31.12.2017
Up to 1 year	332,317	323,800
From 1 year to 5 years	198,214	193,289
Over 5 years	170,594	176,616
Total	**701,125**	**693,705**

Loans to customers measured at fair value through profit or loss

	30.6.2018	31.12.2017
Individuals		
Consumer		
- Non-securitized	1,271	
Total	**1,271**	
Companies		
Corporate loans		
- Non-securitized	339,008	
- Securitized	17,950	
	356,958	
Total	**358,229**	

12. Trading and investment securities

i. Held for trading securities

The following table presents an analysis of the carrying amount of trading portfolio per type of security.

	30.6.2018	31.12.2017
Bonds		
- Greek Government	11,077	5,969
- Other issuers	670	
Shares		
- Listed	2,206	2,716
Total	**13,953**	**8,685**

ii. Investment securities

	30.6.2018	31.12.2017
Securities measured at fair value through other comprehensive income	5,540,609	
Securities measured at fair value through profit or loss	42,837	
Available for sale securities		5,873,768
Securities held to maturity		10,870
Total	**5,583,446**	**5,884,638**

An analysis of investment securities is provided in the following tables per classification category prior to and after the implementation of IFRS 9 for the comparative and the current period respectively distincted, per type of security.

a. Securities measured at fair value through other comprehensive income

	30.6.2018
Bonds and Treasury Bills	
- Greek Government	3,310,852
- Other Governments	888,748
- Other issuers	1,248,316
Shares	92,693
Total	**5,540,609**

b. Securities measured at fair value through profit or loss

	30.6.2018
Bonds	
- Other countries	9,162
- Other issuers	13,276
Other variable yield securities	20,399
Total	**42,837**

Securities measured at fair value through profit or loss include securities for which it was assessed that their contractual cash flows do not meet the definition of capital and interest, as provided by IFRS 9 (Solely Payments of Principal and Interest -SPPI).

The Group as at 30.6.2018 had no exposure to bonds and treasury bills issued by the Turkish Government.

c. Available for sale securities

	31.12.2017
Bonds and Treasury Bills	
- Greek Government	3,718,394
- Other countries	741,908
- Other issuers	1,277,313
Shares	115,830
Other variable yield securities	20,323
Total	**5,873,768**

d. Securities held to maturity

	31.12.2017
Bonds	
- Other countries	10,551
- Other issuers	319
Total	**10,870**

13. Investment property

	Land – Buildings
Balance 1.1.2017	
Cost	800,527
Accumulated depreciation and impairment losses	(186,435)
1.1.2017 - 30.6.2017	
Net book value 1.1.2017	614,092
Additions	24,728
Reclassification from/to "Property, plant and equipment"	(1,349)
Foreign exchange differences	(393)
Disposals/Write-offs	(20,876)
Disposal of subsidiary	(3,700)
Depreciation charge for the period from continuing operations	(6,570)
Impairment losses	(239)
Net book value 30.6.2017	**605,693**
Balance 30.6.2017	
Cost	821,711
Accumulated depreciation and impairment losses	(216,018)
1.7.2017 - 31.12.2017	
Net book value 1.7.2017	605,693
Additions	21,396
Additions from companies consolidated for the first time in 2017	21,501
Reclassification from/to "Property, plant and equipment"	7,033
Reclassification to "Assets held for sale"	(21,467)
Foreign exchange differences	(3,038)
Disposals/Write-offs	(13,864)
Disposal of subsidiary	34
Depreciation charge for the period from continuing operations	(5,837)
Impairment losses	(34,339)
Net book value 31.12.2017	**577,112**
Balance 31.12.2017	
Cost	765,578
Accumulated depreciation and impairment losses	(188,466)
1.1.2018 - 30.6.2018	
Net book value 1.1.2018	577,112
Additions	6,987
Additions from companies consolidated for the first time during the period	1,225
Reclassification from "Property, plant and equipment"	933
Reclassification to "Assets held for sale"	(6,200)
Reclassification from "Assets held for sale"	21,076
Foreign exchange differences	(121)
Disposals/Write-offs	(23,214)
Depreciation charge for the period	(5,745)
Impairment losses	(2,322)
Net book value 30.6.2018	569,731
Balance 30.6.2018	
Cost	820,580
Accumulated depreciation and impairment losses	(250,849)

During the current period there was no significant variation in investment property.

The impairment loss of current period concerns the valuation of investment properties of subsidiary Alpha Investment Property Neas Erythreas A.E, as it is described in note 31.

In 2017, an impairment loss amounting to € 34,578 was recognized, in order for the carrying amount of investment property not to exceed their recoverable amount as at 31.12.2017, as estimated by certified appraisals. The impairment loss was recognized in "Other Expenses".

14. Property, plant and equipment

	Land and Buildings	Leased equipment	Equipment	Total
Balance 1.1.2017				
Cost	1,097,399	3,389	462,904	1,563,692
Accumulated depreciation and impairment losses	(371,849)	(2,668)	(395,207)	(769,724)
1.1.2017 -30.6.2017				
Net book value 1.1.2017	725,550	721	67,697	793,968
Additions	14,129		10,042	24,171
Disposals/Write-offs	(1,247)		(14)	(1,261)
Reclassification to "Investment Property"	(28)			(28)
Reclassification from "Investment Property"	1,377			1,377
Reclassification to “Other assets”	(5,867)			(5,867)
Foreign exchange differences	111	1	(61)	51
Depreciation charge from continuing operations	(10,052)	(137)	(9,257)	(19,446)
Impairment losses			(115)	(115)
Net book value 30.6.2017	**723,973**	**585**	**68,292**	**792,850**
Balance 30.6.2017				
Cost	1,099,855	3,386	471,380	1,574,621
Accumulated depreciation and impairment losses	(375,882)	(2,801)	(403,088)	(781,771)
1.7.2017-31.12.2017				-
Net book value 1.7.2017	723,973	585	68,292	792,850
Additions		86	6,396	6,482
Additions from companies consolidated for the first time in 2017			4	4
Disposal of subsidiary	(3,620)		(858)	(4,478)
Disposals/Write-offs	(3,690)	(4)	(504)	(4,198)
Foreign exchange differences	(545)	(7)	(110)	(662)
Reclassification from/to "Investment property"	(7,023)		(10)	(7,033)
Reclassification to “Other assets”	(683)			(683)
Depreciation charge from continuing operations	(10,360)	(133)	(8,367)	(18,860)
Impairment losses	(28,172)			(28,172)
Net book value 31.12.2017	**669,880**	**527**	**64,843**	**735,250**
Balance 31.12.2017				
Cost	1,051,956	3,366	447,135	1,502,457
Accumulated depreciation and impairment losses	(382,076)	(2,839)	(382,292)	(767,207)
1.1.2018 - 30.6.2018				-
Net book value 1.1.2018	669,880	527	64,843	735,250
Additions	3,381	85	10,931	14,397
Disposals/Write-offs	(329)		(107)	(436)
Reclassification to "Investment property"	(933)			(933)
Transfer internally in "Property, Plant and Equipment"	(2,663)	(56)	2,719	-
Reclassification to “Other assets”	(2,937)			(2,937)
Foreign exchange differences	(58)	11	37	(10)
Depreciation charge from continuing operations	(9,173)	(118)	(8,692)	(17,983)
Net book value 30.6.2018	**657,168**	**449**	**69,731**	**727,348**
Balance 30.6.2018				
Cost	1,043,918	3,232	452,697	1,499,847
Accumulated depreciation and impairment losses	(386,750)	(2,783)	(382,966)	(772,499)

During the current period there was no significant variation in property, plant and equipment. In 2017, an impairment loss of € 28,287 was recognized in “Other Expenses”.

15. Goodwill and other intangible assets

	Software	Other intangible	Totals
Balance 1.1.2017			
Cost	617,620	140,128	757,748
Accumulated Amortization and impairment loss	(326,811)	(59,623)	(386,434)
1.1.2017 - 30.6.2017			
Net book value 1.1.2017	290,809	80,505	371,314
Additions	30,134		30,134
Foreign exchange differences	(7)	1	(6)
Amortization charge for the period from continuing operations	(14,847)	(9,145)	(23,992)
Impairment losses	(2,840)		(2,840)
Net book value 30.6.2017	**303,249**	**71,361**	**374,610**
Balance 30.6.2017			
Cost	647,638	140,129	787,767
Accumulated Amortization and impairment loss	(344,389)	(68,768)	(413,157)
1.7.2017-31.12.2017			
Net book value 1.7.2017	303,249	71,361	374,610
Additions	40,295		40,295
Additions from companies consolidated for the first time in 2017	5		5
Foreign exchange differences	87	2	89
Disposals/Write-offs	(93)		(93)
Amortization charge for the period from continuing operations	(15,890)	(9,148)	(25,038)
Impairment losses	(59)		(59)
Net book value 31.12.2017	**327,594**	**62,215**	**389,809**
Balance 31.12.2017			
Cost	685,756	141,486	827,242
Accumulated Amortization and impairment loss	(358,162)	(79,271)	(437,433)
1.1.2018 - 30.6.2018			-
Net book value 1.1.2018	327,594	62,215	389,809
Additions	46,203	2	46,205
Foreign exchange differences	44		44
Amortization charge for the period	(17,247)	(9,145)	(26,392)
Impairment losses	(5,071)		(5,071)
Net book value 30.6.2018	**351,523**	**53,072**	**404,595**
Balance 30.6.2018			**-**
Cost	732,143	141,488	873,631
Accumulated Amortization and impairment losses	(380,620)	(88,416)	(469,036)

The additions of the first semester of 2018 mainly concern acquisitions of user rights for computer applications.

In addition, during the first semester of 2018 an impairment loss of intangibles assets amounted to € 5,071 was recognized. In year 2017, an impairment loss on intangible assets of € 2,899 was recorded in caption "Other Expenses".

LIABILITIES

16. Due to banks

	30.6.2018	31.12.2017
Deposits:		
- Current accounts	41,937	49,398
- Term deposits:		
Central Banks	5,923,353	10,206,372
Other credit institutions	41,672	28,879
Cash collateral for derivative margin account and repurchase agreements	107,348	71,550
Sale of repurchase agreements (Repos)	3,418,843	2,306,720
Borrowing funds	451,773	474,333
Deposits redeemable at notice:		
- Other credit institutions	4,582	4,279
Total	**9,989,508**	**13,141,531**

Eurosystem funding decreased by €4,283,019 during the first semester of 2018, mainly due to the increase of customers' deposits, the issuance of covered bonds and new repurchase agreements (Repos).

In June 2016, the European Central Bank carried out a new program of targeted long term refinancing operations (TLTRO-II) with a four year duration. The Bank participates in this program with an amount of €3,100,000.

The caption "Borrowed funds" mainly includes liabilities due to European Investment Bank.

17. Debt securities in issue and other borrowed funds

i. Covered bonds *

In the context of the existing direct Covered Bond Issuance Program I of amount € 8 billion the Bank issued, on 1.8.2017, a bond with a nominal value of € 1 billion collateralized with mortgage loans of € 1.2 billion, with maturity date on 23.10.2018 and bearing an interest rate corresponding to three month Euribor plus a margin of 1.2%. The issuance was wholly purchased by the Bank and was used as collateral in financing operations. On 5.12.2017, the above issuance was redeemed.

In the context of the direct Covered Bond Issuance Program II, amounting to € 8 billion, the Bank, on 6.12.2017 and on 18.5.2018, issued bonds with a total nominal value of € 2 billion collateralized with mortgage loans of € 2.2 billion, with maturity date on 23.1.2019 and on 23.10.2019 respectively and bearing an interest rate corresponding to three month Euribor plus a margin of 1.65%. These bonds are used as collateral in financing operations and are not included in the caption "Debt securities in issue and other borrowed funds" as they are held by the Bank.

On 25.1.2018, and settlement date on 5.2.2018, the Bank issued a € 500 million covered bond collateralized with mortgage loans of € 0.7 billion, with a 5-year tenor, bearing a fixed annual interest rate of 2.5% and 2.75% yield to maturity, as part of its € 8 billion direct issuance Covered Bond Programme I. The bond is listed on the Luxembourg Stock Exchange and is rated B3 and B by Moody's and Fitch respectively.

Balance 1.1.2018	-
Changes for the period 1.1 - 30.6.2018	
New issues/ Capitalized expenses	498,183
Accrued interest	5,000
Balance 30.6.2018	**503,183**

* Financial disclosures regarding covered bond issues, as determined by the 2620/28.8.2009 directive of Bank of Greece are published at the Bank's website.

ii. Senior debt securities

Balance 1.1.2018	**9,977**
Changes for the period 1.1 - 30.6.2018	
Maturities/Repayments	(4,592)
Accrued interest	542
Balance 30.6.2018	**5,927**

iii. Liabilities from the securitization of shipping loans

Balance 1.1.2018	**317,066**
Changes for the period 1.1 - 30.6.2018	
Maturities/Repayments	(50,175)
Accrued interest	6,284
Foreign exchange differences	4,972
Balance 30.6.2018	**278,147**

The Bank has proceeded to a shipping loan securitization transaction, transferring them to the fully consolidated Special Purpose Entity, Alpha Shipping Finance Ltd, which raised funding from third parties. The liability of the Group to third parties on 30.6.2018 amounts to € 278 million.

iv. Liabilities from the securitization of corporate (SME) loans

Balance 1.1.2018	**319,656**
Changes for the period 1.1 - 30.6.2018	
Maturities/Repayments	(59,564)
Accrued interest	2,778
Balance 30.6.2018	**262,870**

The Bank has proceeded with the securitiza-tion of SME's loans, transferring the aforementioned loans to the fully consolidated special purpose entity, Proodos Designated Activity Company (D.A.C.), which in turn raised funding from third parties and from the Bank.

The liability of the Group to third parties on 30.6.2018 amounts to € 263 million.

v. Liabilities from the securitization of other loans

The liabilities arising from the securitisation of consumer loans, corporate loans, credit cards and leasing receivables are not included in caption "Debt securities in issue and other borrowed funds" since these securities of nominal value € 4.2 billion have been issued by special purpose entities and held by the Bank.

vi. Subordinated debt (Lower Tier II, Upper Tier II)

Balance 1.1.2018	**56,188**
Changes for the period 1.1 - 30.6.2018	
Maturities/Repayments	(56,107)
Accrued interest	(571)
Balance 30.6.2018	**652**

On 30.05.2015 subordinated debt of nominal value € 100 million matured, from which an amount of € 26.6 million and an amount of € 18 million was owned by the Bank and the Group respectively.

Total of debt securities in issue and other borrowed funds as at 30.6.2018	1,050,779

As at 31.12.2017, an amount of € 47,320 that was reclassified from debt securities in issue and other borrowed funds to Due to customers does not exist since the respective bonds matured during first semester of 2018.

18. Provisions

	30.6.2018	31.12.2017
Insurance provisions	284,640	262,626
Provisions to cover credit risk and other provisions	265,817	178,614
Total	**550,457**	**441,240**

a. Insurance

	30.6.2018	31.12.2017
Life insurance		
Mathematical reserves	284,220	262,287
Outstanding claim reserves	420	339
Total	**284,640**	**262,626**

b. Provisions to cover credit risk and other provisions

Balance 1.1.2017	**102,174**
Changes for the period 1.1 - 30.6.2017	
Provisions to cover credit risk relating to off-balance sheet items (note 6)	(1,671)
Provisions from legal cases and other contingent liabilities	7,689
Other provisions used during the period	(4,109)
Used provision for Alpha Bank A.E. separation scheme	(754)
Foreign exchange differences	(18)
Balance 30.6.2017	**103,311**
Changes for the period 1.7-31.12.2017	
Provisions to cover credit risk relating to off-balance sheet items	(562)
Used provision for Alpha Bank A.E. separation scheme	(17,703)
Other provisions used during the period	(2,696)
Provisions from legal cases and other contingent liabilities	3,662
Provision for Alpha Bank A.E. separation scheme	92,719
Foreign exchange differences	(117)
Balance 31.12.2017	**178,614**
Changes for the period 1.1-30.6.2018	
Impact from the implementation of IFRS 9 on provisions to cover credit risk (note 27)	109,311
Balance 1.1.2018	**287,925**
Provisions to cover credit risk relating to off-balance sheet items (note 6)	(19,652)
Used provision for Alpha Bank A.E. separation scheme	(3,407)
Other provisions used during the period	(3,398)
Other provisions	2,880
Foreign exchange differences	1,469
Balance 30.6.2018	**265,817**

The caption "Other Expenses", includes the amounts of other provisions , while the caption "Impairment losses and provisions to cover credit risk" of Income Statement, include the provisions to cover credit risk relating to off- balance sheet items.

The balance of provisions to cover credit risk relating to off-balance sheet items as at 30.6.2018 amounts to € 90,501 (31.12.2017: € 787) of which an amount of € 5,749 relates to provisions of undrawn credit limits, and an amount of € 84,752 relates to provisions for Letters of Guarantee and Letters of Credit.

The balance of other provisions as at 30.6.2018, amounts € 175,316 (31.12.2017: € 177,827) of which:

- An amount of € 40,092 (31.12.2017: € 40,905) relates to pending legal cases.
- An amount of € 99,893 (31.12.2017: € 103,300) relates to provision of the voluntary separation scheme.

Separation Scheme

In 2015, the Bank committed to further reduce its Greek Personnel (including non-financial subsidiaries), in accordance to the framework for implementation of the updated restructuring plan resulting in 9.504 maximum number of employees until 2017.

Following the above commitments and relevant decisions for their implementation, on 31.12.2015 the Bank recorded a provision amounting to € 64,300. During the fiscal years 2016 and 2017, provision was utilized amounted of € 35,262 and 18,457, respectively.

Additionally, in the context of the three year Restructuring Plan concerning the period 2017-2019, the Bank through the facilitation of Key Restructuring Projects intends to the optimization of both efficiency and effectiveness in respects with operational functions, reduction of operational costs, digital transformation and exploitation of new solutions and infrastructures. Due to need for reduction of personnel, as a result of the forthcoming restructuring and the necessary reallocation of roles and responsibilities, during the forth quarter of 2017, it was decided the extension of the separation scheme and consequently a new provision was recognized amounted to € 92,719. Provision related to the implementation of the separation scheme as at 30.6.2018 amounted to € 99,893.

Finally, in the aforementioned context and as part of the activities for reduction of personell, the Bank in June 2018, set up a separation scheme, in which approximately 620 individuals participated, whose departure will take place after 30.6.2018.

EQUITY

19. Share capital and Retained earnings

a. Share capital

On 30.6.2018, the Bank's share capital amounts to € 463,110 with 1,543,699,381 new ordinary, registered, voting, paperless shares of the Bank with a nominal value of € 0.30 each.

b. Retained earnings

Since there were no distributable profits for the fiscal year 2017, in accordance with the provisions of article 44a of Codified Law 2190/1920, the Ordinary General Meeting of Shareholders held on 29.6.2018 decided the non distribution of dividend to the ordinary shareholders of the Bank.

20. Hybrid securities

	30.6.2018	31.12.2017
Perpetual with 1st call option on 18.2.2015 and per year	15,232	15,232
Securities held by Group companies	(125)	(125)
Total	**15,107**	**15,107**

ADDITIONAL INFORMATION

21. Contingent liabilities and commitments

a. Legal issues

The Group, in the ordinary course of business, is a defendant in claims from customers and other legal proceedings. In the context of managing the operational risk events and on the basis of the accounting principles followed, the Group records all the filed lawsuits or similar actions performed by third parties against the Group and considers any possibility of their success, as well as the possible outcome.

For cases where there is a significant probability of a negative outcome, and the result may be sufficiently estimated, the Group creates a provision that is included in the Balance Sheet under the caption "Provisions". On 30.6.2018 the amount of the provision stood at €40,092 (31.12.2017: € 40,905).

For cases where according to their progress and the evaluation of the Legal department on 30 June 2018, a negative outcome is not probable or the potential outflow cannot be estimated reliably due to the complexity of the cases, the time period they will last and the uncertainty of their outcome, the Group has not recognized a provision. As of 30.6.2018 the legal claims against the Group for the above cases amount to € 382,809 (31.12.2017: € 402,342).

According to the estimations of the Legal department, the ultimate settlement of the claims and lawsuits is not expected to have a material effect on the financial position or the operations of the Group.

b. Tax issues

Alpha Bank has been audited by the tax authorities for the years up to and including 2010. The year 2011 is considered closed as per the circular POL1208/20.12.2017 of the Independent Public Revenue Authority. For the years 2011 up to 2016 it has obtained a tax certificate with no qualifications, according to the provisions of the article 82 of Law 2238/1994 and the article 65A of Law 4174/2013. Former Emporiki Bank has been audited by the tax authorities for the years up to and including 2008. Years 2009-2011 are considered as closed, in accordance with the Circular POL 1208/20.12.2017 of the Independent Public Revenue Authority. For the years 2011 up to 2013 it has obtained a tax certificate with no qualifications.

The Bank's branches in London and Bulgaria have been audited by the tax authorities up to and including the years 2013 and 2016 respectively. For Bulgaria Branch, the tax audit for the year 2016 was completed in February 2017. Former Emporiki Bank's branch in Cyprus has not been audited by the tax authorities since the commencement of its operations (fiscal year 2011) until its deletion from the Department of Registrar of Companies of Cyprus (August 2015), meanwhile it has ceased its operations from September 2014.

On 2.6.2015, the merger by absorption of Diners Club of Greece A.E.P.P. was completed. The Company has been audited by the tax authorities for the years up to and including 2010. Year 2011 is considered as closed, in accordance with the circular POL 1208/20.12.2017 of the Independent Public Revenue Authority. For the tax year 2012, the tax audit is in progress. For the year 2013 it has obtained a tax certificate with no qualifications.

Based on circular POL 1006/5.1.2016 there is no exemption from tax audit by the tax authorities to those entities that have been tax audited by the independent auditor and they have received an unqualified tax audit certificate. Therefore, the tax authorities may reaudit the tax books for previous years.

Additional taxes and penalties may be imposed for the unaudited years due to the fact that some expenses may not be recognized as deductible by the tax authorities, the amounts of which cannot accurately be determined.

The Group's subsidiaries have been audited by the tax authorities up to and including the year indicated in the table below:

Name	Year
Banks	
1. Alpha Bank London Ltd (voluntary settlement of tax obligation)	2015
2. Alpha Bank Cyprus Ltd (tax audit is in progress for the years 2012-2014)	2011
3. Alpha Bank Romania S.A.	2006
4. Alpha Bank Srbija A.D. (the company was transferred on 11.4.2017)	2004
5. Alpha Bank Albania SH.A.	2011
Leasing companies	
1. Alpha Leasing A.E.** (tax audit is in progress for the year 2012)	2011
2. Alpha Leasing Romania IFN S.A.	2007
3. ABC Factors A.E.**	2011
Investment Banking	
1. Alpha Finance A.E.P.E.Y.**/***	2011
2. SSIF Alpha Finance Romania S.A.	2002
3. Alpha A.E. Investment Holdings**/***	2011
4. Alpha A.E. Ventures Capital Management - AKES**/***	2011
5. Emporiki Ventures Capital Developed Markets Ltd	2007
6. Emporiki Ventures Capital Emerging Markets Ltd	2008
Asset Management	
1. Alpha Asset Management A.E.D.A.K.**/***	2011
2. ABL Independent Financial Advisers Ltd (voluntary settlement of tax obligation)	2015
Insurance	
1. Alpha Insurance Agents A.E.**/***	2011
2. Alpha Insurance Brokers S.R.L.	2005
3. Alphalife A.A.E.Z.**/***	2011
Real estate and hotel	
1. Alpha Astika Akinita A.E.** (tax audit is in progress for the year 2012)	2011
2. Ionian Hotel Enterprises A.E. ** (the company was transferred on 16.12.2016)	2011
3. Oceanos A.T.O.E.E. **/*** (merged with Alpha Investment Property Amarousion I A.E. on 20.12.2017)	2011
4. Emporiki Development and Real Estate Management A.E.	2011
5. Alpha Real Estate D.O.O. Beograd (the company was transferred on 28.11.2017)	2008
6. Alpha Real Estate Bulgaria E.O.O.D. (commencement of operation 2007)	*
7. Chardash Trading E.O.O.D. (commencement of operation 2006)	*
8. Alpha Real Estate Services S.R.L. (commencement of operation 1998)	*
9. Alpha Investment Property Chalandriou A.E. (commencement of operation 2012 - merged with Alpha Investment Property Amarousion I A.E. on 20.12.2017)	**
10. Alpha Investment Property Attikis A.E. (commencement of operation 2012)	**
11. Alpha Investment Property Attikis II A.E. (commencement of operation 2012)	**
12. Alpha Investment Property I A.E. (commencement of operation 2012 - former Alpha Investment Property Amarousion I A.E.)	**
13. Alpha Investment Property Amarousion II A.E. (commencement of operation 2012- merged with Alpha Investment Property Amarousion I on 20.12.2017)	**
14. AGI-RRE Participations 1 S.R.L. (commencement of operation 2010)	*
15. AGI-BRE Participations 1 E.O.O.D. (commencement of operation 2012 - the company was transferred on 18.5.2017)	*
16. Stockfort Ltd (commencement of operation 2010)	*
17. Romfelt Real Estate SA (commencement of operation 1991)	*

* These companies have not been audited by the tax authorities since the commencement of their operations.

** These companies received tax certificate for the years 2011 to 2016 without any qualification whereas the years up to and including 2011 are considered as closed in accordance with the circular POL 1208/20.12.2017 (note 8).

*** These companies have been audited by the tax authorities up to and including 2009 in accordance with Law 3888/2010 which relates to voluntary settlement for the unaudited tax years.

Name	Year
Real Estate and Hotel (continued)	
18. AGI-RRE Zeus S.R.L. (commencement of operation 2012)	*
19. AGI-RRE Athena S.R.L. (cessation of operation 2017)	*
20. AGI-RRE Poseidon S.R.L. (commencement of operation 2012)	*
21. AGI-RRE Hera S.R.L. (commencement of operation 2012)	*
22. AGI-BRE Participations 2 E.O.O.D. (commencement of operation 2012)	*
23. AGI-BRE Participations 2BG E.O.O.D. (commencement of operation 2012)	*
24. AGI-BRE Participations 3 E.O.O.D. (commencement of operation 2012)	*
25. AGI-BRE Participations 4 E.O.O.D. (commencement of operation 2012)	*
26. APE Fixed Assets A.E.**/***	2011
27. SC Cordia Residence S.R.L.	2013
28. HT-1 E.O.O.D (commencement of operation 2013)	*
29. AGI-RRE Venus S.R.L. (commencement of operation 2014)	*
30. AGI-RRE Cleopatra S.R.L. (commencement of operation 2014)	*
31. AGI-RRE Hermes S.R.L. (commencement of operation 2014)	*
32. SC Carmel Residential S.R.L. (commencement of operation 2013)	*
33. Alpha Investment Property Neas Kifisias A.E. (commencement of operation 2014)	*
34. Alpha Investment Property Kalirois A.E. (commencement of operation 2014)	*
35. Alpha Investment Property Livadias A.E. (commencement of operation 2014)	*
36. AGI-SRE Ariadni DOO (commencement of operation 2015-the company was transferred on 20.06.2017)	*
37. Alpha Investment Property Kefalariou A.E. (commencement of operation 2015)	*
38. Alpha Investment Property Neas Erythraias A.E. (commencement of operation 2015)	*
39. Alpha Investment Property Chanion A.E. (former Anaplasi Plagias A.E.) (commencement of operation 2011)	*
40. Asmita Gardens S.R.L.	2010
41. Ashtrom Residents S.R.L. (commencement of operation 2006)	*
42. Cubic Center Development S.A. (commencement of operation 2010)	*
43. AGI-BRE Participations 5 EOOD (commencement of operation 2015 - the company was transferred on 25.6.2018)	*
44. AGI-SRE Participations 1 DOO (commencement of operation 2016)	*
45. Alpha Investment Property Spaton A.E. (commencement of operation 2017)	*
46. TH Top Hotels S.R.L (commencement of operation 2009)	*
47. Kestrel Enterprise E.O.O.D. (commencement of operation 2013)	*****
48. House Properties Investments E.O.O.D.) (commencement of operation 2013 - the company was transferred on 25.6.2018)	*****
49. Residence Properties Investments E.O.O.D. (commencement of operation 2013 - the company was transferred on 25.6.2018)	*****
50. Beroe real estate E.O.O.D. (commencement of operation 2018)	*
51. Alpha Investment Property Irakleiou A.E. (commencement of operation 2018)	*
52. Alpha Investment Property Gi I A.E. (commencement of operation 2018)	*
53. AGI-Cypre Property 1 Ltd (commencement of operation 2018)	*
54. AGI-Cypre Property 2 Ltd (commencement of operation 2018)	*
55. AGI-Cypre Property 3 Ltd (commencement of operation 2018)	*
56. AGI-Cypre Property 4 Ltd (commencement of operation 2018)	*
57. AGI-Cypre Property 5 Ltd (commencement of operation 2018)	*
58. AGI-Cypre Property 6 Ltd (commencement of operation 2018)	*

* These companies have not been audited by the tax authorities since the commencement of their operations.

** These companies received tax certificate for the years 2011 to 2016 without any qualification whereas the years up to and including 2011 are considered as closed in accordance with the circular POL 1208/20.12.2017 (note 8).

*** These companies have been audited by the tax authorities up to and including 2009 in accordance with Law 3888/2010 which relates to voluntary settlement for the unaudited tax years.

**** These companies are not subject to a tax audit.

***** These companies have been incorporated in the Group in 2017 through bankruptcy proceedings and since then are not subject to a tax audit.

Name	Year
Real Estate and Hotel (continued)	
59. AGI-Cypre Property 8 Ltd (commencement of operation 2018)	*
60. Kitma Holdings Ltd (commencement of operation 2006)	*
Special purpose and holding entities	
1. Alpha Credit Group Plc (voluntary settlement of tax obligation)	2015
2. Alpha Group Jersey Ltd	****
3. Alpha Group Investments Ltd (commencement of operation 2006)	*
4. Ionian Holdings A.E.**/***	2011
5. Ionian Equity Participations Ltd (commencement of operation 2006 - the company was transferred at Alpha A.E. Ventures on 11.9.2017)	*
6. Emporiki Group Finance Plc (voluntary settlement of tax obligation)	2015
7. AGI-BRE Participations 1 Ltd (commencement of operation 2009)	*
8. AGI-RRE Participations 1 Ltd (commencement of operation 2009)	*
9. Alpha Group Ltd (commencement of operation 2012)	*
10. Katanalotika Plc (voluntary settlement of tax obligation)	2016
11. Epihiro Plc (voluntary settlement of tax obligation)	2016
12. Irida Plc (voluntary settlement of tax obligation)	2016
13. Pisti 2010 - 1 Plc (voluntary settlement of tax obligation)	2016
14. Alpha Shipping Finance Ltd (voluntary settlement of tax obligation)	2016
15. Alpha Proodos DAC (commencement of operation 2016)	*
16. AGI – RRE Athena Ltd (commencement of operation 2011)	*
17. AGI - RRE Poseidon Ltd (commencement of operation 2012)	*
18. AGI - RRE Hera Ltd (commencement of operation 2012)	*
19. Umera Ltd (commencement of operation 2012)	*
20. AGI – BRE Participations 2 Ltd (commencement of operation 2011)	*
21. AGI – BRE Participations 3 Ltd (commencement of operation 2011)	*
22. AGI – BRE Participations 4 Ltd (commencement of operation 2010)	*
23. Alpha Real Estate Services LLC (commencement of operation 2010)	*
24. AGI – RRE Ares Ltd (commencement of operation 2010)	*
25. AGI – RRE Venus Ltd (commencement of operation 2012)	*
26. AGI – RRE Artemis Ltd (commencement of operation 2012)	*
27. AGI – BRE Participations 5 Ltd (commencement of operation 2012)	*
28. AGI-RRE Cleopatra Ltd (commencement of operation 2013)	*
29. AGI-RRE Hermes Ltd (commencement of operation 2013)	*
30. AGI-Cypre Arsinoe Ltd (commencement of operation 2013)	*
31. AGI-SRE Ariadni Ltd (commencement of operation 2014)	*
32. Zerelda Ltd (commencement of operation 2012)	*
33. AGI-Cypre Alaminos Ltd (commencement of operation 2014)	*
34. AGI-Cypre Tochni Ltd (commencement of operation 2014)	*
35. AGI-Cypre Evagoras Ltd (commencement of operation 2014)	*
36. AGI-Cypre Tersefanou Ltd (commencement of operation 2014)	*
37. AGI-Cypre Mazotos Ltd (commencement of operation 2014)	*
38. AGI-Cypre Ermis Ltd (commencement of operation 2014)	*
39. AGI-SRE Participations 1 Ltd (commencement of operation 2016)	*

* These companies have not been audited by the tax authorities since the commencement of their operations.

** These companies received tax certificate for the years 2011 to 2016 without any qualification whereas the years up to and including 2011 are considered as closed in accordance with the circular POL 1208/20.12.2017 (note 8).

*** These companies have been audited by the tax authorities up to and including 2009 in accordance with Law 3888/2010 which relates to voluntary settlement for the unaudited tax years.

**** These companies are not subject to a tax audit.

Name	Year
Other companies	
1. Alpha Bank London Nominees Ltd	****
2. Alpha Trustees Ltd (commencement of operation 2002)	*
3. Kafe Alpha A.E.**/***	2011
4. Alpha Supporting Services A.E.**/*** (tax audit is in progress for the year 2012)	2011
5. Real Car Rental A.E.**/***	2011
6. Evisak A.E.**/*** (was transferred on 11.12.2017)	2011
7. Emporiki Management A.E.***	2011
8. Alpha Bank Notification Services A.E. (commencement of operation 2015)	*

c) Operating leases

The Group's obligations with respect to leases relate to buildings used as branches and other operating units.

The minimum future lease payments are:

	30.6.2018	31.12.2017
- less than one year	41,710	39,166
- between one and five years	94,041	85,924
- over five years	106,637	108,374
Total	**242,388**	**233,464**

	30.6.2018	31.12.2017
- less than one year	16,345	17,107
- between one and five years	48,386	50,514
- over five years	44,259	47,523
Total	**108,990**	**115,144**

d) Off balance sheet commitments

The Group as part to its normal operations, is binded by contractual commitments, that in the future may result in changes to its balance sheet. These commitments are monitored in off balance sheet accounts and relate to letters of credit, letters of guarantee, undrawn credit facilities and credit limits.

Letters of credit are used to facilitate trading activities and relate to the financing of contractual agreements for the transfer of goods locally or abroad, by undertaking the direct payment on behalf of the third party bounded by the agreement on behalf of the Group's client. Letters of credit, as well as letters of guarantee, are commitments under specific terms and are issued by the Group for the purpose of ensuring that its clients will fulfill the terms of their contractual obligations.

The outstanding balances are as follows:

	30.6.2018	31.12.2017
Letters of credit	31,133	29,313
Letters of guarantee and other guarantees	3,205,985	3,355,650

* These companies have not been audited by the tax authorities since the commencement of their operations.

** These companies received tax certificate for the years 2011 to 2016 without any qualification whereas the years up to and including 2011 are considered as closed in accordance with the circular POL 1208/20.12.2017 (note 8).

*** These companies have been audited by the tax authorities up to and including 2009 in accordance with Law 3888/2010 which relates to voluntary settlement for the unaudited tax years.

**** These companies are not subject to a tax audit.

In addition, contingent liabilities for the Group arise from undrawn loan agreements and credit limits that may not be fulfilled immediately or may be partly fulfilled as long as the agreed upon requirements are fulfilled by counterparties.

Committed limits that can not be recalled in case where counterparties fail to meet their contractual obligations as at 31.12.2017 amounts to € 402,124 (31.12.2016: € 494,734) and are included in the calculation of risk weighted assets.

From 1.1.2018, following the implementation of IFRS 9, the Group measures the expected credit losses for undrawn loan commitments and letters of credit/ letters of guarantee, which are included in the caption "Provisions".

The Bank has committed to contribute in the share capital of the joint venture Alpha TANEO AKES up to the amount of € 186.

e) Assets pledged

Assets pledged, as at 30.6.2018 are analyzed as follows:

- Deposits pledged amounting to € 858,555 (31.12.2017: € 763,146) concerning the Group's obligation to maintain deposits in Central Banks according to ratios determined in the respective country.
- Due to banks:
  i. Pledged placements amounting to € 215,645 (31.12.2017: € 216,195) concerning guarantees provided mainly in favor of the Greek State.
  ii. Pledged placements to credit institutions amounting to € 1,003,518 (31.12.2017: € 947,939) which have been provided as guarantee for derivative transactions and other repurchase agreements (repos).
  iii. Pledged placements to credit institutions amounting to € 24,921 (31.12.2017: € 18,905) which have been provided for Letter of Credit or Guarantee Letters issued by the Bank in order to facilitate clients' imports.
  iv. Pledged placements of € 9,493 (31.12.2017: € 6,214) million have been provided to the Resolution Fund as irrevocable payment commitment, as part of the 2016 and 2018 contribution. This commitment must be fully covered by collateral exclusivelly in cash, as decided by Single Resolution Board.
  v. Placements of € 25,060 (31.12.2017: € 5,100) have been given as collateral for the issuance of bonds with nominal value of € 2,500,000 (31.12.2017: € 1,000,000), of which an amount of € 2,000,000 (31.12.2017: € 1,000,000), are held by the Bank, as mentioned below under "Loans and advances to customers"
- Loans and advances to customers:
  i. Loans with value of € 10,224,436 (31.12.2017: € 17,736,225) has been pledged to Central Banks for liquidity purposes.
  ii. A carrying amount of € 3,473,084 (31.12.2017: € 3,390,710) which relates to corporate, consumer loans and credit cards has been securitized for the issuance of the Group's Special Purpose Entities' bonds with a nominal value of € 4,174,400 (31.12.2017: € 4,174,400), which are held by the Bank, of which a nominal amount of € 2,328,000 (31.12.2017: € 2,066,900) has been given as collateral for repurchase agreements (repos).
  iii. A carrying amount of € 492,503 (31.12.2017: € 523,422), which is related to shipping loans, have been securitised for the issuance of debt securities for the purpose of financing the Group's Special Purpose Entitiy amounting to € 277,555 (31.12.2017: € 317,066) as at 30.6.2018. For the aforementioned transaction, an amount of € 23,884 (31.12.2017: € 23,125) which relates to "Due from Banks", has been given as collateral.
  iv. A carrying amount of € 516,569 (31.12.2017: € 586,680) which relates to corporate loans, have been securitized for the issuance of the Group's Special Purpose Entities' bonds which amounts to € 583,140 (31.12.2017: € 640,000) as at 30.6.2018, of which an amount of € 320,000 are allocated to investors, and the other € 320,000 (31.12.2017: € 320,000) are held by the Bank, of which amount € 100,000 (31.12.2017: € 100,000) has been given as collateral for repurchase agreements (repos). An amount of € 87,356 (31.12.2017: € 80,886) which relates to "Due from Banks" has been given as collateral for the aforementioned transaction.
  v. A carrying amount of € 37,733 (31.12.2017: nominal amount € 46,048) relating to corporate loans, has been pledged for other loan facilities.

vi. A carrying amount of € 2,877,953 (31.12.2017: € 1,112,325) which relates to mortgage loans has been given as collateral for the issuance of covered bonds with a nominal value of € 2,500,000 (31.12.2017: € 1,000,000) as of 30.6.2018, of which an amount of € 2,000,000 (31.12.2017: € 1,000,000) are held by the Bank and an amount of € 1,740,000 (31.12.2017: € 1,000,000) has been given as guarantee for repurchase agreements (repos).

- Securities held for trading and investment securities portfolio out of which:

i. A carrying amount of € 3,013,002 (31.12.2017: € 3,436,247) of Greek government securities, out of which a carrying amount of € 2,406,681 (31.12.2017: € 3,133,717) has been pledged to Central Banks for liquidity purposes, an amount of € 4,765 (31.12.2017: € 5,304) has been pledged as collateral for other loan facilities, a carrying amount of € 600,357 (31.12.2017: € 297,226) has been given as collateral for repurchase agreements (repos), while a carrying amount of € 1,199 (31.12.2017: € 0) has been given as collateral for customers' derivatives transactions. Moreover, Greek Government treasury bills of nominal value of € 370,000 (31.12.2017: € 0), received as collateral for derivatives transactions with the Greek State, have been given as collateral for repurchase agreements (repo).

ii. A carrying amount of € 349,103 (31.12.2017: € 251,507) relates to securities issued by the European Financial Stability Facility (EFSF), that has been pledged to Central Banks with the purpose to participate in main refinancing operations.

iii. A carrying amount of € 51,002 (31.12.2017: € 114,556) which relates to other corporate securities, has been given as collateral for repurchase agreements (repos).

iv. A carrying amount of € 587,272 (31.12.2017: € 138,124) which relates to bonds issued by third parties, has been given to Central Banks for liquidity purposes.

v. A carrying amount of € 15,119 (31.12.2017: € 15,424) which relates to securities issued by Other Governments has been given as collateral for repurchase agreements (repos).

22. Disclosures of Law 4261/5.5.2014

Article 81 of Law 4261/5.5.2014 incorporated into Greek legislation the Article 89 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, according to which, it is adopted for the first time the obligation to disclose information on a consolidated basis by Member State and third country in which the Group has headquarters and specified as follows: name or names, nature of business, geographic location, turnover, results before tax, taxes on results, public subsidies received and number of full time employees.

The required information is listed below:

Greece

Turnover in Greece on 31.12.2017 amounted to € 2,673,946 , results before tax amounted to gains € 104,588 , debit taxes on results amounted to €(69,054) and the number of employees was 8,698 for the following companies that included:

Banks
1. Alpha Bank A.E. (including the Branch in United Kingdom)

Asset Management
1. Alpha Asset Management A.E.D.A.K.

Leasing companies
1. Alpha Leasing A.E.
2. ABC Factors A.E.

Investment Banking
1. Alpha Finance A.E.P.E.Y.
2. Alpha A.E. Investment Holdings
3. Alpha A.E. Ventures Capital Management – AKES

Insurance
1. Alpha Insurance Agents A.E.
2. Alphalife A.A.E.Z.

Real estate and hotel
1. Alpha Astika Akinita A.E.
2. Emporiki Development and Real Estate Management A.E.
3. Alpha Investment Property Attikis A.E.
4. Alpha Investment Property Attikis II A.E.
5. Alpha Investment Property I A.E.
6. APE Fixed Assets A.E.
7. Alpha Investment Property Neas Kifisias A.E.
8. Alpha Investment Property Kallirois A.E.
9. Alpha Investment Property Livadias A.E.
10. Alpha Investment Property Kefalariou A.E.
11. Alpha Investment Property Neas Erythreas A.E.
12. Alpha Investment Property Chanion A.E.
13. Alpha Investment Property Spaton A.E.
14. Alpha Investment Property Kallitheas A.E.

Special purpose and holding entities
1. Ionian Holdings A.E.

Other companies
1. Kafe Alpha A.E.
2. Alpha Supporting Services A.E.
3. Real Car Rental A.E.
4. Evisak A.E.
5. Emporiki Management A.E.
6. Alpha Bank Notification Services A.E.

United Kingdom

Turnover in United Kingdom on 31.12.2017 amounted to € 43,096, results before tax amounted to gains € 16,349, debit taxes on results amounted to €(2,692), the number of employees was 39 and the following companies were included:

Banks
1. Alpha Bank London Ltd

Asset Management
1. ABL Independent Financial Advisers Ltd

Special purpose and holding entities
1. Alpha Credit Group Plc
2. Emporiki Group Finance Plc
3. Irida Plc
4. Alpha Shipping Finance Ltd

Other companies
1. Alpha Bank London Nominees Ltd

Cyprus

Turnover in Cyprus on 31.12.2017 amounted to € 168,585, results before tax amounted to losses € (449,515), debit taxes on results amounted to € (1,933) the number of employees was 671 and the following companies were included:

Banks
1. Alpha Bank Cyprus Ltd

Investment Banking
1. Emporiki Ventures Capital Developed Markets Ltd
2. Emporiki Ventures Capital Emerging Markets Ltd

Real estate and hotel
1. Stockfort Ltd

Special purpose and holding entities
1. Alpha Group Investments Ltd
2. Ionian Equity Participations Ltd
3. AGI-BRE Participations 1 Ltd
4. AGI-RRE Participations 1 Ltd
5. Alpha Group Ltd
6. AGI-RRE Athena Ltd
7. AGI-RRE Poseidon Ltd
8. AGI-RRE Hera Ltd
9. Umera Ltd
10. AGI-BRE Participations 2 Ltd
11. AGI-BRE Participations 3 Ltd
12. AGI-BRE Participations 4 Ltd
13. Alpha Real Estate Services LLC
14. AGI-RRE Ares Ltd
15. AGI-RRE Venus Ltd
16. AGI-RRE Artemis Ltd
17. AGI-BRE Participations 5 Ltd
18. AGI-RRE Cleopatra Ltd
19. AGI-RRE Hermes Ltd
20. AGI-Cypre Arsinoe Ltd
21. AGI-SRE Ariadni Ltd
22. Zerelda Ltd
23. AGI-Cypre Alaminos Ltd
24. AGI-Cypre Tochini Ltd
25. AGI-Cypre Evagoras Ltd
26. AGI-Cypre Tersefanou Ltd
27. AGI-Cypre Mazotos Ltd
28. AGI-Cypre Ermis Ltd
29. AGI-SRE Participations 1 Ltd

Other companies
1. Alpha Trustees Ltd

Romania

Turnover in Romania on 31.12.2017 amounted to € 164,243 , results before tax amounted to gains € 45,531, debit tax on results amounted to € (9,346), the number of employees was 1,897 and the following companies were included:

Banks
1. Alpha Bank Romania S.A.

Leasing
1. Alpha Leasing Romania IFN S.A.

Investment Banking
1. SSIF Alpha Finance Romania S.A.

Insurance
1. Alpha Insurance Brokers S.R.L.

Real estate and hotel
1. Alpha Real Estate Services S.R.L.
2. AGI-RRE Participations 1 S.R.L.
3. Romfelt Real Estate S.A.
4. AGI-RRE Zeus S.R.L.
5. AGI-RRE Poseidon S.R.L.
6. AGI-RRE Hera S.R.L.
7. AGI-RRE Cleopatra S.R.L.
8. AGI-RRE Hermes S.R.L.
9. SC Cordia Residence S.R.L.
10. SC Carmel Residential S.R.L.
11. Asmita Gardens S.R.L.
12. Ashtrom Residents S.R.L.
13. Cubic Center Development S.A.
14. TH Top Hotels S.R.L.

Serbia

Turnover in Serbia on 31.12.2017 amounted to € 10,434, results before tax amounted to gains € 11,204, debit tax on results amounted to € (43) and the following companies were included:

Banks
1. Alpha Bank Srbija A.D.

Real estate and hotel
1. Alpha Real Estate D.O.O. Beograd
2. AGI-SRE Participations 1 DOO
3. AGI-SRE Ariadni DOO

Albania

Turnover in Albania on 31.12.2017 amounted to € 18,657, results before tax amounted to losses € (6,613), credit tax on results amounted to € 458, the number of employees was 422 and the following companies were included:

Banks
1. Alpha Bank Albania SH.A.

Bulgaria

Turnover in Bulgaria on 31.12.2017 amounted to € 2,667, results before tax amounted to losses € (5,494), credit taxes on results amounted to € 4 and the following companies were included:

Real estate and hotel
1. Alpha Real Estate Bulgaria E.O.O.D.
2. Chardash Trading E.O.O.D.
3. AGI-BRE Participations 1 E.O.O.D.
4. AGI-BRE Participations 2 E.O.O.D.
5. AGI-BRE Participations 2BG E.O.O.D.
6. AGI-BRE Participations 3 E.O.O.D.
7. AGI-BRE Participations 4 E.O.O.D.
8. HT-1 E.O.O.D.
9. AGI-BRE Participations 5 E.O.O.D.
10. Kestrel Enterprise EOOD
11. House Properties Investments EOOD
12. Residence Properties Investments EOOD
13. Beroe Real Estate EOOD

Ireland

On 31.12.2017, turnover in Ireland amounted to € 13,770 and results before tax amounted to losses € (496).

Special purpose and holding entities
1. Alpha Proodos D.A.C.

Jersey

Turnover in Jersey on 31.12.2017 amounted to € 528 and the results before tax amounted to losses € (83).

Special purpose and holding entities
1. Alpha Group Jersey Ltd

Neither the Bank nor the Group companies have received any public subsidies. According to article 82 of Law 4261/5.5.2014 with which incorporated into Greek legislation the article 90 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 is established the requirement to disclose the total return on assets.

The overall performance of the assets of the Group* for the year of 2017 amounted to 0.03% (31.12.2016: 0.1%)

* In accordance with the guidance of European Securities and Markets Authority (ESMA), the definition and the detailed calculation of the ratio is included in the appendix of the Annual Financial Statements.

23. Group Consolidated Companies

The consolidated financial statements, apart from the parent company Alpha Bank include the following entities:

a. Subsidiaries

Name	Country	Group's ownership interest % 30.6.2018	31.12.2017
Banks			
1. Alpha Bank London Ltd	United Kingdom	100.00	100.00
2. Alpha Bank Cyprus Ltd (notes 32s, 32v, 34a, 34b, 34c, 34d)	Cyprus	100.00	100.00
3. Alpha Bank Romania S.A. (note 32m)	Romania	99.92	99.92
4. Alpha Bank Albania SH.A.	Albania	100.00	100.00
Leasing companies			
1. Alpha Leasing A.E.	Greece	100.00	100.00
2. Alpha Leasing Romania IFN S.A.	Romania	100.00	100.00
3. ABC Factors A.E.	Greece	100.00	100.00
Investment Banking			
1. Alpha Finance A.E.P.E.Y.	Greece	100.00	100.00
2. SSIF Alpha Finance Romania S.A.	Romania	99.98	99.98
3. Alpha A.E. Investment Holdings	Greece	100.00	100.00
4. Alpha A.E. Ventures Capital Management – AKES	Greece	100.00	100.00
5. Emporiki Ventures Capital Developed Markets Ltd	Cyprus	100.00	100.00
6. Emporiki Ventures Capital Emerging Markets Ltd	Cyprus	100.00	100.00
Asset Management			
1. Alpha Asset Management A.E.Δ.Α.Κ.	Greece	100.00	100.00
2. ABL Independent Financial Advisers Ltd	United Kingdom	100.00	100.00
Insurance			
1. Alpha Insurance Agents A.E.	Greece	100.00	100.00
2. Alpha Insurance Brokers S.R.L.	Romania	100.00	100.00
3. Alphalife A.A.E.Z.	Greece	100.00	100.00
Real estate and hotel			
1. Alpha Astika Akinita A.E.	Greece	93.17	93.17
2. Emporiki Development and Real Estate Management A.E.	Greece	100.00	100.00
3. Alpha Real Estate Bulgaria E.O.O.D. (note 32q)	Bulgaria	93.17	93.17
4. Chardash Trading E.O.O.D. (note 32o)	Bulgaria	93.17	93.17
5. Alpha Real Estate Services S.R.L.	Romania	93.17	93.17
6. Alpha Investment Property Attikis A.E.	Greece	100.00	100.00
7. Alpha Investment Property Attikis II A.E.	Greece	100.00	100.00
8. Alpha Investment Property I A.E.	Greece	100.00	100.00
9. AGI-RRE Participations 1 S.R.L. (note 32e)	Romania	100.00	100.00
10. Stockfort Ltd (note 32c)	Cyprus	100.00	100.00
11. Romfelt Real Estate S.A. (note 32h)	Romania	99.99	98.86
12. AGI - RRE Zeus S.R.L. (note 32e)	Romania	100.00	100.00
13. AGI - RRE Poseidon S.R.L. (notes 32e, 32h)	Romania	100.00	100.00
14. AGI - RRE Hera S.R.L. (note 32e)	Romania	100.00	100.00
15. AGI-BRE Participations 2 E.O.O.D. (note 32f)	Bulgaria	100.00	100.00
16. AGI-BRE Participations 2BG E.O.O.D.	Bulgaria	100.00	100.00
17. AGI-BRE Participations 3 E.O.O.D. (note 32f)	Bulgaria	100.00	100.00
18. AGI-BRE Participations 4 E.O.O.D. (note 32g)	Bulgaria	100.00	100.00
19. APE Fixed Assets A.E.	Greece	72.20	72.20
20. SC Cordia Residence S.R.L. (note 32e)	Romania	100.00	100.00

 The amounts are presented in thousands of Euro unless otherwise indicated

Name	Country	Group's ownership interest %	
		30.6.2018	31.12.2017
Real estate and hotel (continued)			
21. HT-1 E.O.O.D. (note 32f)	Bulgaria	100.00	100.00
22. AGI-RRE Cleopatra S.R.L. (note 32e)	Romania	100.00	100.00
23. AGI-RRE Hermes S.R.L.*	Romania	100.00	100.00
24. SC Carmel Residential S.R.L. (note 32e)	Romania	100.00	100.00
25. Alpha Investment Property Neas Kifisias A.E. (note 32a)	Greece	100.00	100.00
26. Alpha Investment Property Kallirois A.E. (note 32a)	Greece	100.00	100.00
27. Alpha Investment Property Livadias A.E. (note 32a)	Greece	100.00	100.00
28. Asmita Gardens SRL (note 32g)	Romania	100.00	100.00
29. Alpha Investment Property Kefalariou A.E.	Greece	54.17	54.17
30. Ashtrom Residents S.R.L. (note 32e)	Romania	100.00	100.00
31. AGI-BRE Participations 5 E.O.O.D.	Bulgaria		100.00
32. Cubic Center Development S.A. (note 32e)	Romania	100.00	100.00
33. Alpha Investment Property Neas Erythreas A.E. (note 32a)	Greece	100.00	100.00
34. Alpha Investment Property Chanion A.E.	Greece	100.00	100.00
35. AGI-SRE Participations 1 DOO	Serbia	100.00	100.00
36. Alpha Investment Property Spaton A.E. (note 32a)	Greece	100.00	100.00
37. TH Top Hotels S.R.L.	Romania	97.50	97.50
38. Alpha Investment Property Kallitheas A.E.	Greece	100.00	100.00
39. Kestrel Enterprise EOOD	Bulgaria	100.00	100.00
40. House Properties Investments EOOD (note 32u)	Bulgaria		100.00
41. Residence Properties Investments EOOD (note 32u)	Bulgaria		100.00
42. Beroe Real Estate EOOD	Bulgaria	100.00	100.00
43. AEP IRAKLEIOU A.E. (note 32c)	Greece	100.00	
44. AEP GI I A.E. (note 32r)	Greece	100.00	
45. AGI-Cypre Property 1 Ltd (notes 32v, 32c)	Cyprus	100.00	
46. AGI-Cypre Property 2 Ltd (notes 32v, 32c)	Cyprus	100.00	
47. AGI-Cypre Property 3 Ltd (notes 32v, 32c)	Cyprus	100.00	
48. AGI-Cypre Property 4 Ltd (notes 32v, 32c)	Cyprus	100.00	
49. AGI-Cypre Property 5 Ltd (notes 32v, 32c)	Cyprus	100.00	
50. AGI-Cypre Property 6 Ltd (notes 32v, 32c)	Cyprus	100.00	
51. AGI-Cypre Property 8 Ltd (notes 32v, 32c)	Cyprus	100.00	
52. Kitma Holdings Ltd (note 32k)	Cyprus	100.00	
53. Vic City Srl (note 32k)	Romania	99.95	
Special purpose and holding entities			
1. Alpha Credit Group Plc	United Kingdom	100.00	100.00
2. Alpha Group Jersey Ltd	Jersey	100.00	100.00
3. Alpha Group Investments Ltd (notes 32l, 32r)	Cyprus	100.00	100.00
4. Ionian Holdings A.E.	Greece	100.00	100.00
5. Ionian Equity Participations Ltd	Cyprus	100.00	100.00
6. Emporiki Group Finance Plc	United Kingdom	100.00	100.00
7. AGI-BRE Participations 1 Ltd (notes 32d, 32t)	Cyprus	100.00	100.00
8. AGI-RRE Participations 1 Ltd (note 32c)	Cyprus	100.00	100.00
9. Alpha Group Ltd	Cyprus	100.00	100.00
10. Katanalotika Plc	United Kingdom		
11. Epihiro Plc	United Kingdom		
12. Irida Plc	United Kingdom		

* These companies do not have financial activity.

Name	Country	Group's ownership interest % 30.6.2018	31.12.2017
Special purpose and holding entities (continued)			
13. Pisti 2010-1 Plc	United Kingdom		
14. Alpha Shipping Finance Ltd	United Kingdom		
15. Alpha Proodos DAC	Ireland		
16. AGI-RRE Athena Ltd (notes 32d, 32t)	Cyprus	100.00	100.00
17. AGI-RRE Poseidon Ltd (notes 32c, 32h)	Cyprus	100.00	100.00
18. AGI-RRE Hera Ltd (note 32c, 32t)	Cyprus	100.00	100.00
19. Umera Ltd	Cyprus	100.00	100.00
20. AGI-BRE Participations 2 Ltd (note 32f)	Cyprus	100.00	100.00
21. AGI-BRE Participations 3 Ltd (note 32f)	Cyprus	100.00	100.00
22. AGI-BRE Participations 4 Ltd (notes 32f. 32t)	Cyprus	100.00	100.00
23. Alpha Real Estate Services LLC	Cyprus	93.17	93.17
24. AGI-RRE Ares Ltd (notes 32c, 32t)	Cyprus	100.00	100.00
25. AGI-RRE Venus Ltd (notes 32d , 32t)	Cyprus	100.00	100.00
26. AGI-RRE Artemis Ltd (note 32c)	Cyprus	100.00	100.00
27. AGI-BRE Participations 5 Ltd (note 32d)	Cyprus	100.00	100.00
28. AGI-RRE Cleopatra Ltd (notes 32c, 32t)	Cyprus	100.00	100.00
29. AGI-RRE Hermes Ltd (notes 32c, 32t)	Cyprus	100.00	100.00
30. AGI-RRE Arsinoe Ltd (note 32c)	Cyprus	100.00	100.00
31. AGI-SRE Ariadni Ltd (note 32d)	Cyprus	100.00	100.00
32. Zerelda Ltd (notes 32d, 32t)	Cyprus	100.00	100.00
33. AGI-Cypre Alaminos Ltd (note 32b)	Cyprus	100.00	100.00
34. AGI-Cypre Tochni Ltd (note 32b)	Cyprus	100.00	100.00
35. AGI-Cypre Evagoras Ltd (note 32c)	Cyprus	100.00	100.00
36. AGI-Cypre Tersefanou Ltd (notes 32d, 32t)	Cyprus	100.00	100.00
37. AGI-Cypre Mazotos Ltd (note 32b, 32t)	Cyprus	100.00	100.00
38. AGI-Cypre Ermis Ltd (notes 32c, 32v, 34b, 34c)	Cyprus	100.00	100.00
39. AGI-SRE Participations 1 Ltd (notes 32d, 32t)	Cyprus	100.00	100.00
Other companies			
1. Alpha Bank London Nominees Ltd	United Kingdom	100.00	100.00
2. Alpha Trustees Ltd (note 32d)	Cyprus	100.00	100.00
3. Kafe Alpha A.E.	Greece	100.00	100.00
4. Alpha Supporting Systems A.E.	Greece	100.00	100.00
5. Real Car Rental A.E.	Greece	100.00	100.00
6. Emporiki Management A.E.	Greece	100.00	100.00
7. Alpha Bank Notification Services A.E.	Greece	100.00	100.00

b. Joint Ventures

Name	Country	Group's ownership interest % 30.6.2018	31.12.2017
1. APE Commercial Property A.E. (note 34e)	Greece	72.20	72.20
2. APE Investment Property A.E. (note 32p)	Greece	71.08	71.08
3. Alpha TANEO A.K.E.S. (notes 32i, 34g)	Greece	51.00	51.00
4. Rosequeens Properties Ltd	Cyprus	33.33	33.33
5. Panarae Saturn LP	Jersey	62.50	62.50

c. Associates

Name	Country	Group's ownership interest %	
		30.6.2018	31.12.2017
1. AEDEP Thessalias and Stereas Ellados	Greece	50.00	50.00
2. A.L.C. Novelle Investments Ltd	Cyprus	33.33	33.33
3. Banking Information Systems A.E.	Greece	23.77	23.77
4. Propindex A.E.D.A.	Greece	35.58	35.58
5. Olganos A.E.	Greece	30.44	30.44
6. Alpha Investment Property Elaionas A.E.	Greece	50.00	50.00
7. Selonda Aquaculture A.E.G.E.	Greece	21.97	21.97
8. Nireus Aquaculture A.E.	Greece	20.65	20.65
9. Famar S.A.	Luxembourg	47.04	47.04
10. Cepal Holdings A.E.	Greece	38.61	38.90

On subsidiaries the following are noted:

The subsidiary company Stockfort Ltd is a group of companies, that includes the following companies: Sheynovo Offices EOOD, Sheynovo Apartments EOOD, Sheynovo Residence EOOD, Serdica 2009 EOOD and Pernik Logistics Park EOOD.

The consolidated financial Statements, include three mutual funds under the management of the subsidiary Alpha Asset Management AEDAK, since based on the participation percentage both at the end of the previous year and in the end of the current period, it was assessed that the Group holds the control over them.

Consolidated financial statements do not include Commercial Bank of London Ltd which is a dormant company and Smelter Medical Systems A.E., Aris Diomidis Emporiki S.A., Metek S.A. and Flagbright Ltd, which have been fully impaired and are in the process of liquidation. The Group hedges the foreign exchange risk arising from the net investment in subsidiaries through the use of derivatives in their functional currency.

During the current period, the Group completed the valuation of Th Top Hotels Srl net assets, which was acquired during the second quarter of 2017.

Additionally, during the second quarter of 2018, the Group gained control over the entities Kitma Holdings Ltd and Vic City Srl in the context of transactions for reposession of collaterals from financing, which has been given by the Group. The valuation of the assets and liabilities acquired in the aforementioned transactions has not yet been completed due to the short time that has elapsed since the acquisition. Finally, during the second quarter of 2018, AGI-BRE Participations 5 EOOD, House Properties Investments EOOD and Residence Properties Investments EOOD was sold for a total price of 1€.

On Associates and Joint Ventures the following are noted:

Cepal Holdings S.A. is the parent company of a group companies with subsidiaries the companies Cepal Hellas Financial Services Societe Anonyme for the Management of Receivables from Loans and Credits, Kaican Services Limited and Kaican Hellas S.A..

APE Investment Property is the parent company of a group of companies, in which the subsidiaries SYMET A.E., Astakos Terminal A.E., Akarport A.E. and NA.VI.PE A.E. are included. Furthemore, Rosequeens Properties Ltd is the parent company of a group of companies where its subsidiary is Rosequeens Properties S.R.L. The Group accounts the aforementioned groups under the equity method, based on their consolidated financial statements, except APE Investment Property A.E. which is classified as assets held for sale and is valued according to IFRS 5 (note 31).

24. Operating segments

(Amounts in million of Euro)

	1.1 - 30.6.2018						
	Retail Banking	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	S. E. Europe	Other	Group
Net interest income	437.1	288.1	5.0	79.0	96.6	(3.1)	902.8
Net fee and commission income	55.0	68.7	23.8	7.2	14.3	-	169.0
Other income	16.3	(4.0)	2.4	281.2	5.7	(19.6)	282.0
Total income	**508.4**	**352.8**	**31.2**	**367.4**	**116.6**	**(22.7)**	**1,353.8**
Total expenses	**(320.6)**	**(89.1)**	**(15.8)**	**(15.1)**	**(91.2)**	**(19.2)**	**(551.0)**
Impairment losses and provisions to cover credit risk	(400.6)	(174.6)	3.0	24.4	(151.8)		(699.5)
Profit/(loss) before income tax	**(212.8)**	**89.2**	**18.4**	**376.7**	**(126.4)**	**(41.9)**	**103.2**
Income tax							(91.0)
Profit/(loss) after income tax							**12.2**
Assets 30.6.2018	22,818.6	14,875.8	423.8	7,989.6	7,564.9	5,340.2	59,012.9
Liabilities 30.6.2018	24,331.7	7,178.8	1,949.5	11,066.0	6,065.8	127.5	50,719.3

(Amounts in million of Euro)

	1.1 - 30.6.2017						
	Retail Banking	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	S.E. Europe	Other	Group
Net interest income	483.6	320.6	6.4	43.4	120.1	2.0	976.1
Net fee and commission income	51.5	59.9	23.5	13.3	12.6	0.7	161.5
Other income	4.4	(30.5)	1.6	79.1	9.0	(3.2)	60.4
Total income	**539.5**	**350.0**	**31.5**	**135.8**	**141.7**	**(0.5)**	**1,198.0**
Total expenses	**(325.0)**	**(80.1)**	**(15.0)**	**(14.1)**	**(85.4)**	**(40.2)**	**(559.8)**
Impairment losses and provisions to cover credit risk	(436.3)	58.3			(85.4)		(463.4)
Profit/(loss) before income tax	**(221.8)**	**328.2**	**16.5**	**121.7**	**(29.1)**	**(40.7)**	**174.8**
Income tax							(56.8)
Profit/(loss) after income tax							**118.0**
Gains / (Losses) after income tax from discontinued operations					(68.5)		(68.5)
Profit/(loss) after income tax							**49.5**
Assets 31.12.2017	23,932	15,351.3	410.7	7,982.1	8,051.7	5,175.2	60,813.0
Liabilities 31.12.2017	23,423.3	5,825.8	1,968.0	13,906.4	5,849.8	213.0	51,186.3

i. Retail Banking

It includes all individuals (retail banking customers), professionals, small and very small companies operating in Greece and on abroad, except for South-Eastern Europe countries.

The Group, through its extended branch network, offers all types of deposit products (deposits/ savings accounts, working capital/ current accounts, investment facilities/ term deposits, Repos, Swaps), loan facilities (mortgages, consumer, corporate loans, letters of guarantee) and debit and credit cards of the above customers.

ii. Corporate Banking

It includes all medium-sized and large companies, corporations with international business activities, entrerprises which cooperate with the Corporate Banking Division, as well as shipping corporations operating in Greece and on abroad except for

* Excluding staff separation schemes.

South Eastern European countries. The Group offers working capital facilities, corporate loans, and letters of guarantee of the abovementioned corporations. This sector also includes leasing products which are provided by the subsidiary company Alpha Leasing A.E. as well as factoring services which are provided by the subsidiary company ABC Factors A.E.

iii. Asset Management/Insurance

It consists of a wide range of asset management services offered through Group's private banking units and its subsidiary, Alpha Asset Management A.E.D.A.K. In addition, it includes income received from the sale of a wide range of insurance products to individuals and companies through either AXA insurance, which is the corporate successor of the subsidiary Alpha Insurance A.E. or the subsidiary Alphalife A.A.E.Z.

iv. Investment Banking/Treasury

It includes stock exchange, advisory and brokerage services related to capital markets, and also investment banking facilities, which are offered either by the Bank or specialized subsidiaries which operate in the aforementioned services (Alpha Finance A.E.P.E.Y., Alpha Ventures S.A.). It also includes the activities of the Dealing Room in the interbank market (FX Swaps, Bonds, Futures, IRS, Interbank placements, Loans etc.).

v. South-Eastern Europe

It consists of the Group's subsidiaries, which operate in South Eastern Europe. It is noted that former Bulgaria's Branch and Alpha Bank's subsidiaries, Alpha Bank AD Skopje and Alpha Bank Srbija A.D., are not included anymore in the results of the continuing activities in this sector, the financial results of which are included in the caption "Profit/Loss from discontinued operations".

vi. Other

This segment consists of the non-financial subsidiaries of the Group and Bank's income and expenses that are not related to its operating activity. Corresponding figures for the foreign subsidiaries are included in the operating segment South-Eastern Europe.

The assets of the operating segments "Retail" and "Corporate Banking" include the following figures of the Bank's loans, and the loans of ABC Factors S.A. και Alpha Leasing S.A. which are being managed by the non performing loans retail and wholesale banking units, based on Bank's internal procedures.

	30.6.2018			31.12.2017		
	Balance before impairment	Accumulated impairments	Balance after impairment	Balance before impairment	Accumulated impairments	Balance after impairment
Mortgages	7,743,671	2,330,336	5,413,335	7,753,680	2,518,418	5,235,262
Consumer loans	3,615,621	2,027,519	1,588,102	3,634,517	1,678,567	1,955,950
Corporate Loans	12,167,640	6,221,876	5,945,764	12,511,587	5,907,700	6,603,887
Total	**23,526,932**	**10,579,731**	**12,947,201**	**23,899,784**	**10,104,685**	**13,795,099**

25. Exposure in credit risk from the Greek State

The following table presents the Group's total exposure in Greek Government securities:

	30.6.2018		31.12.2017	
Portfolio	**Nominal value**	**Book value**	**Nominal value**	**Book value**
Securities measured at fair value through other comprehensive income recognized directly in equity	3,325,543	3,310,852		
Available for sale			3,801,005	3,718,394
Trading	11,022	11,077	6,265	5,969
Total	**3,336,565**	**3,321,929**	**3,807,270**	**3,724,363**

All Greek Government securities are classified in level 1 based on the quality of inputs used for the estimation of their fair value.

Furthermore, the securities issued by public sector entities/organizations amounted to € 75,946 on 30.6.2018 (31.12.2017: €111,674).

The Group's exposure to Greek State from other financial instruments, excluding securities, are depicted in the table below:

On balance sheet exposure

	Book value	
	30.6.2018	**31.12.2017**
Derivative financial instruments – assets	425,119	331,967
Derivative financial instruments – liabilities	(34,968)	(28,698)

Derivative financial liabilities to public sector entities/organizations amounted to € 7,493 on 30.6.2018 (31.12.2017: € 6,541).

The Bank's exposure in loans to public sector entities/organizations on 30.6.2018 amounted € 896,606 (31.12.2017: € 1,076,823). The Bank for the above receivables has recognized impairment amounted to € 51,074 as at 30.6.2018 (31.12.2017: € 45,519). In addition, the balance of Bank's loans guaranteed by the Greek State (directly guaranteed by Greek government, loans guaranteed by TEMPME, loans guaranteed by Common Ministerial Decisions) on 30.6.2018 amounted to € 620,965 (31.12.2017: € 679,214). For these loans the Bank has recognized impairment amounted to € 90,589 as at 30.6.2018 (31.12.2017: € 113,967).

Off balance sheet exposure

	30.6.2018		31.12.2017	
	Nominal value	**Fair value**	**Nominal value**	**Fair value**
Greek Government Treasury Bills received as guarantee for derivative transaction	390,000	389,649	300,000	299,370

26. Disclosures relevant to the fair value of financial instruments

Fair value of financial instruments measured at amortized cost

	30.6.2018		31.12.2017	
	Fair Value	Book Value	Fair Value	Book Value
Financial Assets				
Loans and advances to customers	40,690,981	40,848,517	42,921,009	43,318,193
Investments securities				
- Held to maturity	-	-	10,875	10,870
Financial Liabilities				
Due to customers	37,006,420	37,058,666	34,866,888	34,890,436
Debt securities in issue	1,058,839	1,050,779	649,670	655,567

The table above presents the fair value and the carrying amount of financial instruments measured at amortized cost, as well as their carrying amount.

The fair value of loans to customers measured at amortized cost is estimated using the discount model of conventional future cash flows. The components of the discount rate are the interbank market yield curve, the liquidity premium as well as the expected loss rate. More specifically, for those loans considered as impaired for the purpose of credit risk monitoring and are individually assessed, the model used is incorporating expected future cash flows excluding expected credit loss. In this case, the interbank market yield curve and the liquidity premium serve as the discount rate. However for impaired loans assessed at product level, the fair value is based on the carrying value adjusted for the loss of the product due to credit risk.

The fair value of deposits is estimated based on the interbank market yield curve and the liquidity premium until their maturity.

The fair value of held to maturity securities and of debt securities in issue is calculated by using market prices, as long as the market is active. In all other cases the discounted cash flows method is used and all significant variables are based either on observable market data or on a combination of observable and unobservable market data.

The fair value of other financial assets and liabilities which are valued at amortized cost does not differ materially from the respective carrying amount.

Hierarchy of financial instruments measured at fair value

	30.6.2018			
	Level 1	Level 2	Level 3	Total Fair Value
Derivative financial assets	4,758	694,187	16,335	715,280
Securities held for trading				
- Bonds and treasury bills	11,077	670		11,747
- Shares	2,206			2,206
Securities measured at fair value through other comprehensive income recognized directly in equity				
- Bonds and treasury bills	5,142,840	293,956	11,120	5,447,916
- Shares	23,389	25,536	43,768	92,693
Securities measured at fair value through profit or loss				
- Bonds and treasury bills	9,162	4,317	8,959	22,438
- Other variable yield securities	20,399			20,399
Loans measured at fair value through profit or loss			358,229	358,229
Derivative financial liabilities	8	1,107,493		1,107,501

31.12.2017				
		Level 2	Level 3	Total fair value
	Level 1	Level 2	Level 3	Total Fair Value
Derivative financial assets	7,470	588,511	26,555	622,536
Securities held for trading				
- Bonds and treasury bills	5,969			5,969
- Shares	2,716			2,716
Securities available for sale				
- Bonds and treasury bills	5,292,872	416,998	27,746	5,737,616
- Shares	44,831	23,093	47,906	115,830
- Other variable yield securities	20,323			20,323
Derivative financial liabilities		1,029,421		1,029,421

The tables above present the hierarchy levels of financial instruments which are measured at fair value based on inputs used for the fair value measurement.

Securities which are traded in an active market and exchange-traded derivatives are classified as Level 1.

Securities whose fair value is calculated based on non-binding market prices provided by dealers-brokers or on the application of the income approach methodology using interest rates and credit spreads which are observable in the market, are classified as Level 2.

Level 3 classification includes securities whose fair value is estimated using significant unobservable inputs.

The valuation methodology of securities is subject to approval by the Treasury and Balance Sheet Management / Assets – Liabilities Management Committees. It should be noted that for the securities whose fair value is calculated based on market prices, bid prices are considered and daily checks are performed with regards to their change in fair value.

For the fair value estimation of loans to customers at fair value through profit and loss, it is implemented the valuation methodology that has been described earlier within the disclosure related to fair value of loans to customers at amortized cost.

Shares whose fair value is estimated are classified to Level 2 or Level 3, depending on the extent of the contribution of unobservable data to calculate final fair value. The fair value of non listed shares, as well as shares not traded in an active market is determined either by the multiples valuations or based to the estimations made by the Group which relate to the future profitability of the issuer after taking into account the expected growth rate of its operations, as well as the weighted average rate of capital return which is used as a discount rate.

For the valuation of over the counter derivatives income approach methodologies are used: discounted cash flow models, option-pricing models or other widely accepted valuation models. The valuation methodology of over the counter derivatives is subject to approval by the Treasury and Balance Sheet Management / Assets – Liabilities Management Committees. Mid prices are considered as both long and short positions may be outstanding. Valuations are checked on a daily basis with the respective prices of the counterparty banks in the context of the daily process of provision of collaterals and settlement of derivatives. If the non observable inputs are significant, the fair value that arises is classified as Level 3 or otherwise as Level 2.

Additionally, the Group estimates a Credit Valuation Adjustment by taking into account counterparty credit risk for Derivative Financial Instruments trading in OTC. More specifically, taking into consideration the credit risk, the Group estimates bilateral credit valuation adjustments (BCVA) for the OTC derivatives held on a counterparty level according to netting and collateral agreements in force. BCVA is calculated across all counterparties with a material effect on the respective derivative fair values taking into consideration the default probability of both the counterparty and Alpha Group, the impact of first to default, the expected OTC derivative exposure and loss given default of the counterparty and of Alpha Group and the specific characteristics of netting and collateral agreements in force.

Collateral is simulated along with the derivative portfolio exposure over the life of the related instruments. Calculations

performed depend largely on observable market data. Market quoted counterparty and group CDS spreads are used in order to derive the respective probability of default, a market standard recovery rate is assumed for developed market counterparties, correlations between market data are taken into account and a series of simulations is performed to model the portfolio exposure over the life of the related instruments. In the absence of quoted market data, counterparty and loss given default are provided by the group's internal credit and facility rating systems for the valuation of collaterals and credit worthiness.

A breakdown of BCVA across counterparty sectors and credit quality (as defined for presentation purposes of the table "Analysis of neither past due nor impaired Loans and Advances to customers") is given below:

	30.6.2018	31.12.2017
Category of counterparty		
Enterprises	(6,226)	(7,184)
Governments	(21,611)	(12,538)

	30.6.2018	31.12.2017
Hierarchy of counterparty by credit quality		
Strong	(937)	(288)
Satisfactory	(21,631)	(12,326)
Watch list (higher risk)	(5,278)	(7,108)

The table below presents the valuation methods used for the measurement of Level 3 fair value:

	30.6.2018			
	Total Fair Value	**Fair Value**	**Valuation Method**	**Signifincantly non-Observable Inputs**
Derivative Financial Assets	16,335	2,210	Discounted cash flows with interest rates being the underlying instruments, taking into account the credit risk of the counterparty	The probability of default and loss given default of the counterparty (BCVA adjustment) calculated using an internal model
		14,097	Option discounting taking into account the credit risk of the counterparty	Credit spread
		28	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid securities' dividends
Bonds measured at fair value through other comprehensive income recognized directly in equity	11,120	11,120	Based on issuer price / Discounted cash flows with estimation of bond yield	Issuer price / Bond yield
Shares measured at fair value through other comprehensive income recognized directly in equity	43,768	43,768	Discounted cash flows / Multiples valuation method	Future profitability of the issuer
Bonds measured at fair value through profit or loss	8,959	8,959	Based on issuer price / Discounted cash flows with estimation of credit risk	Issuer price / Credit spread
Loans measured at fair value through profit or loss	358,229	358,229	Discounted cash flows with interest being the underlying instruments, taking into account the counterparty's credit risk	Expected loss and cash flows from counterparty's credit risk

31.12.2017				
	Total Fair Value	**Fair Value**	**Valuation Method**	**Signifincantly non-Observable Inputs**
Derivative Financial Assets	26,555	11,629	Discounted cash flows with interest being the underlying instruments, taking into account the credit risk	The probability of default and loss given default of the counterparty (BCVA adjustment) calculated using an internal model
		14,812	Option discounting taking into account the credit risk of the counterparty	Credit spread
		114	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid securities' dividends
Available for sale bonds	27,746	27,746	Based on issuer price / Market prices adjusted due to low market activity / Discounted cash flows with estimation of credit risk / Discounted cash flows with estimation of bond yields and estimation of share prices as a result of expected restructuring	Issuer price / Credit spread/Bonds yield and share price
Available for sale shares	47,906	47,906	Discounted cash flows – Multiples valuation method	Future profitability of the issuer

Sensitivity analysis for Level 3 financial instruments on 30.6.2018 for which their valuation was based on significant non-observable data is presented in the following table :

	Significant non-observable inputs	**Significant non-observable inputs change**	**Total effect in income statement**		**Total effect in Equity**	
			Favourable Variation	**Unfavourable Variation**	**Favourable Variation**	**Unfavourable Variation**
Derivative Financial Assets	The probability of default and the loss given default of the counterparty (BCVA adjustment) are calculated with the use of an internal model	Increase the probability of default through reduction of internal ratings by 2 scales / Increase the loss given default by 10%		(1,041)		
	Assessment of the adequacy of reserves for the payment of hybrid securities dividends	Increase the probability of dividend payments to 100%		(28)		
	Credit spread	Increase of Credit spread by 10%		(772)		
Bonds measured at fair value through profit or loss	Issuer Price / Credit spread	Variation +/- 10% in issuer Price / -/+ 10% in adjustment of estimated Credit Risk	769	(762)		
Loans measured at fair value through profit or loss	Expected credit loss and cash flows from credit risk of the counterparty	Decrease of the expected cash flows by 10% on loans individually assessed		(15,070)		
Bonds measured at fair value through other comprehensive income	Issuer price / Bond yield	Variation +/- 10% in issuer Price / Variation -/+ 10% in estimated bond yield			260	(254)
Shares measured at fair value through other comprehensive income	Future profitability of the issuer	Variation +/- 10% in P/B and EV/Sales ratios (multiples valuation method)			649	(649)
Total			**769**	**(17,673)**	**909**	**(903)**

The Group recognizes the transfer between fair value hierarchy Levels at the end of each reporting period.

Within the period, an amount of € 35,637 of Greek corporate bonds were transferred from Level 1 to Level 2, as the liquidity margin (bid-ask spread) moved above the limit set for the characterization of market as active, whereas an amount of € 1,316 of Greek corporate bonds as well as an amount of € 43,966 of other States' bonds were transferred from Level 2 to Level 1, as the liquidity margin (bid-ask spread) moved within the limit set for the characterization of market as active.

A reconciliation of the movement of financial instruments measured at fair value in Level 3 is depicted in the table below.

	30.6.2018				
	Assets				Liabilities
	Securities measured at fair value through other comprehensive income	Securities measured at fair value through profit or loss	Loans measured at fair value through profit or loss	Derivative financial assets	Derivative financial Liabilities
Opening balance 1.1.2018 (after the implementation of IFRS 9)	**67,499**	**8,153**	**381,741**	**26,555**	
Total gain or loss recognized in the income statement	532	1,217	(2,745)	821	
Total gain or loss recognized directly in equity	(1,905)				
Purchases/issues/ disbursements	359		37,814		
Sales/repayments/settlements/ practice	(1,323)	(410)	(58,581)	(890)	
Transfers in Level 3 from Level 2					
Transfers out from Level 3 to level 2	(10,274)			(10,151)	
Balance 30.6.2018	**54,888**	**8,960**	**358,229**	**16,335**	
Amounts included in the income statement and relate to financial instruments included in the balance sheet at the end of the reporting period 1.1 - 30.6.2018.	532	1,217	(9,698)	(645)	

During the period, a bond amounting to € 10,274 and derivatives amounting to € 10,151 were transferred from Level 3 to Level 2 as observable data were used for its valuation.

	31.12.2017			
	Assets		Liabilities	
	Available for sale securities	Derivative financial assets	Derivative financial liabilities	Convertible bond loan
Opening Balance 1.1.2017	**63,313**	**5,359**		**(13,995)**
Total gain or loss recognized in Income Statement	8,801	14,324		1,790
Total gain or loss recognized directly in Equity	241			
Purchases/issues	10,206			
Sales/repayments/settlements	(22,813)	(961)		12,205
Transfers in Level 3 from Level 2	22,971	482		
Transfers from Level 3 to Level 2	(10)	(858)		
Balance 30.6.2017	**82,709**	**18,346**	**-**	**-**
Changes in period 1.7 - 31.12.2017				
Total gain or loss recognized in Income Statement	486	2,930		-
Total gain or loss recognizeddirectly in Equity	(80)			
Purchases/issues	21,141			
Sales/repayments/settlements	(27,491)	(3,194)		-
Transfers in Level 3 from Level 1				
Transfers in Level 3 from Level 2		8,250		
Transfers out from Level 3 to Level 1	(1,113)	(635)		
Transfers out from Level 3 to Level 2		858		
Balance 31.12.2017	**75,652**	**26,555**	**-**	**-**
Amounts included in the Income Statement for financial instruments held at the end of the period 1.1 - 30.6.2017	595	14,324		

During the previous year, a bond was transferred from Level 2 to Level 3 amounting to € 22,971, since non observable parameters were used for valuation purposes. In addition, during the previous year, a bond was transferred from Level 3 to Level 2 amounting to € 10, since observable parameters were used for valuation purposes. In addition, during the previous year, listed shares were transferred from Level 3 to Level 1 amounting to € 1,113, due to their valuation on the stock exchange value.

Finally, in the context of the debt restructuring of a certain borrower, the Group acquired the option to purchase a stake in its share capital for a symbolic price. This option was recognized as a derivative with a fair value of € 14,097 (31.12.2017 € 14,812).

27. Impact from the implementation of IFRS 9

The new accounting standard IFRS 9 replaced IAS 39 from 1.1.2018, imposing fundamental changes in the way financial instruments are classified and measured. For the application of the new standard, the Bank has launched an Implementation Program, which was organized around two main work streams, the classification and measurement work stream and the impairment work stream.

The Committees of the Board of Directors (Audit Committee and Risk Management Committee) have assumed an active role including involvement in the decision making process on key assumptions and decisions related to the Implementation Program.

On the completion of the Implementation Program, new policies have been developed for the classification, measurement and impairment of financial instruments that have been approved by the Committees of the Board of Directors. New methodologies and procedures have also been developed to support these new policies.

The following table presents a reconciliation of the transition from IAS 39 to IFRS 9 as at 1.1.2018.

	Balance 31.12.2017 IAS 39	Reclassification	Measurement impact	Balance 1.1.2018 IFRS 9
Assets				
Cash and balances with central banks	1,593,850			1,593,850
Due from banks	1,715,649		(274)	1,715,375
Trading securities	8,685	6,495		15,180
Derivative financial assets	622,536			622,536
Loans and advances to customers, at amortized cost	43,318,193	(380,072)	(1,425,814)	41,512,307
Loans and advances to customers, at fair value through profit or loss		380,072	1,669	381,741
Investment securities				
- Available for sale	5,873,768	(5,873,768)		-
- Held to maturity	10,870	(10,870)		-
- at fair value through other comprehensive income		5,840,340	108	5,840,448
- at fair value through profit or loss		37,803	(96)	37,707
Investments in associates	18,886			18,886
Investment property	577,112			577,112
Property, plant and equipment	735,250			735,250
Goodwill and other intangible assets	389,809			389,809
Deferred tax assets	4,330,602		391,835	4,722,437
Other assets	1,328,838			1,328,838
Assets held for sale	288,977		(488)	288,489
Total Assets	**60,813,025**	**-**	**(1,033,060)**	**59,779,965**
LIABILITIES				
Due to banks	13,141,531			13,141,531
Derivative financial liabilities	1,029,421			1,029,421
Due to customers (including debt securities in issue)	34,890,436			34,890,436
Debt securities in issue held by institutional investors and other borrowed funds	655,567			655,567
Liabilities for current income tax and other taxes	42,761			42,761
Deferred tax liability	24,997		(94)	24,903
Employee defined benefit obligations	92,038			92,038
Other liabilities	867,921			867,921
Provisions	441,240		109,311	550,551
Liabilities associated with assets held for sale	422			422
Total Liabilities	**51,186,334**	**-**	**109,217**	**51,295,551**
EQUITY				
Equity attributable to equity owners of the Bank				
Share capital	463,110			463,110
Share premium	10,801,029			10,801,029
Reserves	808,951	(30,220)	67,279	846,010
Retained earnings	(2,490,040)	30,220	(1,209,556)	(3,669,376)
	9,583,050	**-**	**(1,142,277)**	**8,440,773**
Non-controlling interests	28,534			28,534
Hybrid securities	15,107			15,107
Total Equity	**9,626,691**	**-**	**(1,142,277)**	**8,484,414**
Total Liabilities and Equity	**60,813,025**	**-**	**(1,033,060)**	**59,779,965**

 The amounts are presented in thousands of Euro unless otherwise indicated

The existing portfolio on 1.1.2018 was classified as follows:

a. Loans and advances to customers and due from banks were included in business models that permit the classification of instruments at amortized cost (hold to collect), to the extent that from the assessment of their contractual terms it is concluded that their contractual cash flows meet the definition of principal and interest as defined by the new Standard (SPPI test). Upon transition, only a limited number of existing loans to customers failed the SPPI test. The main reasons which caused the SPPI test to fail include the existence of conditions under which the Bank is not entitled to claims of unpaid amounts (these terms are either expressed explicitly in the contractual agreements or implicitly arise in the case of loans to special purpose entities on which a substantial part of the asset's value is financed or the cash flows from the asset are not sufficient to repay the loan and at the same time, the entity's equity is inadequate and there are no sufficient collaterals) or the existence of shares conversion clauses into the borrower's shares.

b. For bonds and in general for fixed income investments, the Group has identified the following business models:
   - business model that aims to hold the financial instruments in order to collect their contractual cash flows (hold to collect),
   - business model, that aims to both collect the contractual cash flows and sell the financial asset (hold to collect and sell),
   - trading portfolio.

During the transition to the new standard, the majority of the bonds were classified into the business model, whose objective is achieved both by collecting contractual cash flows and by selling financial assets and, therefore, to the extent that their cash flows were solely principal and interest on the principal amount outstanding, were classified in the fair value through other comprehensive income category. Bonds classified in the trading portfolio as well as those whose cash flows did not represent solely of principal and interest on the principal amount outstanding were classified as financial assets measured at fair value through profit or loss.

c. The Group has opted to measure at fair value through other comprehensive income, its equity instruments in the banking sector or private equity participations and long term equity holdings that meet the definition of an equity instruments. The changes in fair value as well as any gains or losses are recognized directly in equity without being recycled to profit or loss. Any dividends that will be received are recognized in profit or loss.

d. All other investments in equity instruments, as well as in mutual funds that do not meet the definition of an equity instrument, are measured at fair value through profit or loss.

Based on the classification options described above, under b, c and d, available for sale securities of € 5,873,768 as at 31.12.2017, were reclassified as follows: € 6,495 to trading securities, € 5,838,891 to securities measured at fair value through other comprehensive income and € 28,382 to securities measured at fair value through profit or loss. Following these reclassifications, total equity remained unchanged.

Securities held to maturity of € 10,870 as at 31.12.2017, were reclassified as follows: € 1,448 to securities measured at fair value through other comprehensive income and € 9,422 to securities measured at fair value through profit or loss. Following these reclassifications, total equity has been positively affected by € 12.

e. Derivatives included in the trading portfolio have not been affected as they are measured at fair value through profit or loss both before and after the implementation of IFRS 9.

f. The Group has not opted to designate at initial recognition debt securities as measured at fair value through profit or loss.

Financial liabilities are measured at amortized cost; thus they are not affected by the implementation of IFRS 9 and there was no need to separately measure or present changes in fair value due to credit risk.

The following table presents the impact after tax on reserves and retained earnings, as a result of the transition to IFRS 9.

Reserve of financial assets measured at fair value through other comprehensive income	
Balance 31.12.2017 in accordance with IAS 39	**472,614**
Reclassification of investment portfolio bonds to fair value through profit or loss	(1,880)
Reclassification of investment portfolio shares to fair value through other comprehensive income	(25,980)
Reclassification of other variable yield securities of investment portfolio at fair value through profit or loss	(2,360)
Expected credit loss under IFRS 9 for bonds at fair value through other comprehensive income	87,411
Income tax	(20,244)
Opening balance 1.1.2018 in accordance with IFRS 9	**509,561**

Retained earnings in accordance with IAS 39	
Balance 31.12.2017 in accordance with IFRS 9	**(2,490,040)**
Reclassification in accordance with IFRS 9 of investment portfolio shares to fair value through other comprehensive income	25,980
Reclassification in accordance with IFRS 9 of other variable yield securities of investment portfolio at fair value through profit or loss	2,360
Reclassification according to IFRS 9 of investment portfolio bonds at fair value through profit or loss	1,880
Expected credit loss and valuation of financial assets in accordance with IFRS 9	(1,621,729)
Income tax	412,173
Opening balance 1.1.2018 in accordance with IFRS 9	**(3,669,376)**

The following table presents a reconciliation of impairment losses of financial assets between IAS 39 and IFRS 9 as at 31.12.2017 and as at 1.1.2018, respectively.

It is noted that the accumulated provision for impairment, in regards with the following disclosure, includes the adjustment for the contractual loans which were acquired at fair value during the acquisition of assets or companies (i.e. Emporiki Bank and Citibank's retail operations in Greece), since the Group monitors from credit risk prospective, the respective adjustment as part of the provisions.

	31.12.2017 IAS 39	**Reclassification of loans to fair value through profit or loss**	**Other reclassifications**	**Remeasurement**	**1.1.2018 IFRS 9**
Financial assets					
Due from banks	41,961		28,000	274	70,235
Receivables from customers	6,323			23,359	29,682
Loans measured at amortized cost	13,287,704	(149,018)	(223,964)	1,402,455	14,317,177
Total impairment on financial assets measured at amortized cost	**13,335,988**	**(149,018)**	**(195,964)**	**1,426,088**	**14,417,094**
Investment securities measured at fair value through other comprehensive income				87,411	87,411
Total impairment on financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**87,411**	**87,411**
Provision for off balance sheet items	**787**			**109,311**	**110,098**

 The amounts are presented in thousands of Euro unless otherwise indicated

The following table presents loans measured at amortized cost per IFRS 9 stage, as at 1.1.2018, after taking into account the estimated impact of IFRS 9.

	1.1.2018				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired loans (POCI)	Total
Mortgage					
Carrying amount (before allowance for impairment losses)	5,854,969	3,568,067	6,702,908	3,330,396	19,456,340
Expected credit losses	(5,830)	(193,462)	(2,440,441)	(951,014)	(3,590,747)
Net carrying amount	**5,849,139**	**3,374,605**	**4,262,467**	**2,379,382**	**15,865,593**
Consumer					
Carrying amount (before allowance for impairment losses)	786,259	578,563	2,180,662	1,457,525	5,003,009
Expected credit losses	(4,600)	(83,384)	(1,241,797)	(630,921)	(1,960,702)
Net carrying amount	**781,659**	**495,179**	**938,865**	**826,604**	**3,042,307**
Credit cards					
Carrying amount (before allowance for impairment losses)	834,242	255,277	326,830	117,847	1,534,196
Expected credit losses	(8,845)	(66,788)	(251,398)	(103,679)	(430,710)
Net carrying amount	**825,397**	**188,489**	**75,432**	**14,168**	**1,103,486**
Small business loans					
Carrying amount (before allowance for impairment losses)	320,367	611,585	3,722,881	1,229,200	5,884,033
Expected credit losses	(2,287)	(76,257)	(1,516,419)	(759,153)	(2,354,116)
Net carrying amount	**318,080**	**535,328**	**2,206,462**	**470,047**	**3,529,917**
Total retail lending					-
Carrying amount (before allowance for impairment losses)	7,795,837	5,013,492	12,933,281	6,134,968	31,877,578
Expected credit losses	(21,562)	(419,891)	(5,450,055)	(2,444,767)	(8,336,275)
Net carrying amount	**7,774,275**	**4,593,601**	**7,483,226**	**3,690,201**	**23,541,303**
Corporate lending and Public sector					
Carrying amount (before allowance for impairment losses)	9,598,415	3,393,674	9,062,828	1,691,625	23,746,542
Expected credit losses	(101,141)	(193,478)	(4,615,435)	(1,070,848)	(5,980,902)
Net carrying amount	**9,497,274**	**3,200,196**	**4,447,393**	**620,777**	**17,765,640**
Total loans					
Carrying amount (before allowance for impairment losses)	17,394,252	8,407,166	21,996,109	7,826,593	55,624,120
Expected credit losses	(122,703)	(613,369)	(10,065,490)	(3,515,615)	(14,317,177)
Net carrying amount	**17,271,549**	**7,793,797**	**11,930,619**	**4,310,978**	**41,306,943**

"Purchased or originated credit impaired loans" include loans amounting to € 871,492 which are not impaired/non performing as at 1.1.2018.

The following table presents investment securities measured at fair value through other comprehensive income per IFRS 9 stage, as at 1.1.2018, after taking into account the estimated impact of IFRS 9.

	Investment securities at fair value through other income recognized directly in Equity		
	Stage 1	**Stage 2**	**Total**
Balance in accordance to IFRS 9 1.1.2018	**5,695,774**	**28,832**	**5,724,606**
Expected credit losses	(84,312)	(3,099)	(87,411)

It has to be noted that the Group is continuing to assess, test and refine the new accounting processes, internal controls and governance framework necessitated by the adoption of IFRS 9. The new accounting policies, assumptions, judgments and estimations remain subject to change until the Group finalizes its audited financial statements as at 31.12.2018. Therefore, the impact disclosed in these financial statements may be amended during 2018.

It is noted that compared to the impact that was disclosed in the Interim Financial Statements of the Group as at 31.3.2018, the accumulated impairment losses related to receivables of a subsidiary have been modified by the amount of € 1,474.

Supervisory impact of the implementation of IFRS 9

On October 25, 2017 a political agreement was reached between the European Parliament, the European Council and the European Commission on the proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 575/2013 regarding the transition period to mitigate the impact of the introduction of IFRS 9 on regulatory capital. The regulation (2395/2017) was adopted by the European Parliament and the Council and was published in the Official Gazzete of the European Union on 12 December 2017.

In accordance with the transitional provisions, it is allowed that banks may, from the first date of application of IFRS 9 and for a period of five years, add to the CET1 ratio the post-tax amount of the difference in provisions that will result from the transition to the new IFRS 9 in relation to the provisions that would have been recognized at 31.12.2017 in accordance with IAS 39 ("Static" amount). The amount of the difference in provisions to be added to CET1 ratio will decrease annually on a weighting basis so that the amount of provisions added to the CET1 ratio gradually decreases, until the full impact of IFRS 9 is absorbed by the end of the five-year period (phase-in). The weighting factors were set per year at 0.95 in the first year, 0.85 in 2nd, 0.7 in 3rd, 0.5 in 4th and 0.25 in the last year.

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

Alpha Bank makes use of Article 473a of the above Regulation and applies the transitional provisions for the calculation of Capital Adequacy on both a standalone and consolidated basis. The Bank is adequately capitalized to meet the needs arising from the application of the new standard as the Group Common Equity Tier 1 (CET 1) ratio stood at 18,5% as at 30.6.2018, based on the transitional provisions, while the impact from the full implementation is estimated at approximately 3.0% and the ratio will stand at 15.5% as at 30.6.2018, for the Group.

28. Credit Risk Disclosures of Financial Instruments

This disclosure presents information regarding credit risk for the categories of financial instruments for which expected credit losses are recognized, in accordance with IFRS 9.

More specifically, the classification of financial instruments as at 30.6.2018 and a reconciliation of impairment losses per stage for the first semester of 2018, is presented.

a. Due from Banks

	30.6.2018				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased or originated credit impaired assets (POCI)**	**Total**
Balance 30.6.2018					
Due from Banks					
Carrying amount before impairment	1,665,940	33,472	69,961		1,769,373
Expected credit losses	(488)	(8)	(69,961)		(70,457)
Carrying amount	**1,665,452**	**33,464**	**-**	**-**	**1,698,916**

Accumulated allowance for impairment losses

	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired assets (POCI)	Total
Changes in period 1.1. - 30.6.2018					
Opening balance 1.1.2018	**274**	**-**	**69,961**	**-**	**70,235**
Transfer to Stage 2 from Stage 1 or 3		2			2
Net remeasurement of loss allowance	(80)				(80)
Impairment losses of new assets	343	42			385
Change of Credit Parameters	4	5			9
Exchange rate differences and other movements	(53)	(42)			(94)
Closing balance 30.6.2018	**488**	**7**	**69,961**	**-**	**70,457**

b. Loans to customers measured at amortised cost

For credit risk disclosure purposes, the accumulated provision for impairment losses includes the fair value adjustment for the contractual balance of loans which were impaired at their acquisition (POCI) since the Group, from credit risk perspective, monitors the respective adjustment as part of the provisions. These loans were recognized either in the context of acquisition of specific loans or companies (i.e. Emporiki Bank and Citibank's retail operations in Greece), or as a result of significant modification of the terms of the previous loan that led to derecognition. Relevant adjustment has also been perfromed at the gross balance of loans.

The following table presents loans measured at amortized cost per IFRS 9 stage, as at 30.6.2018:

	30.6.2018				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired loans (POCI)	Total
Mortgage					
Carrying amount (before allowance for impairment losses)	5,536,869	3,413,267	6,736,624	3,268,080	18,954,840
Expected credit losses	(7,462)	(133,292)	(2,351,191)	(913,299)	(3,405,244)
Net carrying amount	**5,529,407**	**3,279,975**	**4,385,433**	**2,354,781**	**15,549,596**
Consumer					
Carrying amount (before allowance for impairment losses)	776,799	534,523	2,158,925	1,431,419	4,901,666
Expected credit losses	(6,284)	(80,361)	(1,202,699)	(635,164)	(1,924,508)
Net carrying amount	**770,515**	**454,162**	**956,226**	**796,255**	**2,977,158**
Credit cards					
Carrying amount (before allowance for impairment losses)	776,559	236,886	330,397	116,033	1,459,875
Expected credit losses	(9,608)	(66,368)	(253,318)	(97,677)	(426,971)
Net carrying amount	**766,951**	**170,518**	**77,079**	**18,356**	**1,032,904**
Small business loans					
Carrying amount (before allowance for impairment losses)	326,128	683,524	3,533,114	1,227,652	5,770,418
Expected credit losses	(2,587)	(102,118)	(1,451,144)	(702,920)	(2,258,769)
Net carrying amount	**323,541**	**581,406**	**2,081,970**	**524,732**	**3,511,649**
Total retail lending					
Carrying amount (before allowance for impairment losses)	7,416,355	4,868,200	12,759,060	6,043,184	31,086,799
Expected credit losses	(25,941)	(382,139)	(5,258,352)	(2,349,060)	(8,015,492)
Net carrying amount	**7,390,414**	**4,486,061**	**7,500,708**	**3,694,124**	**23,071,307**
Corporate lending and Public sector					
Carrying amount (before allowance for impairment losses)	9,986,154	3,128,736	8,790,191	1,688,326	23,593,407
Expected credit losses	(115,268)	(174,509)	(4,715,698)	(999,502)	(6,004,977)
Net carrying amount	**9,870,886**	**2,954,227**	**4,074,493**	**688,824**	**17,588,430**
Total loans					
Carrying amount (before allowance for impairment losses)	17,402,509	7,996,936	21,549,251	7,731,510	54,680,206
Expected credit losses	(141,209)	(556,648)	(9,974,050)	(3,348,562)	(14,020,469)
Net carrying amount	**17,261,300**	**7,440,288**	**11,575,201**	**4,382,948**	**40,659,737**

"Purchased or originated credit impaired loans" include loans amounting to € 823,052 which as at 30.6.2018 are not impaired/non performing.

The following table presents the reconciliation of allowance for impairment losses of loans measured at amortized cost:

	Accumulated impairment allowance														
	Retail lending					Corporate lending and public sector					Total				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired loans (POCI)	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired loans (POCI)	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired loans (POCI)	Total
Changes in period 1.1. - 30.6.2018															
Balance 01.01.2018	**21,562**	**419,891**	**5,450,055**	**2,444,767**	**8,336,275**	**101,141**	**193,478**	**4,615,435**	**1,070,848**	**5,980,902**	**122,703**	**613,369**	**10,065,490**	**3,515,615**	**14,317,177**
Transfers to level 1 from level 2 or 3	45,056	(40,538)	(4,518)			42,734	(41,996)	(738)			87,790	(82,534)	(5,256)		
Transfers to level 2 from level 1 or 3	(5,452)	129,582	(124,130)			(10,961)	17,768	(6,807)			(16,413)	147,350	(130,937)		
Transfers to level 3 from level 1 or 2	(1,166)	(127,483)	128,649			(4,414)	(12,280)	16,694			(5,580)	(139,763)	145,343		
Net remeasurement of loss allowance (a)	(37,259)	12,430	31,500	(8,154)	(1,483)	(30,494)	20,102	25,996	(1,333)	14,271	(67,753)	32,532	57,496	(9,487)	12,788
Impairment losses on new loans (b)	2,706			574	3,280	17,208			2,732	19,940	19,914			3,306	23,220
Changes in risk parameters (c)	2,729	(1,524)	249,978	147,860	399,043	(6,177)	(2,427)	243,658	3,391	238,445	(3,448)	(3,951)	493,636	151,251	637,488
Impairment losses on loans (a) + (b) + (c)	**(31,824)**	**10,906**	**281,478**	**140,280**	**400,840**	**(19,463)**	**17,675**	**269,654**	**4,790**	**272,656**	**(51,287)**	**28,581**	**551,132**	**145,070**	**673,496**
Derecognition of loans	(13)	(96)	(2,128)	437	(1,800)	(61)	(783)	(2,167)	(4,785)	(7,796)	(74)	(879)	(4,295)	(4,348)	(9,596)
Write-offs	(933)	(5,978)	(393,790)	(207,138)	(607,839)			(213,256)	(92,767)	(306,023)	(933)	(5,978)	(607,046)	(299,905)	(913,862)
Foreign exchange and other movements	(1,290)	(4,145)	10,029	2,727	7,321	6,293	647	(3,337)	4,208	7,811	5,003	(3,498)	6,692	6,935	15,132
Change in the present value of impairment losses	-	-	(87,292)	(32,013)	(119,305)	-	-	40,220	17,207	57,427	-	-	(47,072)	(14,806)	(61,878)
Balance 30.6.2018	**25,940**	**382,139**	**5,258,353**	**2,349,060**	**8,015,492**	**115,269**	**174,509**	**4,715,698**	**999,501**	**6,004,976**	**141,209**	**556,648**	**9,974,051**	**3,348,561**	**14,020,468**

The amounts are presented in thousands of Euro unless otherwise indicated

The Group has recognized expectred credit losses for the undrawn credit facilities and letters of credit and letters of guarantee, the movement of which is presented in the following table:

	Provisions for off-balance sheet items				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired assets (POCI)	Total
Changes for the period 1.1 - 30.6.2018					
Balance 1.1.2018	**9,798**	**5,609**	**94,690**	**1**	**110,098**
Transfer to Stage 1 (from 2 or 3)	2,723	(1,562)	(1,161)		-
Transfer to Stage 2 (from 1 or 3)	(597)	825	(228)		-
Transfer to Stage 3 (from 1 or 2)	(114)	(221)	335		-
Net remeasurement of expected credit loss (a)	(39)	3,730	(845)	(1,517)	1,329
Impairment losses on new off-balance sheet items (b)	351				351
Changes in risk parameters (c)	(1,576)	(3,579)	(17,938)	1,760	(21,333)
Impairment losses on off-balance sheet items (a)+(b)+(c)	(1,264)	151	(18,783)	243	(19,653)
Foreign exchange and other movements	(512)	514	54		56
Balance 30.6.2018	**10,034**	**5,316**	**74,907**	**244**	**90,501**

The total amount of provisions for credit risk that the Group has recognized and derive from contracts with customers stands at € 14,150,625 as at 30.6.2018, taking into consideration the accumulated impairment for loans to customers that are measured at amortized cost of amount € 14,020,468, the provisions for off balance sheet items of amount € 90,501 and the accumulated impairment losses for receivables from customers measured at amortized cost of amount € 39,656.

It is noted that in the above stated amount and also in previously presented credit risk tables, are not included the balances and the accumulated impairment of loans that have been classified as held for sale as at 31.12.2017.

c. Investment securities measured at fair value through other comprehensive income

The following table presents the classification of investment securities per stage as at 30.6.2018 and the reconciliation of accumulated impairment per stage for the first semester of 2018:

	30.6.2018				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired securities (POCI)	Total
Greek Government bonds					
Expected credit losses	(37,469)				(37,469)
Fair value	3,310,852				3,310,852
Other Government bonds					
Expected credit losses	(893)				(893)
Fair value	888,748				888,748
Other securities					
Expected credit losses	(3,575)	(927)			(4,502)
Fair value	1,236,174	12,142			1,248,316
Total impairment on financial assets measured at fair value through other comprehensive income					
Expected credit losses	**(41,937)**	**(927)**	-	-	**(42,864)**
Fair value	**5,435,774**	**12,142**	-	-	**5,447,916**

Except of the above, investment securities measured at fair value through other comprehensive income includes shares of fair value equal to € 92,693.

	Allowance for impairment losses on securities				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased or originated credit impaired securities (POCI)**	**Total**
Changes in period 1.1. - 30.6.2018					
Opening balance 1.1.2018	**84,312**	**3,099**	**-**	**-**	**87,411**
Transfers to level 1 from level 2 or 3					-
Transfers to level 2 from level 1 or 3					-
Transfers to level 3 from level 1 or 2					-
Net remeasurement of loss allowance (a)	(42,236)	(1,245)			(43,481)
Impairment losses on new securities (b)	20,877				20,877
Impairment losses (a) + (b)	**(21,359)**	**(1,245)**	**-**	**-**	**(22,604)**
Derecognition of financial assets	(20,889)	(927)			(21,816)
Write-offs					-
Foreign exchange and other movements	(127)				(127)
Change in the present value of the impairment allowance					-
Closing Balance 30.6.2018	**41,937**	**927**	**-**	**-**	**42,864**

It is noted that an additional impairment charge of € 52 in Stage 1 has been recognized in income statement regarding new securities measured at fair value through other comprehensive income which are settled after 30.6.2018.

29. Capital adequacy

The Group's policy is to maintain a robust capital base to safeguard the Bank's development and retain the trust of depositors, shareholders, markets and business partners.

Share capital increases are performed after Shareholders' General Meeting or Board of Directors' decisions in accordance with articles of incorporation or relevant laws.

For the period that the Hellenic Financial Stability Fund (HFSF) participates in the Share Capital of the Bank, the purchase of own shares is not allowed without its approval, according to the Relationship Framework Agreement (RFA) which has been signed between the Bank and the HFSF.

The capital adequacy ratio compares the Group's regulatory capital with the risks that it undertakes (risk weighted assets). Regulatory capital includes Tier I capital (share capital, reserves, non-controlling interests), additional Tier I capital (hybrid securities) and Tier II capital (subordinated debt). Risk-weighted assets include the credit risk of the investment portfolio, the market risk of the trading book and operational risk.

Alpha Bank, as a systemic bank, falls within the Single Supervisory Mechanism (SSM) since November 2014 of European Central Bank (ECB), to which reports are submitted every quarter. The supervision operates along with the European Regulation 575/2013 (CRR) and the relevant European Directive 2013/36 (CRD IV), which was incorporated into the Greek Law through the Law 4261/2014. The framework is well known as Basel III. Bank of Greece through the acts issued by the Executive Committee settled the capital buffers (Common Equity Tier I, Tier I and capital adequacy) of the Group.

According to the above regulatory framework, for the calculation of capital adequacy ratio the effective transitional arrangements as defined. Moreover:

- besides the 8% capital adequacy limit, there are limits of 4.5% for Common Equity ratio and 6% for Tier I ratio, and
- is required the maintenance of capital buffers additional to the Common Equity Capital, from 1.1.2016 and gradually until 31.12.2019.

In particular:

- from 1.1.2018 a capital buffer of 1.875% exists which will gradually rise to 2.5% on 31.12.2019.
- The Bank of Greece through the acts issued by the Executive Committee settled the following capital buffers:
  - Countercyclical capital buffer rate for the first nine months of 2018, "zero percent"
  - Other systemically important institutions (O-SII) buffer for 2018 "zero percent"

These limits should be met both on a standalone and on a consolidated basis.

	30.6.2018 (estimation)	31.12.2017
Common Equity Tier I	18.5%	18.3%
Tier I	18.5%	18.3%
Capital Adequacy Ratio	**18.5%**	**18.4%**

On 8 December 2017, the ECB by a relative decision informed Alpha Bank that for 2018 the minimum limit for the Overall Capital Requirement (OCR) is 12,875% increased by 0.625%, due to the gradual increase of capital conservation buffers. The OCR is composed of the minimum own fund requirements (8%), according to article 92(1) of the CRR and additional own fund requirements (P2R), according to article 16(2)(a) of the Regulation 1024/2013/EU, and also the combined buffer requirements (CBR), according to article 128(6) of the Directive 2013/36/EU. The above minimum ratio should be maintained on a phase-in basis under applicable transitional rules under CRR/CRD IV, at all times.

Alpha Bank successfully concluded the 2018 Stress Test which was conducted based on a static balance sheet approach under a baseline and an adverse macro scenario with a 3 year forecasting horizon (2018-2020). The starting point was December 31st, 2017, restated to account for IFRS 9 impact. Impact was assessed in terms of CET1 ratio. No hurdle rate or capital thresholds were applied for this exercise.

Under the baseline scenario, 2020 CET1 ratio reached 20.4%, following an aggregate impact of +212 bps mainly driven by a strong pre provision income generation.

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

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

Stress Test Results

	31.12.2017	31.12.2020	
		Basic Scenario	Unfavorable Scenario
CET1 (in Euro mllions)	8,987	10,380	4,745
RWAs (in Euro millions.)	49,240	50,949	48,982
CET1 (%)	**18.30%**	**20.40%**	**9.70%**

30. Related-party transactions

The Bank and the remaining companies of the Group, enters into a number of transactions with related parties in the normal course of business. These transactions are performed at arm's length and are approved by the competent Bank's governing bodies and committees.

a. The outstanding balances of the Group's transactions with key management personnel, which consist of members of the Board of Directors and the Bank's Executive Committee, their close family members and the entities controlled by them, as well as, the results related to those transactions are as follows:

	30.6.2018	31.12.2017*
Assets		
Loans and advances to customers	1,196	1,510
Liabilities		
Due to customers	6,670	10,438
Employee defined benefit obligations	249	244
Total	**6,919**	**10,682**
Letters of guarantee and approved limits	**2,159**	**2,075**

	FROM JANUARY 1 TO	
	30.6.2018	30.6.2017
Income		
Interest and similar income	23	24
Fee and commission income	2	3
Total	**25**	**27**
Expenses		
Interest expense and similar charges	10	10
Fees paid to key management and close family members	1,804	1,858
Total	**1,814**	**1,868**

b. The outstanding balances of the Group's transactions with associates and joint ventures and the results related to these transactions are as follows:

	30.6.208	31.12.2017
Assets		
Loans and advances to customers	59,899	149,358
Other assets	2,340	1,531
Total	**62,239**	**150,889**
Liabilities		
Due to customers	33,531	19,172
Other liabilities	1,305	1,270
Total	**34,836**	**20,442**

* Certain figures of the previous year were restated for comparability purposes.

	FROM JANUARY 1 TO	
	30.6.2018	30.6.2017
Income		
Interest and similar income	2,650	1,675
Fee and commission income	5	7
Gains less losses on financial transactions	1,285	
Other income	118	119
Total	**4,058**	**1,801**
Expenses		
Interest expense and similar charges	2	36
General administrative expenses	6,109	375
Total	**6,111**	**411**

c. The Employee's Supplementary Fund maintains deposits with the Bank amounting to € 7 (31.12.2017: € 7).

d. The Hellenic Financial Stability Fund (HFSF) exerts significant influence on the Bank. In particular, according to Law 3864/2010 and the Relationship Framework Agreement (RFA) signed on 23.11.2015, which replaced the previous signed in 2013, HFSF has participation in the Board of Directors and in other significant Committees of the Bank. Therefore, according to IAS 24, HFSF and its related entities are considered related parties for the Bank.

The outstanding balances and the results related to these transactions are analyzed as follows:

	FROM JANUARY 1 TO	
	30.6.2018	30.6.2017
Income		
Fee and commission income	6	5

31. Assets held for sale and discontinued operations

	30.6.2018	31.12.2017
APE Fixed Assets S.A., APE Commercial Property S.A., APE Investments Property S.A.	90,980	98,280
Alpha Investment Property Attikis II S.A.	-	21,996
Alpha Investment Property Neas Erithreas S.A.	6,200	-
Loan portfolio Alpha Bank S.A.	342	108,501
Loan Portfolio Alpha Bank Romania S.A.	-	55,158
Other assets held for sale	7,588	5,042
Total	**105,110**	**288,977**

The Bank under the approved from the European Commission Restructuring Plan (Note 42 and 48 of the consolidated financial statements 31.12.2016 and 31.12.2017, respectively) , has commenced the process for the sale of subsidiary APE Fixed Assets S.A., joint venture APE Investment Property S.A., investment properties of subsidiary Alpha Investment Property Neas Erythreas A.E as well as the sale of loans of retail and wholesale loan portfofolio, the amounts of which are presented in the table above and are described in detail below.

In addition, during the first semester of 2018 the sale of part of the retail and wholesale loan portfolio in Greece, was completed successfully while during the year 2017 the sale of subsidiary Alpha Bank Srbija A.D and the disposal of the participation of APE Commercial Property S.A. in EL.P.ET Balkaniki A.E. were completed successfully and are also described below. Finally, in the same context, the process of the disposal of retail and wholesale loan portfolio in Romania was completed.

Alpha Bank Srbija A.D.

In the fourth quarter of 2016, the Bank initiated the procedures for disposing its subsidiary Alpha Bank Srbija A.D. In this context, on 30.1.2017, the Bank agreed with a potential buyer, to sell all the shares owned. The contract was signed on 23.2.2017 whilst on 11.4.2017 the transaction was completed for a total price of € 53 million following the necessary regulatory approvals. In addition to the transfer of all shares of the subsidiary, the agreement included the assignment of a subordinated debt contract, which amounts to € 27.11 million and was granted to the subsidiary by the Bank.

Based on the above, on 31.12.2016 the total assets of Alpha Bank Srbija A.D. and the related liabilities met the criteria set under IFRS 5 to be classified as assets held for sale, while its business activities, which constitute a distinct geographical area of operation for the Group and are included in South East Europe segment for operating segment disclosure purposes, have been characterized as discontinued operations.

Income Statement and Statement of Comprehensive Income

The results and cash flows arising from Alpha Bank Srbija AD presented as "discontinued operations" in the Income Statement, the Statement of Total Comprehensive Income and in the Cash Flow Statement.

The following table analyzes the amounts presented in the Statement of Total Comprehensive Income.

	FROM JANUARY 1 TO		FROM APRIL 1 TO	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Interest and similar income		6,943		599
Interest expense and similar charges		(1,374)		(129)
Net interest income		5,569		470
Fee and commission income		1,860		118
Commission expense		(476)		(35)
Net fee and commission income		1,384		83
Gains less losses on financial transactions		991		375
Other income		156		8
Total income		**8,100**		**936**
Staff costs		(3,069)		(441)
General administrative expenses		(3,749)		(94)
Other expenses		(19)		-
Total expenses		**(6,837)**		**(535)**
Impairment losses and provisions to cover credit risk		1,111		(1)
Profit/(loss) before income tax		**2,374**		**400**
Income tax		-		-
Profit/(loss) after income tax		**2,374**		**400**
Profit/(loss) from sale after income tax		(70,831)		(69,767)
Profit /(loss) after income tax, from discontinued operations		**(68,457)**		**(69,367)**
Net change of securities available for sale reserve		(1,559)		(958)
Foreign exchange differences due to conversion of financial statements and hedging of foreign subsidiaries		70,016		70,325
Income tax				
Amounts that may be reclassified to the Income Statement, from discontinued operations		**68,457**		**69,367**
Total comprehensive income for the year, after income tax		**-**		**-**

The amount of cash and cash equivalent of Alpha Bank Srbija A.D., which was transferred at disposal, amounted to € 89,265

Alpha Investment Property Attikis II A.E.

During 2017, the Bank and its subsidiary Alpha Group Investments Ltd signed with an interested investor memorandum of understanding, for the disposal of Alpha Investment Property Attikis II A.E. and proceeded to negotiate the details of the terms of sale. The main terms of transferring of 100% of the share capital of Alpha Investment Property Attikis II A.E. were agreed with the investor in the fourth quarter of year 2017 and it was estimated that the disposal will be completed within the next financial year.

Based on the above, Alpha Investment Property Attikis II A.E. is classified as Held for sale as at 31.12.2017. The Group valued the assets and liabilities of the subsidiary at the lowest amount between the carrying amount and the fair value less cost to sell, recognizing the difference which amounted of € 391 as a loss in the gains/losses of financial transactions.

During 2018, the abovementioned transaction was cancelled, with the assets and liabilities of the company being reclassified to the relevant balance sheet captions. The recoverable amount of the assets of the company at its reclassification, remained the same as that used for its valuation as at 31.12.2017.

APE Fixed Assets A.E., APE Commercial Property A.E., APE Investment Property A.E.

During the financial year 2016 consultants were engaged and the liquidation process of the Bank's participations in APE Fixed Assets A.E., APE Commercial Property A.E. and APE Investment Property A.E. began. APE Fixed Assets A.E. is a Bank's subsidiary, while APE Commercial Property A.E. and APE Investment Property A.E. are joint ventures, where the control is exercised jointly by the Bank and the other shareholder.

The companies are classified as held for sale according to IFRS 5. As regards to the subsidiaries APE Fixed Assets A.E. and APE Investment Property, the Bank is at an advanced stage in the selling process for the above mentioned investments with investors, and estimates that the transaction process will be possible to complete in the near future. As far as APE Commercial Property is concerned, it should be noted that the process of the disposal of its participation in EL.PET. Balkaniki A.E. during the fourth quarter of 2017.

In addition, during the first semester of 2018, the Bank participated in the share capital increase of APE Investment Property A.E. at a price of € 71,704, whereas the entity has repaid the loan facility, which has been granted by the Bank.

According to IFRS 5 the assets held for sale or disposal groups are valued at the lower of carrying amount and fair value less cost to sell and they are presented in the balance sheet separately from other assets and liabilities. As regards to the subsidiary APE Fixed Assets A.E. the Group proceeded to the measurement of the fair value of the assets and liabilities which it consolidates, while with regards to the joint ventures APE Commercial Property A.E. and APE Investment Property A.E., valuated with the equity method, the Group measured the fair value of its participation and of the loans and receivables of these companies which constitute part of the net investment in them. From the aforementioned valuation during the period gains amounting to € 0.3 million arose and were recorded in the caption "Gains less losses on financial transactions" in the Income Statement, whereas a loss amount of € 7,300 has recognized in the first semester of 2018.

Taking into account that these companies are not a separate major line of business of the Group, the criteria to be classified as "Discontinued operations" are not met. The companies are included in "Other" for operating segment disclosure purposes.

In the table below is presented an analysis of the discrete assets and liabilities of APE Fixed Assets A.E., APE Commercial Property A.E. and APE Investment Property A.E. which are classified in the Balance Sheet as assets held for sale.

Balance Sheet

	30.6.2018	31.12.2017
ASSETS		
Loans and advances to customers		47,570
Investment in associates and joint ventures	70,445	29,845
Investment property	39,872	39,872
	110,317	117,287
Valuation at fair value APE	(19,337)	(19,007)
Total assets held for sale APE	**90,980**	**98,280**
LIABILITIES		
Liabilities for current income tax and other taxes	187	
Deferred tax liability	282	286
Other liabilities	7	6
Total liabilities related to assets held for sale	**476**	**292**
Amounts recognized directly in equity related to assets held for sale	**(122)**	**(122)**
Non-controlling interests related to assets held for sale	**10,872**	**10,947**

Investment property of Alpha Investment Property Neas Erythreas A.E.

During the period 2018, the Bank's subsidiary, Alpha Group Investments Ltd, signed an advance payment agreement with an investor for the sale of the total real estate of Alpha Investment Property Neas Erythreas A.E., the sale of which is estimated to be completed during the third quarter of 2018.

Based on the aforementioned, the real estate of Alpha Investment Property Neas Erythreas A.E. were classified as assets held for sale during the preparation of financial statements as at 30.6.2018. The Group has valued the entity's investment property at the lowest amount between the carrying amount and the fair value less cost to sell, recognizing the difference which amounted of € 2,322 as a loss in the caption "Other expenses" of Interim Consolidated Income Statement.

Loan Portfolio

During 2017, the Bank in cooperation with Alpha Bank Romania S.A. commenced the process of sale of Non-performing retail loans, which included receivables from consumer loans, credit cards and small-business loans, along with wholesale loans. Part of the aforementioned non-performing retail loan portfolio of Alpha Bank Romania S.A. was sold in the third quarter of 2017.

The abovementioned loans on 31.12.2017, met the criteria to be classified as Held for sale according to IFRS 5.

On 23.3.2018, the transfer of part of unsecured Non Performing Retail Loans portfolio was completed. The transaction price after taking into consideration the transaction costs and other liabilities, amounted to € 70.5 million, while gains of amount € 13.2 million were recognized in the caption "Gains less losses on derecognition of financial assets measured at amortized cost".

On 14.5.2018 the transfer of the non-performing corporate loans portfolio was completed. The price of the transaction less transaction costs and other liabilities amounted to € 30,844, whereas a loss of € 1,505 was recognized in the "Gain less losses on derecognition of financial assets measured at amortized cost".

During the first semester of 2018, the Bank in cooperation with Alpha Bank Romania S.A., completed the sale of a Non Performing corporate loans portfolio.

On 30.6.2018, the carrying amount of retail loans portfolio amounts to € 342.

Other assets held for sale

Assets held for sale include also other fixed assets held for sale of the Group of an amount of € 7,588 (31.12.2017: € 5,042).

In addition, the Bank's participations to the companies "Selonda A.E.G.E.","Nireus A.E.G.E.", "Forthnet" and "Unisoft" have been classified to Assets held for sale, since it intends to transfer these companies in the near future. The fair value of each of those companies was determined in the amount of one Euro.

The Group, at each reporting date, assesses the actions taken within the context of the implementation of the Restructuring Plan in cases where criteria under IFRS 5 are met (note 1.17 of financial statements on 31.12.2017) in order assets and liabilities that are directly associated to be classified as assets held for sale.

32. Corporate events

a. On 30.01.2018, the Group's subsidiaries, Alpha Investment Property Spaton, Alpha Investment Property Livadeias, Alpha Investment Property Kallirois, Alpha Investment Property Kifissias and Alpha Investment Property N. Erythraias increased their share capital by € 14,741, € 4,351, € 1,099, € 4,467 and € 8,656, respectively.

b. On 9.2.2018 the Group's subsidiaries, AGI-CYPRE Alaminos Ltd, AGI-CYPRE Tochni Ltd and AGI-CYPRE Mazotos Ltd increased their share capital by € 9,201, € 1,715 and € 8,004, respectively.

c. On 14.03.2018, the Group's subsidiaries, AGI-RRE Poseidon Ltd, AGI-RRE Artemis Ltd, AGI-RRE Hera Ltd, AGI-RRE Arsinoe Ltd, AGI-RRE Cleopatra Ltd, AGI-RRE Participations 1 Ltd, AGI-RRE Ares Ltd, AGI-RRE Hermes Ltd, AGI-CYPRE Evagoras Ltd and Stockfort Ltd, increased their share capiral by € 51,508, € 35,461, € 5,137, € 35,054, € 13,069, € 55,468, € 3,427, € 52, € 130 and € 23,950 respectively.

d. On 15.03.2018 the Group's subsidiaries, AGI-BRE Participations 5 Ltd, AGI-BRE Participations 1 Ltd, AGI-SRE Participations 1 Ltd, Alpha Trustees Ltd, AGI-RRE Athena Ltd, AGI-RRE Venus Ltd, AGI-SRE Ariadni Ltd, AGI-CYPRE Tersefanou Ltd and Zerelda Ltd increased their share capital by € 424, € 88, € 22, € 10, € 33, € 26, € 153, € 38 and € 35.859, respectively.

e. On 16.03.2018, the Group's subsidiaries, AGI-RRE Zeus Srl, AGI-RRE Poseidon Srl, Carmel Residential Srl, Ashtrom Residents Srl, AGI-RRE Hera Srl, Cubic Center Development S.A., AGI-RRE Cleopatra Srl, AGI-RRE Participations 1 Srl and Cordia Residence Srl increased their share capital by € 35,823, € 16,534, € 15,319, € 18,301, € 5,109, € 35,003, € 13,035, € 9,667 and € 3,399 respectively

f. On 19.03.2018 the Group's subsidiaries, AGI-BRE Participations 2 Ltd, AGI-BRE Participations 3 Ltd, AGI-BRE Participations 4 Ltd, AGI-BRE Participations 2 EOOD, AGI-BRE Participations 3 EOOD and HT-1 EOOD increased their share capital by € 9,414, € 19,997, € 21,323, € 9,366, € 19,931 and € 583, respectively.

g. On 20.3.2018 the Group's subsidiaries AGI-BRE Participations 4 EOOD and Asmita Gardens Srl increased their share capital by € 16,998 and € 29,009 respectively.

h. On 27.03.2018, the Group subsidiary AGI-RRE Poseidon Ltd participated proportionally in the share capital increase of its subsidiary Romfelt Real Estate S.A. by an amount of € 34,572, and on 18.5.2018 the subsidiary paid the residual amount of € 402 to cover its full participation. Consequently, the participation of AGI-RRE Poseidon Ltd stood at 99.99% of Romfelt Real Estate S.A. share capital.

i. On 29.03.2018, the capital repayment of amount € 56 of joint venture Alpha TANEO A.K.E.S was completed.

j. On 5.4.2018, the Group's subsidiary, AGI-RRE Hermes Srl increased its share capital by € 11.

k. On 24.4.2018, the Group's subsidiary, AGI-Cypre Tersefanou Ltd acquired 100% and 95% of shares of entities KITMA Holding Ltd and Vic City Srl respectively.

l. On 7.5.2018, the Group's subsidiary, Alpha Group Investmenrs Ltd founded the company Alpha Investment Property Irakleiou S.A. for the amount of € 24.

m. On 14.5.2018, the Bank together with Alpha Bank Romania S.A. completed the sale of a portfolio of non-performing corporate loans to A1 Carpi Finance S.A., APS Consumer Finance IFN SA and APS Delta S.A. that are entities financed by a joint

venture of international investors, in which Deutsche Bank AG, investment funds under the management of AnaCap Financial Partners LLP and investment funds under the management of APS Investments S.à.r.l. are included.

n. On 16.5.2018, the liquidation proceedings of the Group's subsidiary, Preserville Enterprises Ltd, was completed.

o. On 17.5.2018, the capital repayment of amount € 3,069 of the Group's subsidiary, Chardash Trading EOOD was completed.

p. On 31.05.2018, the Bank participated proportionally in the share capital increase of the joint venture APE Investment Property A.E., paying an amount of € 71,704.

q. On 13.6.2018, the capital repayment of amount € 230 of the Group's subsidiary, Alpha Real Estate Bulgaria EOOD was completed.

r. On 14.6.2018, the Bank's subsidiary, Alpha Group Investments Ltd set up the entity Alpha Investment Property Gi A.E. for an amount of € 24.

s. On 22.6.2018, the Bank's subsidiary, Alpha Bank Cyprus Ltd set up the entities AGI-CYPRE Property 1 Ltd, AGI-CYPRE Property 2 Ltd, AGI-CYPRE Property 3 Ltd and AGI-CYPRE Property 4 Ltd for a price of € 1 each one, and on 29.6.2018 transferred the aforementioned entities in the subsidiary AGI-CYPRE Ermis Ltd.

t. On 25.6.2018, the Group's subsidiaries, AGI-BRE Participations 1 Ltd, Zerelda Ltd, AGI-RRE Athena Ltd, AGI-RRE Hera Ltd, AGI-BRE Participations 4 Ltd, AGI-RRE Ares Ltd, AGI-RRE Venus Ltd, AGI-RRE Cleopatra Ltd, AGI-RRE Hermes Ltd, AGI-CYPRE Tersefanou Ltd, AGI-CYPRE Mazotos Ltd and AGI-SRE Participations 1 Ltd increased their share capital by € 17, € 7, € 10, € 10, € 10, € 10, € 9, € 6, € 8, € 7, € 16 and € 10, respectively.

u. On 25.6.2018, the total shares of the Group's subsidiary, AGI BRE Participations 5 EOOD and its subsidiaries House Properties Investments EOOD and Residence Properties Investments EOOD, were sold.

v. On 27.6.2018, the Bank's subsidiary, Alpha Bank Cyprus Ltd set up the entities AGI-CYPRE Property 5 Ltd, AGI-CYPRE Property 6 Ltd and AGI-CYPRE Property 8 Ltd for an amount of € 1 each one, and on 29.6.2018, transferred the aforementioned entities in the subsidiary AGI-CYPRE Ermis Ltd. On the same date, AGI-CYPRE Ermis Ltd increased its share capital by a contribution in kind to AGI-CYPRE Property 8 Ltd for an amount of € 276.

33. Restatement of financial statements

The Group during the fourth quarter of 2017 modified the presentation of bond's income in the cash flow statement and reclassified € 113,349 from net cash flows from continuing operating activities to net cash flows from continuing investing activities.

	Published amounts	Restatement	Restated amounts
	30.6.2017		**30.6.2017**
Net cash flows from continuing operating activities	(647,289)	(113,349)	(760,638)
Net cash flows from continuing investing activities	599,406	113,349	712,755
Net cash flows from continuing financing activities	(100,501)		(100,501)
Net increase/(decrease) in cash flows from continuing activities	(148,703)		(148,703)
Net increase/(decrease) in cash flows from discontinued activities	(45,674)		(45,674)
Cash and cash equivalents at the beginning of the period	974,888		974,888
Cash and cash equivalents at the end of the period	780,511		780,511

34. Events after the balance sheet date

a. On 3.7.2018, the Bank's subsidiary, Alpha Bank Cyprus Ltd set up the entity ABC RE L1 Limited for an amount of € 1.

b. On 5.7.2018 the Bank's subsidiary Alpha Bank Cyprus Ltd set up the entity AGI-CYPRE Property 7 Ltd for an amount of € 1, and on 31.7.2018 transferred this entity to AGI-CYPRE Ermis Ltd, which increased its share capiral by contribution in kind for an amount of € 284.

c. On 5.7.2018, the Bank's subsidiary AGI-CYPRE Ermis Ltd transferred its subsidiaries AGI-CYPRE Property 1 Ltd, AGI-CYPRE Property 2 Ltd, AGI-CYPRE Property 3 Ltd, AGI-CYPRE Property 4 Ltd, AGI-CYPRE Property 5 Ltd and AGI-CYPRE Property 6 Ltd in the Bank's subsidiary Alpha Bank Cyprus Ltd. On 7.8.2018, the Bank's subsidiary Alpha Bank Cyprus Ltd transferred its subsidiaries AGI-CYPRE Property 1 Ltd, AGI-CYPRE Property 2 Ltd, AGI-CYPRE Property 3 Ltd, AGI-CYPRE Property 4 Ltd, AGI-CYPRE Property 5 Ltd and AGI-CYPRE Property 6 Ltd, back to the Bank's subsidiary AGI-CYPRE Ermis Ltd. On the same date, AGI-CYPRE Ermis Ltd increased the share capital of the aforementioned subsidiaries by contribution in kind for an amount of € 1,352, € 2,380, € 447, € 900, € 110 and € 750, respectively.

d. On 18.7.2018, the Bank participated in the share capital increase of its subsidiary Alpha Bank Cyprus Ltd for an amount of € 44,585.

e. On 20.7.2018, the Bank participated proportionally in the share capital increase of the joint venture APE Commercial Property AE for an amount of € 39,010 with the capitalization of the "share premium" reserve.

f. On 25.7.2018, the Bank participated proportionally in he share capital increase of its subsidiary APE Fixed Assets A.E., for an amount of € 217.

g. On 2.8.2018, the Bank participated proportionally in the share capital increase of the joint venture Alpha TANEO A.K.E.S., for an amount of € 80.

Athens, 30 August 2018

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR	THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER	THE ACCOUNTING AND TAX MANAGER
VASILEIOS T. RAPANOS ID No AI 666242	DEMETRIOS P. MANTZOUNIS ID No I 166670	VASSILIOS E. PSALTIS ID No AI 666591	MARIANNA D. ANTONIOU ID No X 694507

 The amounts are presented in thousands of Euro unless otherwise indicated

Interim Financial Statements as at 30.6.2018

ALPHA BANK

Interim Income Statement

(Amounts in thousands of Euro)

		FROM 1 JANUARY TO	
	Note	30.6.2018	30.6.2017
Interest and similar income		1,034,023	1,127,970
Interest expense and similar charges		(241,840)	(276,301)
Net interest income	2	792,183	851,669
Fee and commission income	3	167,920	165,133
Commission expense		(24,388)	(28,196)
Net fee and commission income		143,532	136,937
Dividend income		10,675	35,488
Gain less losses on derecognition of financial assets measured at amortised cost		13,317	-
Gains less losses on financial transactions	4	112,139	42,599
Other income		7,539	7,187
Total other income		143,670	85,274
Total income		**1,079,385**	**1,073,880**
Staff costs		(182,725)	(188,945)
General administrative expenses	5	(210,332)	(219,440)
Depreciation and amortization	14, 15, 16	(38,127)	(36,741)
Other expenses		(3,086)	(7,716)
Total expenses before impairment losses and provisions to cover credit risk		**(434,270)**	**(452,842)**
Impairment losses and provisions to cover credit risk	6,7	(531,830)	(354,608)
Profit/(Loss) before income tax		**113,285**	**266,430**
Income tax	8	(71,346)	(54,510)
Profit/(loss) after income tax		**41,939**	**211,920**
Earnings/(losses) per share:			
Basic and diluted (€ per share)	9	0.0272	0.1375

The attached notes (pages 126 - 200) form an integral part of these interim financial statements

Interim Balance Sheet

(Amounts in thousands of Euro)

	Note	30.6.2018	31.12.2017
ASSETS			
Cash and balances with Central Banks		808,754	774,882
Due from banks	10	2,105,129	2,227,791
Trading securities	12	11,747	6,544
Derivative financial assets		721,761	628,133
Loans and advances to customers	11	36,473,968	38,521,136
Investment securities			
- Measured at fair value through other comprehensive income	12	4,354,502	
- Measured at fair value through profit or loss	12	166,046	
- Available for sale	12		4,887,356
- Held to maturity	12		319
Investments in subsidiaries, associates and joint ventures	13	1,917,516	2,048,931
Investment property	14	25,944	26,379
Property, plant and equipment	15	623,508	628,956
Goodwill and other intangible assets	16	366,062	350,783
Deferred tax assets		4,695,990	4,282,208
Other assets		1,291,872	1,253,995
		53,562,799	55,637,413
Assets held for sale		80,043	217,285
Total Assets		**53,642,842**	**55,854,698**
LIABILITIES			
Due to banks	17	10,166,789	13,751,850
Derivative financial liabilities		1,109,590	1,037,174
Due to customers		32,319,564	30,255,030
Debt securities in issue and other borrowed funds	18	956,561	557,949
Liabilities for current income tax and other taxes		14,401	17,920
Employee defined benefit obligations		90,814	89,441
Other liabilities		728,481	824,340
Provisions	19	258,369	175,307
Total Liabilities		**45,644,569**	**46,709,011**
EQUITY			
Share capital	20	463,110	463,110
Share premium		10,801,029	10,801,029
Reserves		489,021	572,832
Retained earnings		(3,754,887)	(2,691,284)
Total Equity		**7,998,273**	**9,145,687**
Total Liabilities and Equity		**53,642,842**	**55,854,698**

The attached notes (pages 126 - 200) form an integral part of these interim financial statements

Interim Statement of Comprehensive Income

(Amounts in thousands of Euro)

	Note	FROM 1 JANUARY TO	
		30.6.2018	30.6.2017
Profit/(loss), after income tax, recognized in the Income Statement		**41,939**	**211,920**
Other comprehensive income:			
Amounts that may be reclassified to the Income Statement			
Net change in available for sale securities reserve			222,935
Net change in securities reserve measured at fair value through other comprehensive income		(262,533)	
Net change in cash flow hedge reserve		(1,263)	51,427
Income tax		76,501	(79,351)
Amounts that may be reclassified in the Income Statement	8	**(187,295)**	**195,011**
Amounts that will not be reclassified in the Income Statement			
Gains/(losses) from shares measured at fair value through other comprehensive income		2,397	
Income tax		(695)	
	8	**1,702**	-
Total of other comprehensive income after income tax		**(185,593)**	**195,011**
Total comprehensive income for the period after income tax		**(143,654)**	**406,931**

The attached notes (pages 126 - 200) form an integral part of these interim financial statements

Interim Statement of Changes in Equity

(Amounts in thousands of Euro)

	Note	Share Capital	Share premium	Reserves	Retained earnings	Total
Balance 1.1.2017		**461,064**	**10,790,870**	**208,187**	**(2,735,079)**	**8,725,042**
Changes for the period 1.1 - 30.6.2017						
Profit for the period, after income tax					211,920	211,920
Other comprehensive income after income tax				195,011		195,011
Total comprehensive income for the period, after income tax		**-**	**-**	**195,011**	**211,920**	**406,931**
Conversion of convertible bond loan into shares		2,046	10,159			12,205
Share capital increase expenses, after income tax					(194)	(194)
Balance 30.6.2017		**463,110**	**10,801,029**	**403,198**	**(2,523,353)**	**9,143,984**
Changes for the period 1.7 - 31.12.2017						
Profit for the period, after income tax					(168,025)	(168,025)
Other comprehensive income after income tax				169,634	94	169,728
Total comprehensive income for the period, after income tax		**-**	**-**	**169,634**	**(167,931)**	**1,703**
Balance 31.12.2017		**463,110**	**10,801,029**	**572,832**	**(2,691,284)**	**9,145,687**

(Amounts in thousands of Euro)

	Note	Share Capital	Share premium	Reserves	Retained earnings	Total
Balance 31.12.2017		**463,110**	**10,801,029**	**572,832**	**(2,691,284)**	**9,145,687**
Impact from the implementation of IFRS 9 as at 1.1.2018	25			103,484	(1,107,244)	(1,003,760)
Balance 1.1.2018		**463,110**	**10,801,029**	**676,316**	**(3,798,528)**	**8,141,927**
Changes for the period 1.1 - 30.6.2018						
Profit for the period, after income tax					41,939	41,939
Other comprehensive income after income tax	8			(187,295)	1,702	(185,593)
Total comprehensive income for the period, after income tax		**-**	**-**	**(187,295)**	**43,641**	**(143,654)**
Balance 30.6.2018		**463,110**	**10,801,029**	**489,021**	**(3,754,887)**	**7,998,273**

The attached notes (pages 126 - 200) form an integral part of these interim financial statements

Interim Statement of Cash Flows

(Amounts in thousands of Euro)

	Note	FROM 1 JANUARY TO	
		30.6.2018	30.6.2017*
Cash flows from operating activities			
Profit/(Loss) before income tax		113,285	266,430
Adjustments for gains/(losses) before income tax for:			
Depreciation/impairment/write-offs of fixed assets		14,155	15,361
Amortization/impairment/write-offs of intangible assets		23,972	21,380
Impairment losses on financial assets and other provisions		495,175	373,125
(Gains)/losses from loans' disposals		(13,847)	
Valuation of financial assets measured at fair value through profit or loss		3,413	
Impairment of investments		162,121	
Results from investing activities		(334,267)	(184,186)
Results from financing activities		19,398	(6,515)
		483,405	**485,595**
Net (increase)/decrease in assets relating to operating activities:			
Due from banks		306,721	280,084
Trading securities and derivative financial assets		(92,336)	72,382
Loans and advances to customers		487,423	195,952
Other assets		83,140	58,318
Net increase/(decrease) in liabilities relating to operating activities:			
Due to banks		(3,585,061)	(1,447,646)
Derivative financial liabilities		71,153	(138,931)
Due to customers		2,060,483	(115,823)
Other liabilities		(82,349)	(105,991)
Net cash flows from operating activities before taxes		**(267,421)**	**(716,060)**
Income taxes and other taxes paid		(3,519)	(9,508)
Net cash flows from operating activities		**(270,940)**	**(725,568)**
Cash flows from investing activities			
Investments in subsidiaries, associates and joint ventures		(310,654)	28,652
Disposals of subsidiaries, associates and joint ventures		56	26,264
Dividends received		23,782	118
Acquisitions of fixed and intangible assets	14, 15, 16	(51,006)	(35,919)
Disposals of fixed and intangible assets		282	1,283
Interest received in investment portfolio securities		15,632	86,800
Purchases of Greek State treasury bills		(1,319,841)	(1,765,469)
Disposals/maturities of Greek State treasury bills		1,634,852	1,872,348
Purchases of investment securities (excluding Greek State treasury bills)		(1,470,194)	(723,890)
Disposals/maturities of investment securities (excluding Greek State treasury bills)		1,593,330	1,221,103
Net cash flows from investing activities		**116,239**	**711,290**
Cash flows from financing activities			
Receipts of debt securities in issue and other borrowed funds		525,727	39,977
Interest repayments of debt securities in issue and other borrowed funds		(8,650)	(5,455)
Repayments of debt securities in issue and other borrowed funds		(133,817)	(169,758)
Share capital increase expenses			(273)
Net cash flows from financing activities		**383,260**	**(135,509)**
Effect of exchange rate differences on cash and cash equivalents		(580)	257
Net increase/(decrease) in cash flows		**227,979**	**(149,530)**
Cash and cash equivalents at the beginning of the period		**630,071**	**648,091**
Cash and cash equivalents at the end of the period		**858,050**	**498,561**

* The figures of the Interim Statement of Cash Flows of the comparative period have been restated for comparability reasons (note 31).

The attached notes (pages 126 - 199) form an integral part of these interim financial statements

Notes to the Interim Financial Statements

GENERAL INFORMATION

The Bank, operates under the brand name of Alpha Bank A.E. using the sign of ALPHA BANK. The Bank's registered office is 40 Stadiou Street, Athens and is listed in the General Commercial Register with registration number 223701000 (ex. societe anonyme registration number 6066/06/B/86/05). The Bank's duration is until 2100 but may be extended by the General Meeting of Shareholders.

In accordance with article 4 of the Articles of Incorporation, the Bank's objective is to engage, on its own account or on behalf of third parties, in Greece and abroad, independently or collectively, including joint ventures with third parties, in any and all (main and secondary) operations, activities, transactions and services allowed to credit institutions, in conformity with whatever rules and regulations (domestic, community, foreign) may be in force each time. In order to serve this objective, the Bank may perform any kind of action, operation or transaction which, directly or indirectly, is pertinent, complementary or auxiliary to the purposes mentioned above.

The tenure of the Board of Directors which was elected by the Ordinary General Meeting of Shareholders on 29.6.2018 expires in 2022.

The Board of Directors as at 30.6.2018, consists of:

CHAIRMAN (Non Executive Member)
Vasileios T. Rapanos

EXECUTIVE MEMBERS

MANAGING DIRECTOR
Demetrios P. Mantzounis

DEPUTY MANAGING DIRECTORS
Spyros N. Filaretos
Artemios Ch. Theodoridis
George C. Aronis

NON-EXECUTIVE MEMBER
Efthimios O. Vidalis */**/****

NON-EXECUTIVE INDEPENDENT MEMBERS
Jean L.Cheval */**/****
Ibrahim S.Dabdoub **/****
Carolyn Adele G.Dittmeier */***
Richard R.Gildea **/***
Shahzad A.Shahbaz ****
Jan Oscar A.Vanhevel */***

NON-EXECUTIVE MEMBER
(in accordance with the requirements of Law 3864/2010)
Johannes Herman Frederik G.Umbgrove */**/***/****

SECRETARY
George P. Triantafyllides

The Bank's shares are listed in the Athens Stock Exchange since 1925 and are included among the companies with the higher market capitalization. Additionally, the Bank's share is included in a series of international indices, such as MSCI Emerging Markets Index, the MSCI Greece ,the FTSE All World and the FTSE4Good Emerging Index.

Apart from the Greek listing, the shares of the Bank are traded over the counter in New York (ADRs).

Total ordinary shares in issue as at 29 June 2018 were 1,543,699,381. In Athens Stock Exchange are traded 1,374,525,214

* Member of the Audit Committee
** Member of the Remuneration Committee
*** Member of the Risk Management Committee
**** Member of Corporate Governance and Nominations Committee

ordinary shares of the Bank, while the Hellenic Financial Stability Fund ("HFSF") possesses the remaining 169,174,167 ordinary, registered, voting, paperless shares or percentage equal to 10.96% on the total of ordinary shares issued by the Bank. The exercise of the voting rights for the shares of HFSF is subject to restrictions according to the article 7a of Law 3864/2010.

During the first semester of 2018, the average daily volume per session for shares was €8,797,732.

The credit rating of the Bank performed by three international credit rating agencies is as follows:

- Moody's: Caa2
- Fitch Ratings: RD
- Standard & Poor's: CCC+ (B- from 03.07.2018)

It is noted that according to No.8/754/14.4.2016 decision of the Hellenic Capital Market Commission Board of Directors with subject "Special Topics for Periodic Reporting according to Law 3556/30.4.2007", the obligation to publish Data and Information arising from the quarterly and half-yearly financial statements, as previously stated by the No.4/507/28.4.2009 decision of the Hellenic Capital Market Commission Board of Directors, was abolished.

These interim financial statements have been approved by the Board of Directors on 30 August 2018.

ACCOUNTING POLICIES APPLIED

1.1 Basis of presentation

The Bank has prepared the condensed interim financial statements as at 30.6.2018 in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as it has been adopted by the European Union.

The condensed financial statements have been prepared on the historical cost basis. However, some assets and liabilities are measured at fair value. Those assets are mainly the following:

- Securities held for trading
- Derivative financial instruments
- Loans and advances to customers measured at fair value through profit or loss (applicable to the current reporting period)
- Investment securities measured at fair value through other comprehensive income (applicable to the current reporting period)
- Available for sale securities (applicable to 2017)
- Investment securities measured at fair value through profit or loss (applicable to the current reporting period)
- The convertible bond issued by the Bank which, until its conversion into shares that took place in the first quarter of the preceding year, was included in "Debt securities in issue and other borrowed funds".

The financial statements are presented in Euro, rounded to the nearest thousand, unless otherwise indicated.

The accounting policies applied by the Bank in preparing the condensed interim financial statements are consistent with those stated in the published financial statements for the year ended on 31.12.2017. It is noted, however, that the adoption of IFRS 9 resulted in significant modifications to the accounting policies for financial assets and liabilities. Those accounting policies, which are applicable from 1.1.2018, are presented in note 1.2. Comparative information for 2017 was not restated, as permitted by IFRS 9. In addition, the accounting policies applied in the current reporting period took into account the following new standards and amendments to standards as well as IFRIC 22 which were issued by the International Accounting Standards Board (IASB), adopted by the European Union and applied on 1.1.2018:

▸ **Amendment to International Financial Reporting Standard 2** "Share-based Payment": Classification and Measurement of Share-based Payment Transactions (Regulation 2018/289/26.2.2018)

On 20.6.2016 the International Accounting Standards Board issued an amendment to IFRS 2 with which the following were clarified:

- in estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions shall follow the same approach as for equity-settled share-based payments,
- where tax law requires an entity to withhold a specified amount of tax (that constitutes a tax obligation of the employee) that relates to share-based payments and shall be remitted to the tax authority, such an arrangement shall be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature,
- if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification.

The above amendment had no impact on the financial statements of the Bank.

▸ **Amendment to International Financial Reporting Standard 4** "Insurance Contracts": applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Regulation 2017/1988/3.11.2017)

On 12.9.2016 the International Accounting Standards Board issued an amendment to IFRS 4 with which:

- It provides insurers, whose activities are predominantly connected with insurance, with a temporary exemption from application of IFRS 9 until 1.1.2021 and
- following full adoption of IFRS 9 and until applying IFRS 17, it gives all entities with insurance contracts the option to present changes in fair value on qualifying designated financial assets in other comprehensive income instead of profit or loss.

The above amendment does not apply to the financial statements of the Bank.

▸ **International Financial Reporting Standard 9** "Financial Instruments" (Regulation 2016/2067/22.11.2016)

On 24.7.2014, the International Accounting Standards Board completed the issuance of the final text of IFRS 9 "Financial Instruments", which replaces the existing IAS 39. The new standard provides for significant differentiations in the classification and measurement of financial instruments as well as in hedge accounting. An indication of the new requirements is presented below:

Classification and measurement

Financial instruments shall be classified, after initial recognition, at either amortized cost or at fair value. The criteria that should be considered for the initial classification of the financial assets are the following:

i. The entity's business model for managing the financial assets. Three categories of Business Models are defined:
   - Hold to collect contractual cash flows
   - Hold to collect and sell
   - Other

and

ii. The contractual cash flow characteristics of the financial assets.

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the instrument is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

If an instrument meets the above criteria but is held with the objective of both selling and collecting contractual cash flows it shall be classified as measured at fair value through other comprehensive income.

Financial assets that are not included in any of the above two categories are mandatorily measured at fair value though profit or loss.

In addition, IFRS 9 permits, at initial recognition, equity instruments to be classified at fair value through other comprehensive income. The option precludes equity instruments held for trading. Moreover, with regards to embedded derivatives, if the hybrid contact contains a host that is within the scope of IFRS 9, the embedded derivative shall not be separated and the accounting treatment of the hybrid contact should be based on the above requirements for the classification of the financial instruments.

With regards to the financial liabilities, the main difference is that the change in the fair value of a financial liability initially designated at fair value through profit or loss shall be recognised in profit or loss with the exception of the effect of change in the liability's credit risk which shall be recognised directly in other comprehensive income.

Impairment

Contrary IAS 39, under which an entity recognizes only incurred credit losses, the new standard requires the recognition

of expected credit losses. In particular, on initial recognition of an asset, 12-month expected credit losses are recognized. However, in case the credit risk of the issuers has increased significantly since initial recognition as well as in cases of purchased or originated credit impaired assets lifetime expected credit losses are recognized.

Hedging

The new requirements for hedge accounting are more aligned with the entity's risk management. The main changes in relation to the current requirements of IAS 39 are summarized below:

- more items become eligible for participating in a hedging relationship either as hedging instruments or as hedged items,
- the requirement for hedge effectiveness tests to be within the range of 80%-125% is removed. Hedge effectiveness test is performed progressively only and under certain circumstances a qualitative assessment is considered adequate,
- in case that a hedging relationship ceases to be effective but the objective of risk management regarding the hedging relationship remains the same, the entity shall rebalance the hedging relationship in order to satisfy the hedge effectiveness criteria.

It is noted that the new requirements for hedge accounting do not include those that relate to macro hedging, since they have not been finalized yet.

Except for the aforementioned modifications, the issuance of IFRS 9 has resulted in the amendment to other standards and mainly to IFRS 7 where new disclosures were added.

The impact from the application of IFRS 9 to the condensed interim financial statements of the Bank is presented in note 25.

▸ **International Financial Reporting Standard 15** "Revenue from Contracts with Customers" (Regulation 2016/1905/22.9.2016) and **Amendment to International Financial Reporting Standard 15** "Revenue from Contracts with Customers": Clarifications to IFRS 15 Revenue from Contracts with Customers (Regulation 2017/1987/31.10.2017)

IFRS 15 "Revenue from Contracts with Customers" was issued on 28.5.2014 by the International Accounting Standards Board. The new standard is the outcome of a joint project by the IASB and the Financial Accounting Standards Board (FASB) to develop common requirements as far as the revenue recognition principles are concerned.

The new standard shall be applied to all contracts with customers, except those that are in scope of other standards, such as financial leases, insurance contracts and financial instruments.

According to the new standard, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A new revenue recognition model is introduced, by applying the following five steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The performance obligation notion is new and in effect represents a promise in a contract with a customer to transfer to the customer either: (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The new IFRS 15 supersedes:

(a) IAS 11 "Construction Contracts";

(b) IAS 18 "Revenue";

(c) IFRIC 13 "Customer Loyalty Programmes";

(d) IFRIC 15 “Agreements for the Construction of Real Estate”;

(e) IFRIC 18 “Transfers of Assets from Customers”;and

(f) SIC-31 “Revenue-Barter Transactions Involving Advertising Services”.

On 12.4.2016 the International Accounting Standards Board issued an amendment to IFRS 15 with which it provided clarifications on its application.

Impact from the application of IFRS 15

The Bank applies the new standard from 1.1.2018 without reforming comparative information for 2017.

It is noted that the main part of the Bank’s income is net interest income which has not been affected by the application of IFRS 15. In the Bank, the contracts that are in the scope of the new standard relate to the provision of banking services, asset management services or services relating to coordinating and arranging syndicated loan transactions.

For services provided over time, such as management fee income earned for the provision of asset management services (i.e. performance fee income for management of asset portfolio), income is recognised as the service is being provided to the customer.

If a performance obligation is not satisfied over time, it is satisfied at a point in time. For services such as executing transactions (e.g. currency exchange transactions, customers’ trading in securities) and coordinating and arranging syndicated loan transactions, the execution and completion of the transaction requested by the customer signals the point in time, in which the service is transferred to the customer and the revenue is recognized. It is noted that most of the Bank’s commissions fall into this category and as result there was no change in the accounting treatment for their recognition due to the application of IFRS 15.

▸ **Amendment to International Accounting Standard 40** “Investment Property”: Transfers of Investment Property (Regulation 2018/400/14.3.2018)

On 8.12.2016 the International Accounting Standards Board issued an amendment to IAS 40 with which it clarified that an entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management’s intentions for the use of a property does not provide evidence of a change in use. In addition, the examples of evidence of a change in use were expanded to include assets under construction and not only transfers of completed properties.

The adoption of the above amendment had no impact on the Bank’s condensed interim financial statements.

▸ **Improvements to International Accounting Standards –** cycle 2014-2016 (Regulation 2018/182/7.2.2018)

As part of the annual improvements project, the International Accounting Standards Board issued, on 8.12.2016, non-urgent but necessary amendments to IFRS 1 and IAS 28.

The adoption of the above amendments had no impact on the Bank’s condensed interim financial statements.

▸ **IFRIC Interpretation 22** “Foreign Currency Transactions and Advance Consideration” (Regulation 2018/519/28.3.2018)

On 8.12.2016 the International Accounting Standards Board issued IFRIC 22. The Interpretation covers foreign currency transactions when an entity recognizes a non monetary asset or liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation clarified that the date of the transaction, for the purpose of determination of exchange rate to use on initial recognition of the asset, the income or expense, is the date of initial recognition of the non monetary asset or liability (i.e. advance consideration). Additionally, if there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

The adoption of the above Interpretation had no impact on the Bank’s condensed interim financial statements.

1.2 Accounting policies applied for financial assets and liabilities applicable from 1.1.2018

The following paragraphs describe the accounting policies that the Bank applies from 1.1.2018 for financial assets and financial liabilities following IFRS9 adoption.

1.2.1 Classification and measurement of financial instruments

Initial recognition

The Bank recognises financial assets or financial liabilities in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

Upon initial recognition the Bank measures financial assets and liabilities at fair values. Financial instruments not measured at fair value through profit or loss are initially recognised at fair value plus transaction costs and minus income or fees that are directly attributable to the acquisition or issue of the financial instrument.

It is noted that loans and bonds are recognized in the balance sheet at the settlement date. For bonds that are measured at fair value, the change in fair value during the period between the trade date and the settlement date is recognized in profit or loss or in other comprehensive income based on the bond's classification category.

Subsequent measurement of financial assets

The Bank classifies its financial assets as:

- Financial assets measured at amortised cost,
- Financial assets measured at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition,
- Equity instruments measured at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition,
- Financial assets measured at fair value through profit or loss.

For each of the above categories the following apply:

a) Financial assets measured at amortised cost

In this category are classified the financial assets that satisfy both of the following criteria:

- are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows,
- the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The above category is measured at amortised cost using effective interest method and is periodically assessed for expected credit losses, as it is further described in notes 1.2.3 and 1.2.4.

b) Financial assets measured at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition

In this category are classified the financial assets that satisfy both of the following criteria:

- are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets,
- the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The above category is periodically assessed for expected credit losses, as it is further described in notes 1.2.3 and 1.2.4.

c) Equity instruments measured at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition

In this category are classified equity instruments that are neither held for trading nor contingent consideration recognised by

an acquirer in a business combination and that Bank decides, at initial recognition, to measure at fair value through other comprehensive income. This decision is irrevocable. With the exception of dividends, which are directly recognized in profit or loss, all other gains and losses arising from those instruments are directly recognized in other comprehensive income and are not reclassified to profit or loss. For those equity instruments there is no impairment assessment.

d) Financial assets measured at fair value through profit or loss

Financial assets included in this category are:

i. those acquired principally for the purpose of selling in the near term to obtain short term profit (held for trading).

The Bank has included in this category bonds, treasury bills and a limited number of shares.

ii. those that do not meet the criteria to be classified into one of the above categories

iii. those the Bank designated, at initial recognition, as at fair value through profit or loss. This classification option, which is irrevocable, is used when the designation eliminates an accounting mismatch which would otherwise arise from measuring financial assets and liabilities on a different basis (i.e. amortized cost) in relation to another financial asset or liability (i.e. derivatives which are measured at fair value through profit or loss).

As at the reporting date, the Bank had not designated, at initial recognition, any financial assets as at fair value through profit or loss.

Business Model assessment

The business model reflects how the Bank manages its financial assets in order to generate cash flows. That is, the Bank's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Bank's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. Accordingly, business model does not depend on management's intentions for an individual instrument but it is determined on a higher level of aggregation.

The business models of the Bank are determined by the Asset Liability Committee (ALCO) or the Executive Committee (ExCo) which decide on the determination of a new business model both for the loans and the securities portfolio. In this context:

- Loans and advances to customers and due from banks are included in the business model whose objective is to hold financial assets in order to collect contractual cash flows (hold to collect)
- For bonds and in general for fixed income investments, the Bank has identified the following business models:
  - Business model whose objective is to hold financial instruments in order to collect their contractual cash flows (hold to collect)
  - Business model that aims both at collecting contractual cash flows and selling (hold to collect and sell)
  - Trading portfolio.

The determination of the above business models has been based on:

- The way the performance of the business model and the asset portfolios held within it are evaluated and reported to the Bank key management personnel.
- The risks that affect the performance of the business model (and the asset portfolios held within) and, in particular, the way those risks are managed.
- The way managers of the business are evaluated (e.g., whether the evaluation is based on the fair value of the assets managed or the contractual cash flows collected).
- The expected frequency and value of sales.

The Bank, at each reporting date, reassesses its business models in order to confirm that there has been no change compared to the prior period or application of a new business model. In the context of the reassessment of the hold to collect business model past sales as well as expected future sales are taken into account. In this assessment, the following cases of sales are considered consistent with a hold to collect business model:

a) Sales of non performing loans due to the credit deterioration of the debtor, excluding those sales of loans considered as credit impaired at origination.

b) Sales made close to the maturity of the financial assets so that the proceeds from the sales approximate the collection of the remaining contractual cash flows. In these cases, the Bank defines as 'close', what is less than 5% of the total life of the instrument remaining at the time of sale.

c) Sales (excluding a and b) which are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent). The Bank has defined the following thresholds:

- Significance: Sales exceeding 5% the previous reporting period gross balance of the respective portfolio
- Frequency: Significant sale transactions occurring more than twice a year.

Solely Payments of Principal and Interest (SPPI) assessment

For the purposes of applying the SPPI assessment:

- Principal is the fair value of the asset at initial recognition (which may change over the life of the financial asset, for example if there are repayments of principal).
- Interest is the consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks (i.e. liquidity risk) and costs, as well as a profit margin.

Contractual terms that introduce exposure to risks and volatility in contractual cash flows that are not related to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

In this context, in assessing whether contractual cash flows are SPPI, the Bank assesses whether the instrument contain contractual terms that change the timing or amount of contractual cash flows. More specifically, the following are taken into account:

- Leveraged payments
- Payments linked with the variability in exchange rates
- Conversion to equity terms
- Interest rates indexed to non-interest variables
- Prepayment or extension options
- Terms that limit the Bank's claim to the cash flows from specified assets or based on which the Bank has no contractual right to unpaid amounts
- Interest-free deferred payments
- Terms based on which the performance of the instruments is affected by equity or commodity prices

Especially in the case of financing of a special purpose vehicle, in order for the loan to meet the criterion that its cash flows are solely payments of principal and interest on the principal amount outstanding, among other, at least one of the following conditions should apply:

- At initial recognition, LTV (Loan to Value) shall not exceed the threshold of 80% or LLCR (Loan Life Coverage Ratio) shall be at least equal to the threshold of 1.25.
- The equity of the special purpose vehicle shall amount to at least 20% of its total assets.
- There are sufficient collaterals that are not related to the asset being funded.

In addition, in determining whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding, it is assessed whether time value of money element has been modified. Time value of money is the element of interest that provides consideration for only the passage of time. That is, the time value of money element does not provide consideration for other risks or costs associated with holding the financial asset. However, in some cases, the

time value of money element may be modified. That would be the case, for example, if a financial asset's interest rate is periodically reset but the frequency of that reset does not match the tenor of the interest rate or if a financial asset's interest rate is periodically reset to an average of particular short- and long-term interest rates. In such cases, the Bank assesses the modification to determine whether the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding. The objective of the assessment is to determine how different the contractual (undiscounted) cash flows could be from the (undiscounted) cash flows that would arise if the time value of money element was not modified (benchmark test). The effect of the modified time value of money element must be considered in each reporting period and cumulatively over the life of the instrument. If the Bank concludes that the contractual (undiscounted) cash flows could be significantly different from the (undiscounted) benchmark cash flows, the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding. According to the policy set by the Bank, the above assessment test does not result in significant different contractual cash flows when the cumulative difference over the life of the instrument does not exceed 10% and at the same time the number of individual cash flows with a difference of more than 10% do not exceed 5% of total reporting periods of the asset until maturity.

Reclassification of financial assets

Reclassifications of financial assets between measurement categories occur when, and only when, the Bank changes its business model for managing the assets. In this case the reclassification is applied prospectively. Changes in the business model of the Bank are expected to be rare. They arise from senior management decisions as a result of external or internal changes which must be significant to the entity's operations and demonstrable to external parties.

If the Bank reclassifies a financial asset out of the amortized cost measurement category and into the fair value through profit or loss measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss. The same happens if the Bank reclassifies a financial asset out of the amortized cost measurement category and into the fair value through other comprehensive income measurement category, however in this case the difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification. However, the loss allowance would be derecognized (and thus would no longer be recognized as an adjustment to the gross carrying amount) but instead would be recognized as an accumulated impairment amount in other comprehensive income.

If the Bank reclassifies a financial asset out of the fair value through profit or loss measurement category and into the amortised cost measurement category, its fair value at the reclassification date becomes its new gross carrying amount. At this date, the effective interest rate of the asset is calculated while the date of the reclassification is treated as the date of initial recognition for impairment calculation purposes.

If the Bank reclassifies a financial asset out of the fair value through profit or loss measurement category and into the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value. As in the above case, at this date, the effective interest rate of the asset is calculated while the date of the reclassification is treated as the date of initial recognition for impairment calculation purposes.

If a financial asset is reclassified out of the fair value through other comprehensive income measurement category and into the amortised cost measurement category, the asset is reclassified at its fair value at the measurement date. However, the cumulative gain or loss previously recognized in other comprehensive income is reversed and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortised cost. This reversal affects other comprehensive income but does not affect profit or loss and therefore is not a reclassification adjustment under IAS 1. The effective interest rate and the calculation of expected credit losses are not affected. However, the loss allowance is recognized as an adjustment to the gross carrying amount of the financial asset from the reclassification date.

If the Bank reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the fair value through profit or loss measurement category, the financial asset continues to be measured at fair

value. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (in accordance with IAS 1) at the reclassification date.

Derecognition of financial assets

The Bank derecognizes financial assets when:

- the cash flows from the financial assets expire,
- the contractual right to receive the cash flows of the financial assets is transferred and at the same time both risks and rewards of ownership are transferred,
- loans or investments in securities are no longer recoverable and consequently are written off,
- the contractual cash flows of the assets are significantly modified.

In the case of transactions where despite the transfer of the contractual right to recover the cash flows from financial assets both the risk and rewards remain with the Bank, no derecognition of these financial assets occurs. The amount received by the transfer is recognized as a financial liability.

In the case of transactions, whereby the Bank neither retains nor transfers risks and rewards of the financial assets, but retains control over them, the financial assets are recognized to the extent of the Bank's continuing involvement. If the Bank does not retain control of the assets then they are derecognised, and in their position the Bank recognizes, distinctively, the assets and liabilities which are created or retained during the transfer. No such transactions occurred upon balance sheet date.

In case of a change in the contractual terms of a financial asset, the change is considered significant and therefore it results in the derecognition of the original asset and the recognition of a new one when one of the following criteria is met:

- Change of issuer/debtor
- Change in denomination currency
- Consolidation of different types of contracts
- Consolidation of contracts that do not entirely satisfy the criterion that cash flows are solely payments of principal and interest on the principal amount outstanding
- Addition or deletion of equity conversion terms
- Separation of a non-SPPI debt instrument into two or more new instruments so that the reason that leads to SPPI failure of the original instrument is not included in all of the new instruments.

In case of derecognition due to significant modification, the difference between the carrying amount of the original asset and the fair value of the new asset is directly recognized in the Income Statement. Additionally, in case the original asset was measured at fair value through other comprehensive income, the cumulative gains or losses recognized in other comprehensive income is recycled to profit or loss.

In contrast, if the change in contractual cash flows is not significant, the gross carrying amount of the asset is recalculated by discounting new contractual cash flows with the original effective interest rate and the difference compared to the current gross carrying amount is directly recognized in profit or loss (modification gain or loss). Fees related to the modification adjust the carrying amount of the asset and are amortised over the remaining term of the modified financial asset through the effective interest method.

Subsequent measurement of financial liabilities

The Bank classifies financial liabilities in the following categories for measurement purposes:

a) Financial liabilities measured at fair value through profit or loss

i. This category includes financial liabilities held for trading, that is:

   - financial liabilities acquired or incurred principally with the intention of selling or repurchasing in the near term for short term profit, or

- derivatives not used for hedging purposes. Liabilities arising from either derivatives held for trading or derivatives used for hedging purposes are presented as "derivative financial liabilities" and are measured according to the principles set out in note 1.2.2.

ii. this category also includes financial liabilities which are designated by the Bank as at fair value through profit or loss upon initial recognition, when:

- doing so results in more relevant information, because either:
  - it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
  - a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Bank is provided internally on that basis to the Bank's key management personnel; or
- the contract contains one or more embedded derivatives and the Bank measures the compound financial instrument as a financial liability measured at fair value through profit or loss unless:
  - the embedded derivative does not significantly modify the cash flows that otherwise would be required by the contract or
  - it is clear with little or no analysis when a similar hybrid instrument is first considered that the separation of the embedded derivative(s) is prohibited.

It is noted that in the above case, the amount of the change in fair value attributable to the Bank's credit risk is recognized in other comprehensive income, unless this treatment would create or enlarge an accounting mismatch in profit or loss. Amounts recognized in other comprehensive income are never recycled to profit or loss.

In the context of the acquisition of Emporiki Bank, the Bank issued a bond which was classified in the above mentioned category. The bond was converted into shares in the first quarter of the preceding year.

b) Financial liabilities carried at amortized cost

The liabilities classified in this category are measured at amortized cost using the effective interest method.

Liabilities to credit institutions and customers, debt securities issued by the Bank and other loan liabilities are classified in this category.

In cases when financial liabilities included in this category are designated as the hedged item in a hedge relationship, the accounting principles applied are those set out in note 1.2.2.

c) Liabilities arising from financial guarantees and commitments to provide loans at a below market interest rate

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make a payment.

The financial guarantee contracts and the commitments to provide loans at a below market interest rate are initially recognized at fair value, and measured subsequently at the higher of:

- the amount of the provision determined during expected credit loss calculation (note 1.2.3),
- the amount initially recognised less cumulative amortization.

d) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies

In the first case the liability should be equal to the amount received during the transfer while in the second case it should measured in such a way that the net carrying amount of the transferred asset and the associated liability is:

- The amortized cost of the rights and obligations retained by the Bank, if the transferred asset is measured at amortized cost or

- Equal to the fair value of the rights and obligations retained by the Bank when measured on a stand-alone basis, if the transferred asset is measured at fair value.

e) Contingent consideration recognized by an acquirer in a business combination

Such contingent consideration is subsequently measured at fair value with changes recognized in profit or loss.

Derecognition of financial liabilities

The Bank derecognizes a financial liability (or part thereof) when its contractual obligations are discharged or cancelled or expire.

In cases that a financial liability is exchanged with another one with substantially different terms, the exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new one. The same applies in cases of a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor). The terms are considered substantially different if the discounted present value of the cash flows under the new terms (including any fees paid net of any fees received), discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability.

In cases of derecognition, the difference between the carrying amount of the financial liability (or part of the financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is presented in the balance sheet, only in cases when the Bank has both the legal right and the intention to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

1.2.2 Derivative financial instruments and hedge accounting

Derivative financial instruments

Derivatives are financial instruments that upon inception have a minimal or zero value that subsequently changes in accordance with a particular underlying instrument (foreign exchange, interest rate, index or other variable).

All derivatives are recognized as assets when their fair value is positive and as liabilities when their fair value is negative.

Derivatives are entered into for either hedging or trading purposes and they are measured at fair value irrespective of the purpose for which they have been transacted.

In case a derivative is embedded in a financial asset, the embedded derivative is not separated and the hybrid contract is accounted for based on the classification requirements mentioned in note 1.2.1.

In case a derivative is embedded in a host contract, other than a financial asset, the embedded derivative is separated and measured at fair value through profit or loss when the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host,
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss.

The Bank uses derivatives as a means of exercising Asset-Liability management within the guidelines established by the Asset-Liability Committee (ALCO).

In addition the Bank uses derivatives for trading purposes to exploit short-term market fluctuations, within the Bank risk level set by the Asset-Liability Committee (ALCO).

Valuation differences arising from these derivatives are recognized in gains less losses on financial transactions.

When the Bank uses derivatives for hedging purposes it ensures that appropriate documentation exists on inception of the transaction, and that the effectiveness of the hedge is monitored on an ongoing basis at each balance sheet date.

We emphasize the following:

a. Synthetic Swaps

The Bank, in order to increase the return on deposits to selected customers, uses synthetic swaps.

This involves the conversion of a Euro deposit to JPY or other currency with a simultaneous forward purchase of the related currency to cover the foreign exchange exposure.

The result arising from the forward transaction is recognized as interest expense, which is included in deposits' interest expense, foreign exchange differences and other gains less losses on financial transactions.

b. FX Swaps

These types of swaps are entered into primarily to economically hedge the exposures arising from customer loans and deposits.

For those cases for which no hedge accounting is applied, swaps are accounted for as trading instruments.

The result arising from these derivatives is recognized as interest and foreign exchange differences, in order to match with the interest element and foreign exchange differences resulting from the deposits and loans, and as other gains less losses on financial transactions.

Hedge accounting

Hedge accounting establishes the valuation rules to offset the gain or loss of the fair value of a hedging instrument and a hedged item which would not have been possible if the normal measurement principles were applied. It is noted that the Bank has opted to continue to apply the provisions for hedge accounting of IAS 39.

Documentation of the hedging relationship upon inception and of the effectiveness of the hedge on an on-going basis are the basic requirements for the adoption of hedge accounting.

The hedge relationship is documented upon inception and the hedge effectiveness test is carried out upon inception and is repeated at each reporting date.

a. Fair value hedges

A fair value hedge of a financial instrument offsets the change in the fair value of the hedged item in respect of the risks being hedged.

Changes in the fair value of both the hedging instrument and the hedged item, in respect of the specific risk being hedged, are recognized in the income statement.

When the hedging relationship no longer exists, the hedged items continue to be measured based on the classification and valuation principles set out in note 1.2.1. Specifically any adjustment, due to the fair value change of a hedged item for which the effective interest method is used, up to the point that the hedging relationship ceases to be effective, is amortized to interest income or expense based on a recalculated effective interest rate, over its remaining life.

The Bank uses interest rate swaps (IRS's) to hedge risks relating to borrowings and loans. It also uses foreign exchange derivatives to hedge the foreign exchange risk of investments in subsidiaries.

b. Cash flow hedge

A cash flow hedge changes the cash flows of a financial instrument from a variable rate to a fixed rate.

The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, whereas the ineffective portion is recognized in profit or loss. The accounting treatment of the hedged item does not change.

When the hedging relationship is discontinued, the amount recognized in equity remains there separately until the cash flows or the future transaction occur. When the cash flows or the future transaction occur the following apply:

- If the result is the recognition of a financial asset or a financial liability, the amount is reclassified to profit or loss in the same periods during which the hedged forecast cash flows affect profit or loss.
- If the result is the recognition of a non-financial asset or a non-financial liability or a firm commitment for which fair value hedge accounting is applied, the amount recognized in equity either is reclassified to profit or loss in the same periods during which the asset or the liability affect profit or loss or adjusts the carrying amount of the asset or the liability.

If the expected cash flows or the transaction are no longer expected to occur, the amount is reclassified to profit or loss.

The Bank applies cash flow hedge accounting for specific groups of term deposits. The amount that has been recognized in equity, as a result of revoked cash flow hedging relationships for term deposits, is linearly amortized in the periods during which the hedged cash flows from the aforementioned term deposits affect profit or loss.

c. Hedges of net investment in a foreign operation

Hedge accounting of net investment in a foreign operation is similar to cash flow hedge accounting. The cumulative gain or loss recognized in equity is reversed and recognized in profit or loss, at the time that the disposal of the foreign operation takes place.

1.2.3 Credit impairment losses on loans and advances to customers, undrawn loan commitments, letters of credit and letters of guarantee

The Bank, at each reporting date, recognizes a loss allowance for expected credit losses on loans and advances to customers not measured at fair value through profit or loss as well as for off-balance sheet exposures (letters of guarantee, letters of credit, undrawn loan commitments).

The loss allowance for loans and off-balance sheet exposures is based on expected credit losses related to the probability of default within the next twelve months, unless there has been a significant increase in credit risk from the date of initial recognition in which case expected credit losses are recognized over the life of the instrument. In addition, if the financial asset falls under the definition of purchased or originated credit impaired (POCI) financial assets, a loss allowance equal to the lifetime expected credit losses is recognized.

a) Default definition

The Bank has adopted as default definition non-performing exposures (NPE), as defined in the EBA Guidelines (GL/2016/07), thus harmonizing the definition of default used for accounting purposes with the one used for regulatory purposes.

b) Classification of exposures into stages based on credit risk (Staging)

For the purposes of calculating expected credit losses, the exposures are classified into stages as follows:

- Stage 1: Stage 1 includes performing exposures that do not have significant increase in credit risk since initial recognition. Stage 1 also includes exposures for which credit risk has been improved and the exposure has been reclassified from stages 2 or 3. In this stage, expected credit losses are recognized based on the probability of default within the next twelve months.
- Stage 2: Stage 2 includes performing exposures for which there has been a significant increase in credit risk since initial recognition. Stage 2 also includes exposures for which credit risk has been improved and the exposure has been reclassified from stage 3. In this stage, lifetime expected credit losses are recognized.
- Stage 3: Stage 3 includes non performing/impaired exposures. In this stage, lifetime expected credit losses are recognized.

As an exception to the above, for purchased or originated credit impaired (POCI) exposures, lifetime expected credit losses are always recognized. Purchased or originated credit impaired exposures include:

- Exposures that at the time of acquisition meet the criteria to be classified as non- performing exposures.
- Exposures for which there has been a change in repayment terms, either due to financial difficulty or not, which resulted in derecognition and recognition of a new impaired asset (POCI). If the exposure before the derecognition was classified as impaired the new loan will be classified as POCI. However, especially for Wholesale Banking exposures, in the case where the newly recognized loan is the result of a change of borrower whose overall creditworthiness is better than the previous one, based on an assessment by the competent Credit Committee, the new borrower does not have financial difficulties and simultaneously has presented a viable business plan and no debt has been written-down, then the exposure will not be classified as POCI.

c) Significant increase in credit risk

In determining significant increase in credit risk of an exposure since initial recognition and the recognition of lifetime expected credit losses instead of 12 months expected credit losses, the Bank assesses, at each reporting date, the risk of default compared to the risk of default at initial recognition for all its performing exposures including those with no delinquencies.

The assessment of the significant increase in credit risk is based on the following:

- Quantitative Indicators: refers to the quantitative information used and more specifically to the comparison of the probability of default (PD) between the reporting date and the date of initial recognition.
- Qualitative Indicators: refers to the qualitative information used which is not necessarily reflected in the probability of default, such as the classification of an exposure as forborne performing (FPL, according to EBA ITS). Additional qualitative indicators, both for corporate and retail portfolios are also reflected through the Early Warning indicators where depending on the underlying assessment, an exposure can be considered to have a significant increase in credit risk or not. Especially for special lending portfolio, additional qualitative indicators are captured through slotting category.
- Backstop Indicators: in addition to the above, and in order to capture cases for which there are no triggers reflecting the increase in credit risk, based on qualitative and quantitative indicators, the 30 days past due indicator is used as a backstop.

d) Calculation of expected credit loss

The measurement of expected credit losses is made as follows:

- For financial assets, a credit loss is the present value of the difference between:

  (a) the contractual cash flows and

  (b) the cash flows that the Bank expects to receive
- For undrawn loan commitments, a credit loss is the present value of the difference between:

  (a) the contractual cash flows that are due if the holder of the loan commitment draws down the loan; and

  (b) the cash flows that the Bank expects to receive if the loan is drawn down.
- For letters of guarantee and letters of credit, the loss is equal to the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Bank expects to receive from the holder.

The Bank calculates impairment losses either on a collective (collective assessment) or on an individual basis (individual assessment), taking into account the significance of an exposure or the borrower's limit. In addition, exposures that do not have common credit risk characteristics or for which there are no sufficient historical behavioral data are assessed on an individual basis.

The Bank calculates expected credit losses based on the weighted probability of three scenarios. More specifically, the Economic Research Division produces forecasts for the possible evolution of macroeconomic variables that affect the level of expected credit losses of loan portfolios under a baseline and under alternative macroeconomic scenarios and also generates the cumulative probabilities associated with these scenarios.

The mechanism for calculating expected credit loss is based on the following credit risk parameters:

- Probability of Default (PD): It is an estimate of the probability of a debtor to default over a specific time horizon.
- Exposure at default (EAD): Exposure at Default is an estimate of the amount of the exposure at the time of the default taking into account: (a) expected changes in the exposure after the reporting date, including principal and interest payments; (b) the expected use of credit limits and (c) accrued interest. The approved credit limits that have not been fully disbursed represent a potential credit exposure and are converted into a credit exposure equal to the approved undrawn credit limit multiplied by a Credit Conversion Factor (CCF). The Credit Conversion factor of credit exposure is calculated based on statistical models.
- Loss given default (LGD): Loss given default is an estimate of the loss that will occur if the default occurs at a given time. It is based on the difference between the contractual cash flows due and those expected to be received, including the liquidation of collaterals and cure rate.

e) Measurement of expected credit losses on receivables from customers

Receivables from customers are derived from the Bank's commercial, other than loan, activity, are usually directly due and as a result there is no significant financing component. Therefore, the loss allowance for receivables from customers is measured at an amount equal to the lifetime expected credit losses (there is no stage allocation) based on the simplified approach provided by IFRS 9.

f) Presentation of expected credit losses in financial statements

Loss allowances for expected credit losses are presented in the Balance Sheet as follows:

- Financial assets measured at amortised cost: loss allowance is presented as a deduction from the gross carrying amount of the assets.
- Financial assets measured at fair value through other comprehensive income: for those assets no loss allowance is recognized in the Balance Sheet, however, its amount is disclosed in the notes to the financial statements.
- Undrawn loan commitments and letters of credit/letters of guarantee: loss allowance is recognized in the Balance Sheet line item of liabilities "Provisions". If a financial asset includes both a loan and an undrawn loan commitment, the accumulated expected credit losses of the loan commitment are presented together with the accumulated expected credit losses of the loan, as a deduction from its gross carrying amount. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognized the Balance Sheet line item of liabilities "Provisions".

The amount of expected credit losses for the period is presented in the caption "Impairment losses and provisions to cover credit risk". In the same caption the following are also recognized: recoveries from written-off loans measured at amortised cost or at fair value through other comprehensive income, modification gains or losses of loans measured at amortised cost or at fair value through other comprehensive income and the favourable changes in expected credit losses of POCI assets in case expected credit losses are less than the amount of expected credit losses included in the estimated cash flows on initial recognition.

g) Write-offs

The Bank proceeds with the write-off of loans and advances to customers when it has no reasonable expectations for their recovery. In this case, the loss allowance is used against the carrying amount of the financial asset.

1.2.4 Credit impairment losses on due from banks and bonds

The Bank, at each reporting date, recognizes a loss allowance for expected credit losses on due from banks and bonds not measured at fair value through profit or loss.

The loss allowance is based on expected credit losses related to the probability of default within the next twelve months, unless

there has been a significant increase in credit risk from the date of initial recognition in which case expected credit losses are recognized over the life of the instrument. In addition, if the financial asset falls under the definition of purchased or originated credit impaired (POCI) financial assets, a loss allowance equal to the lifetime expected credit losses is recognized.

a) Default definition

Due from banks and bonds are considered impaired when the external rating of the issuer/counterparty is equivalent to default (D). In case there is no external rating, then the instrument is characterized as impaired based on internal rating. If there is also an exposure to the corporate issuer/counterparty to the loan portfolio which has been classified as impaired, the instrument is also characterized as impaired.

b) Classification of due from banks and bonds into stages based on credit risk (Staging)

For the purposes of calculating expected credit losses, the exposures are classified into stages as follows:

- Stage 1: Stage 1 includes non impaired instruments that do not have significant increase in credit risk since initial recognition. Stage 1 also includes instruments for which credit risk has been improved and the instrument has been reclassified from stages 2 or 3. In this stage, expected credit losses are recognized based on the probability of default within the next twelve months.
- Stage 2: Stage 2 includes non impaired instruments for which there has been a significant increase in credit risk since initial recognition. Stage 2 also includes instruments for which credit risk has been improved and the instrument has been reclassified from stage 3. In this stage, lifetime expected credit losses are recognized.
- Stage 3: Stage 3 includes impaired instruments. In this stage, lifetime expected credit losses are recognized.

As an exception to the above, for purchased or originated credit impaired (POCI) instruments, lifetime expected credit losses are always recognized. An instrument is characterized as purchased or originated credit impaired when:

- The instrument (or the issuer) has an external rating that corresponds to default at the time of acquisition
- Corporate bonds resulting from debt restructuring are classified as purchased or originated credit impaired, based on the guidelines applicable to the loan portfolio.

When a debt security has been purchased at a large discount and does not fall into any of the categories mentioned above, the Bank examines the transaction in detail (transaction price, recovery rate, issuer's financial condition at the time of purchase, etc.) in order to determine whether it should be recognised as purchased or originated credit-impaired (POCI). Classification in this category requires documentation and approval by the relevant committees of the Bank.

c) Significant increase in credit risk

The classification into stages for the purpose of expected credit loss measurement is based on the credit rating of rating agencies or, for corporate securities issued by Greek issuers for which there is also an exposure in loan portfolio, on the issuer's internal rating.

The Bank defines as low credit risk all investment grade securities, which are classified in Stage 1.

The determination of significant increase in credit risk for non-investment grade securities is based on the following two conditions:

- Downgrade in the issuer / counterparty's credit rating on the reporting dates compared to the credit rating on the date of the initial recognition.
- Increase in the probability of default of the issuer / counterparty for the 12-month period compared to the corresponding probability of default at initial recognition.

Additionally, the Bank monitors the change in the credit spread since initial recognition. A change in credit spread at the reporting date that exceeds a specific threshold compared to the credit margin prevailing at the date of initial recognition is a trigger for reviewing the securities classification stage.

d) Calculation of expected credit loss

The expected credit loss is the present value of the difference between:

(a) the contractual cash flows and

(b) the cash flows that the Bank expects to receive

For the calculation of the expected credit loss, the following parameters are used:

- Probability of default (PD): the probability of default over the next 12 months is used to calculate the expected credit loss for 12 months, and the probability of default over the life of the instrument is used to calculate the lifetime expected credit losses.
- Exposure at default (EAD): In the case of securities, the Bank estimates the future unamortized cost in order to calculate the EAD. In particular, for each period, EAD is the maximum loss that would result from issuer / counterparty potential default.
- Loss given default (LGD) is the percentage of the total exposure that the Bank estimates as unlikely to recover at the time of the default. The Bank distinguishes sovereigns from non-sovereign issuers / counterparties as regards to the LGD estimation. In case the Bank has also granted a loan to the issuer / counterparty of the security, the estimated LGD is aligned to corresponding estimate for the loan portfolio (taking into account any potential collaterals the loan portfolio is likely to have against the unsecured debt securities).

e) Presentation of expected credit losses in financial statements

Loss allowances for expected credit losses are presented in the Balance Sheet as follows:

- Financial assets measured at amortised cost: loss allowance is presented as a deduction from the gross carrying amount of the assets.
- Financial assets measured at fair value through other comprehensive income: for those assets no loss allowance is recognized in the Balance Sheet, however, its amount is disclosed in the notes to the financial statements.

The amount of expected credit losses for the period is presented in the caption "Impairment losses and provisions to cover credit risk". The caption includes also the favourable changes in expected credit losses of POCI assets in case expected credit losses are less than the amount of expected credit losses included in the estimated cash flows on initial recognition.

1.2.5 Interest income and expense

Interest income and expense is recognized in the income statement for all interest bearing financial assets and liabilities.

Interest income and expense is recognised on an accrual basis and measured using the effective interest method.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Bank estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate.

For financial assets, in particular, the following apply:

- For those financial assets classified within stage 1 or stage 2 for the purpose of expected credit losses measurement, interest income is calculated by applying effective interest rate to the gross carrying amount of the asset.
- For those financial assets classified within stage 3 for the purpose of expected credit losses measurement, interest income is calculated by applying the effective interest rate to the amortised cost of the asset.
- For purchased or originated credit impaired financial assets interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset.

Borrowing costs that are directly attributable to assets that require a substantial period of time to get ready for their intended use or sale are capitalized as part of the cost of the asset. Capitalisation ceases when substantially all the activities necessary to prepare the asset for its intended use are complete.

1.2.6 Gains less losses on financial transactions

Gains less losses on financial transaction include:

- fair value changes of financial assets and liabilities,
- gains and losses arising from the modification of the contractual terms of financial assets measured at fair value through profit or loss,
- gains and losses arising from the derecognition of financial assets and liabilities due to early repayment, disposal or significant modification of the contractual terms, except for gains and losses arising from the derecognition of financial assets measured at amortised cost which are recognized in a separate line item of the Income Statement,
- gains and losses arising from the impairment or disposal of Bank's investments in subsidiaries, associates and joint ventures that have not been classified as discontinued operations,
- exchange differences arising from the translation of financial instruments denominated in foreign currencies.

1.2.7 Gains less losses on derecognition of financial assets measured at amortised cost

Gains less losses on derecognition of financial assets measured at amortised cost include:

- Gains and losses from the derecognition of financial assets measured at amortised cost
- The difference, at initial recognition, between the nominal and the fair value of a financial asset measured at amortised cost that is the result of the derecognition of another financial asset due to significant modification of its contractual terms.

1.3 Estimates, decision making criteria and significant sources of uncertainty

The Bank, in the context of applying accounting policies and preparing financial statements in accordance with the International Financial Reporting Standards, makes estimates and assumptions that affect the amounts that are recognized as income, expenses, assets or liabilities. The use of estimates and assumptions is an integral part of recognizing amounts in the financial statements that mostly relate to the following:

Fair value of assets and liabilities

For assets and liabilities traded in active markets, the determination of their fair value is based on quoted, market prices. In all other cases the determination of fair value is based on valuation techniques that use observable market data to the greatest extent possible. In cases where there is no observable market data, the fair value is determined using data that are based on internal estimates and assumptions eg. determination of expected cash flows, discount rates, prepayment probabilities or potential counterparty default.

Expected credit losses of financial assets

The measurement of expected credit losses requires the use of complex models and significant estimates of future economic conditions and credit behavior. Significant estimates are also required to identify the criteria that indicate a significant increase in credit risk, the choice of appropriate methodologies for measuring expected credit risk losses and the determination of the alternative macroeconomic scenarios and the cumulative probabilities associated with these scenarios.

Impairment losses on investments in subsidiaries, associates and joint ventures and on non - financial assets

The Bank, at each year end balance sheet date, assesses for impairment non – financial assets, and in particular property, plant and equipment, investment property, goodwill and other intangible assets, as well as its investments in subsidiaries, associates

and joint ventures. Internal estimates are used to a significant degree to determine the recoverable amount of the assets, i.e. the higher between the fair value less costs to sell and value in use.

Income Tax

The Bank recognizes assets and liabilities for current and deferred tax, as well as the related expenses, based on estimates concerning the amounts expected to be paid to or recovered from tax authorities in the current and future periods. Estimates are affected by factors such as the practical implementation of the relevant legislation, the expectations regarding the existence of future taxable profit and the settlement of disputes that might exist with tax authorities etc. Future tax audits, changes in tax legislation and the amount of taxable profit actually realised may result in the adjustment of the amount of assets and liabilities for current and deferred tax and in tax payments other than those recognized in the financial statements of the Bank. Any adjustments are recognized within the year that they become final.

Employee defined benefit obligations

Defined benefit obligations are estimated based on actuarial valuations that incorporate assumptions regarding discount rates, future changes in salaries and pensions, as well as the return on any plan assets. Any change in these assumptions will affect the amount of obligations recognized.

Provisions and contingent liabilities

The Bank recognises provisions when it estimates that it has a present legal or constructive obligation that can be estimated reliably, and it is almost certain that an outflow of economic benefits will be required to settle the obligation. In contrast, when it is probable that an outflow of resources will be required, or when the amount of liability cannot be measured reliably, the Bank does not recognise a provision but it provides disclosures for contingent liabilities, taking into consideration their materiality. The estimation for the probability of the outflow as well as for the amount of the liability are affected by factors which are not controlled by the Bank, such as court decisions and the practical implementation of the relevant legislation.

The estimates and judgments applied by the Bank in making decisions and in preparing the financial statements are based on historical information and assumptions which at present are considered appropriate. The estimates and judgments are reviewed on an ongoing basis in order to take into account current conditions, and the effect of any changes is recognized in the period in which the estimates are revised.

1.3.1 Going concern principle

The Bank applied the going concern principle for the preparation of the interim financial statements as at 30.6.2018. For the application of this principle, the Bank takes into consideration current economic developments in order to make projections for future economic conditions of the environment in which it operates. The main factors that cause uncertainties regarding the application of this principle relate to the economic environment in Greece and abroad and to the liquidity levels of the Hellenic Republic and the banking system as mentioned in detail in note 1.29.1 of the annual financial statements of the Bank as at 31.12.2017.

As far as the course of the third financial support program for the Greek economy is concerned, it is noted that all agreed evaluations have already been completed enabling the successful completion of the program in August 2018. In particular, in the Eurogroup meeting of 21.6.2018 the conclusion of the fourth and final review was confirmed, and the agreement of the medium term debt measures and the relevant policy commitments of continuing the reforms to ensure debt sustainability was reached. Following the completion of national procedures, on 1st August the European Stability Mechanism (ESM) governing bodies completed the disbursement of the last tranche of the program amounting to €15 bn, that will be used to cover debt servicing needs (€5,5 bn) and as well to build-up cash buffer (€9,5bn) that is expected to amount to €24,1bn covering the sovereign financial needs for around 22 months following the end of the program in August 2018, which represents a significant backstop against any risks. In addition to the above, it is noted that the Hellenic Republic is taking action in order to gradually recover its access to the financial markets to cover its financing needs, as outlined in detail in note 1.3.2.

The completion of the economic support program in August of the current year, as well as the gradual return to the markets are expected to contribute to the decrease of uncertainty and to the enhancement of business community and investors' confidence.

In parallel, the Bank successfully completed the European stress testing exercise by the ECB in accordance with the methodology of the European Banking Authority. Based on the results of the exercise, under the adverse scenario, 2020 CET1 ratio stood at 9.7% while under the baseline scenario 2020 CET1 ratio reached 20.4%. Based on feedback received from the Single Supervisory Mechanism (SSM) no capital plan is required.

Based on the above and taking into account the Bank's high capital adequacy, with which the estimated impact from the application of IFRS 9 is also covered (notes 25 and 27) as well as the amount of available eligible collaterals through which liquidity is obtained through the mechanisms of the eurosystem, the Bank estimates that the conditions for the application of the going concern principle for the preparation of its financial statements are met.

1.3.2 Estimation of the Bank's exposure to the Hellenic Republic

The Bank's total exposure to Greek Government securities and loans related to the Hellenic Republic is presented in note 23. The main uncertainties regarding the estimations for the recoverability of the Bank's total exposure relate to the debt service capacity of the Hellenic Republic, which, in turn, is affected by the development of the macroeconomic environment in Greece and the Eurozone as well as by the levels of liquidity of the Hellenic Republic.

As far as debt sustainability is concerned and in accordance with the relevant framework set out in the previous meetings of Eurogroup, it is noted that the short-term measures for enhancing the Greek debt sustainability were implemented. In addition, in the Eurogroup meeting held in 21.6.2018 the medium-term measures for enhancing the Greek debt sustainability were described. In particular, it was confirmed that the gross financing needs of the Greek government should be less than the 15% of GDP in the medium-term and subsequently less than the 20% of GDP while ensuring that the debt remains on a sustained downward path. In order to achieve the aforementioned targets, it was decided:

- The abolition of the step-up interest rate margin related to the debt buy-back tranche of the 2nd Greek program.
- The use of profits from Central Banks (Securities Markets Products, Agreement on Net Financial Assets) from bond's markets realized in previous periods. The available income equivalent amounts will be transferred to Greece in equal amounts on a semi-annual basis in December and June, starting in 2018 until June 2022, via the ESM segregated account and will be used to reduce gross financing needs or to finance other agreed investments.
- A deferral of European Financial Stability Fund (EFSF) interest and amortization by 10 years and an extension of the maximum weighted average maturity by 10 years, respecting the program authorized amount.

The first two measures mentioned above are subject to the continuance and implementation of the agreed reforms, as well as of the fiscal commitments to achieve a primary surplus of 3,5% of GDP until 2022 and a primary surplus of 2,2% of GDP on average in the period from 2023 to 2060.

In the long- term and in the event of an adverse scenario further exceptional debt measures could be implemented. However, as noted by the rating agency S&P on 25 June in its statement of the decision for upgrading the long-term rating of the Hellenic Republic in B+ from B, the further deferral of debt in conjunction with the cash buffer represent a significant backstop to the financing risks for the next 2 years.

Finally, it is noted that the Hellenic Republic is taking steps to gradually recover its access to the financial markets to cover its financing needs. In particular, within 2017, the Hellenic Republic successfully completed the exchange of its bonds issued in the context of Private Sector Involvement (PSI) in the Greek debt restructuring in 2012, with new bonds aiming at aligning the terms of the bonds with market standards for sovereign securities in order to normalize the Republic's yield curve and provide the market with a limited series of benchmark securities which are expected to have significantly greater liquidity than the existing series. This fact in conjunction with the successful issuance of a five-year bond in July 2017 and a seven-year bond in February 2018 are the first steps of the Hellenic Republic to gradually recover the access to financial markets. Based on the above, the Bank considers that there has been no significant increase in credit risk on the Greek Government securities that it held as at 30.6.2018 since initial recognition, however, it assesses the developments relating to the Greek Government

debt in conjunction with the market conditions and it reviews its estimations for the recoverability of its total exposure at each reporting date.

1.3.3 Recoverability of deferred tax assets

The Bank recognizes deferred tax assets to the extent that it is probable that it will have sufficient future taxable profit available, against which, deductible temporary differences and tax losses carried forward can be utilized.

The main change in the amount of deferred tax assets recognized in the financial statements as at 30.6.2018, compared to the corresponding amount as at 31.12.2017, is due to the recognition of deferred tax assets amounting to approximately €392 mil which arose from the impact of IFRS 9 adoption on 1.1.2018. This amount was recognized directly in the Bank's equity and has been taken into account during the recoverability assessment of deferred tax assets. Taking into account that the main part of the aforementioned amount is related to the increase in accumulated impairment losses for loans and advances to customers, what is outlined in note 1.29.3 of the annual financial statements of 31.12.2017 regarding the main categories of deferred tax assets recognized, is also applicable to these financial statements. In addition, regarding the methodology applied for the recoverability assessment, what is outlined in the aforementioned note of the annual financial statements is relevant, taking also into consideration the elements that formed the result of the current period and the current business plan of the Bank that includes actions aimed at enhancing profitability through:

- the reduction of the amount of non-performing exposures, based on the plan submitted to the Single Supervisory Mechanism (SSM) and which is updated annually,
- further reinstatement of the deposit base with a positive impact on the cost of funding,
- interest income increase through targeted leverage of the Balance Sheet,
- increase in fee and commission income from services and products offered to individuals and corporates and
- further reduction of operating costs.

At each balance sheet date, the Bank reassesses its estimation regarding the recoverability of deferred tax assets in conjunction with the development of the factors that affect it.

INCOME STATEMENT

2. Net interest income

	FROM 1 JANUARY TO	
	30.6.2018	30.6.2017
Interest and similar income		
Due from banks	1,086	2,057
Loans and advances to customers measured at amortized cost	875,358	970,899
Loans and advances to customers measured at fair value through profit or loss	8,369	
Trading securities	214	136
Investment securities measured at fair value through other comprehensive income	70,367	
Investment securities measured at fair value through profit or loss	560	
Available for sale securities		102,041
Held to maturity securities		(22)
Loans and receivables securities		749
Derivative financial instruments	74,326	46,238
Other	3,743	5,872
Total	**1,034,023**	**1,127,970**
Interest expense and similar charges		
Due to banks	(36,092)	(103,863)
Due to customers	(76,039)	(69,367)
Debt securities in issue and other borrowed funds	(14,654)	(10,133)
Derivative financial instruments	(77,370)	(53,091)
Other	(37,685)	(39,847)
Total	**(241,840)**	**(276,301)**
Net interest income	**792,183**	**851,669**

During the first semester of 2018 net interest income decreased compared to the respective semester of the comparative period, mainly due to the reduction of interest on loan portfolios derived from the increased impairment losses recognized both during 2017 and from the implementation of IFRS 9 on 1.1.2018, as well as from the reduction of interest on investment portfolio securities.The aforementioned decrease in net interest income was partially offset by the reduction in borrowing costs by the Eurosystem.

In addition to the reduction of the Eurosystem funding balance, on 5.6.2018, it was announced from ECB that the interest rate, applicable to the Bank's financing of €3.1 billion from the second series of Targeted Longer Term Refinancing Operations (TLTRO II) is set at -0,4% retrospectively from 29.6.2016 until its maturity. The positive effect from the retrospective application of the negative interest rate up to 5.6.2018 amounts to €18,959 and is included in the caption "Due to banks".

3. Fee and commission income and other income

The table below presents income from contracts per operating segment, that fall within the scope of IFRS 15:

	From 1 January to 30.6.2018					
	Retail Banking	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	Other	Total
Fee and commission income						
Loans	2,814	14,420	163	2,142		19,539
Letters of guarantee	1,071	24,426	5	336		25,838
Imports-exports	1,317	3,152		7		4,476
Credit cards	37,013	23,248		23		60,284
Fund Transfers	11,132	5,300	14	591		17,037
Mutual funds			14,549			14,549
Advisory fees and securities transaction fees				608		608
Brokerage fees	88					88
Foreign exchange trades	6,211	2,052	16	578		8,857
Other	12,288	1,399	2,957			16,644
Total	**71,934**	**73,997**	**17,704**	**4,285**	**-**	**167,920**
Other income						
Disposals of fixed assets					308	308
Other	984	2		711	2,650	4,347
Total	**984**	**2**	**-**	**711**	**2,958**	**4,655**

"Other income" of Interim Income Statement includes additionally, operating lease income and Income from insurance claims which are not presented in the above table since they do not fall within the scope of IFRS 15.

4. Gains less losses on financial transactions

	FROM 1 JANUARY TO	
	30.6.2018	30.6.2017
Foreign exchange differences	9,567	6,844
Trading securities:		
- Bonds	619	726
- Shares	(54)	134
Financial assets measured at fair value through profit or loss:		
- Loans	(14,251)	
- Other securities	(228)	
- Bonds	12,336	
Financial assets measured at fair value through other comprehensive income:		
- Bonds	257,330	
Available for sale and held to maturity securities:		
- Bonds		43,151
- Shares		639
- Other securities		963
Loans and receivables securities		3,058
Investments	(162,202)	(3,046)
Derivative financial instruments	13,300	25,481
Other financial instruments	(4.278)	(35,351)
Total	**112,139**	**42,599**

Current period's "Gains less losses on financial transactions" were mainly affected by:

- Gain of €257,330 included in "Bonds" of financial assets measured at fair value through other comprehensive income and relates to gains from the disposal of Greek Government Bonds and Treasury Bills amounting to €250,430 and other corporate bonds amounting to €6,900.
- Loss of €14,251 resulting from loans measured at fair value through profit or loss following the change in their valuation within the first semester.
- Gain of €12,336 resulting from bonds measured at fair value through profit or loss following the change in their valuation within the first semester.

In the caption «Investments» impairment losses from investments in subsidiaries are included, as described in notes 13 and 29.

The "Gains less losses on financial transactions" of the first semester of 2017 were mainly affected by:

- Loss of €37,264 included in "Other financial instruments" arising from a fair value measurement, at the initial recognition, of the Group's financial assets in the context of loans and receivables restructuring.
- Gain of €29,458 included in "Bonds" of investment portfolio as a result of the sale of Greek Government Bonds. An amount of €13,693 relates to gain from the disposal of other corporate bonds.
- Gain of €30,295 included in "Derivative financial instruments" concerns to the credit valuation adjustment of transactions with the Greek Government due to the reduce of its credit risk.

5. General administrative expenses

	FROM 1 JANUARY TO	
	30.6.2018	30.6.2017
Operating leases for buildings	14,111	14,799
Rent and maintenance of EDP equipment	9,372	10,019
EDP expenses	11,791	12,487
Marketing and advertisement expenses	9,299	8,524
Telecommunications and postage	6,739	7,930
Third party fees	21,817	24,565
Consultants fees	3,631	3,734
Contribution to the Deposit Guarantee Fund - Investment fund and Solvency Fund	24,111	22,987
Insurance	3,681	3,553
Consumables	1,031	1,280
Electricity	3,160	3,371
Taxes (VAT, real estate etc)	32,456	31,857
Services from collection agencies	8,230	16,264
Building and equipment maintenance	2,390	2,193
Security of buildings - money transfers	4,748	3,698
Cleaning fees	1,745	1,509
Commission for the amount of Deferred tax Asset guaranteed by the Greek State (note 8)	2,830	8,666
Other	49,190	42,004
Total	**210,332**	**219,440**

"General administrative expenses" present a decrease in the A' semester of 2018 compared to the comparative semester mainly due to the fact that the comparative period was burdened with the amount of €5.784, relating to the annual commission on the amount of deferred tax asset guaranteed by the Greek State for the year 2016, since according to the provisions of article 82 of Law 4472/19 May 2017, the payment of the commission is made within six months from the end of each tax year with first application on 30.6.2017, as well as due to the reduction of collection costs, which under IFRS 9 adjust the carrying amount of the relevant loans and are amortised over their remaining life using the effective interest rate method.

6. Impairment losses and provisions to cover credit risk on loans and advances to customers

The caption of "Impairment losses and provisions to cover credit risk" for the period from 1 January up to 30 June 2018 amounting to €531,830 includes the impairment losses and provisions to cover credit risk on loans and advances to customers, which are presented in the table below, along with the impairment losses on other financial instruments, which are presented in note 7.

	FROM 1 JANUARY TO	
	30.6.2018	30.6.2017
Impairment losses on loans to customers	531,740	362,943
Impairment losses of receivables from customers	10,122	
Provisions to cover credit risk relating to off balance sheet items (note 19)	(26,693)	(471)
(Gains)/Losses on modifications of contractual terms of loans and advances to customers	52,332	
Recoveries	(10,934)	(7,864)
Impairment losses of other assets	439	
Total	**557,006**	**354,608**

7. Impairment losses on other financial instruments

	FROM 1 JANUARY TO	
	30.6.2018	30.6.2017
Impairment losses on debt securities and other securities measured at fair value through other comprehensive income	(20,551)	
Impairment losses on due from banks	(4,625)	
Total	**(25,176)**	**-**

The reduction in expected credit losses of bonds in the first semester of 2018 derives from the upgrading of the Greek State credit rating.

8. Income tax

In accordance with Article 1 par. 4 of Law 4334/2015 "Urgent prerequisites for the negotiation and conclusion of an agreement with the European Stability Mechanism (ESM)" the corporate income tax rate for legal entities increased from 26% to 29%. The increased rate applied for profits arising in fiscal years commencing on or after 1 January 2015.

In accordance with article 65A of Law 4174/2013, from 2011, the statutory auditors and audit firms conducting statutory audits to a Societe Anonyme (SA), are obliged to issue an Annual Tax Certificate on the compliance on tax issues. This tax certificate is submitted to the entity being audited within the first ten days of the tenth month after the end of the audited financial year, as well as, electronically to the Ministry of Finance, no later than the end of the tenth month after the end of the audited financial year. In accordance with article 56 of Law 4410/3.8.2016 for the fiscal years from 1.1.2016 and onwards, the issuance of tax certificate is optional. However, the Bank decided to continue to obtain the tax certificate.

The Bank has been audited by tax authorities up to and including the year 2010 (note 21b).

For fiscal years 2011 up to 2016 the Bank has obtained the relevant tax certificate without any qualifications on the tax issues covered, whereas for year 2017 the Bank is expected to receive tax certificate without any qualifications.

Income tax expense is analyzed as follows:

	FROM 1 JANUARY TO	
	30.6.2018	30.6.2017
Deferred tax	71,346	54,510
Total	**71,346**	**54,510**

Deferred tax recognized in the income statement is attributable to temporary differences, the effect of which is analyzed as follows:

	FROM 1 JANUARY TO	
	30.6.2018	30.6.2017
Debit difference of Law 4046/2012	22,277	22,277
Debit difference of Law 4465/2017	(212,258)	1,264
Write-offs and depreciation of fixed assets	7,714	7,021
Valuation/impairment of loans	119,053	(2,339)
Valuation of loans due to hedging	(83)	(110)
Valuation of derivatives	3,231	14,684
Defined benefit obligation and insurance funds	(362)	18,970
Tax losses carried forward	97,931	12,088
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(2,885)	(39,501)
Valuation of investments due to hedging	(17,844)	28,438
Valuation/impairment of bonds and other securities	58,691	14,117
Effective interest rate	440	760
Other temporary differences	(4,559)	(23,159)
Total	**71,346**	**54,510**

A reconciliation between the nominal and effective tax rate is provided below:

	FROM 1 JANUARY TO			
	30.6.2018		30.6.2017	
	%		%	
Profit/(loss) before income tax		113,285		266,430
Income tax (nominal tax rate)	29	32,853	29	77,265
Increase/(decrease) due to:				
Non taxable income	(2.68)	(3,036)	(3.85)	(10,250)
Non deductible expenses	0.68	765	0.47	1,250
Other temporary differences	35.98	40,764	(5.16)	(13,755)
Income tax	**62.98**	**71,346**	**20.46**	**54,510**

Caption “Debit difference of Law 4046/2012” relates to the deferred tax asset on tax losses, due to the Bank’s participation in the Greek government bonds exchange program (PSI) and the Greek government bond buyback program on December 2012, which have been recognized as a debit difference in accordance with Law 4046/14.2.2012 and Law 4110/23.1.2013. According to Law 4110/23.1.2013 the “debit difference” is deductible for tax purposes, gradually in equal installments, within 30 years.

Moreover, according to article 5 of Law 4303/17.10.2014 "Ratification of the Legislative Act Emergency legislation to replenish the General Secretary of Revenue due to early termination of his service (A' 136) and other provisions", which replaced article 27A of law 4172/2013, deferred tax assets of legal entities supervised by the Bank of Greece, under article 26 paragraphs 5, 6 and 7 of Law 4172/2013 that have been or will be recognized and are due to the debit difference arising from the PSI and the accumulated provisions and other general losses due to credit risk, with respect to amounts up to 31 December 2014, are considered final and settled claims against the State, if, the accounting result for the period, after taxes, is a loss, based on the audited and approved financial statements by the Ordinary Shareholders' General Meeting.

The inclusion in the Law is performed with the approval of the General Meeting of Shareholders and relates to tax assets arising from 2016 onwards, and refers to the fiscal year 2015 and onwards, while there is provision for the termination of inclusion with the same procedure and after obtaining relevant approval from the regulatory authority.

According to article 4 of Law 4340/1.11.2015 "Recapitalization of financial institutions and other provisions of the Ministry of Finance" the above were amended regarding the time of the application which is postponed for a year. In addition, the amount of the relevant deferred tax asset which is included in the above provisions of article 5 of Law 4303/17.10.2014 and relates to accumulated provisions and other general losses for credit risk, is limited to the amount of provisions for credit risk which were accounted until 30 June 2015.

In connection with the amount included in caption “Debit difference of Law 4465/2017”, according to article 43 of Law 4465/4.4.2017 “Integration of Directive 2014/92/EU of the European Parliament and Council held on 23.7.2014 for the comparability of charges related to payment accounts, the change of payment account and the access to payment accounts with basic characteristics and other provisions”, the articles 27 and 27A of the Income Tax Code were amended (Law 4172/2013). According to the new legislation, the debit difference that relates to the loss, that will arise from the write-off of debtors’ debts and from the sale of loans of the legal entities supervised by the Bank of Greece, is recognised as a deduction from gross income and is amortized equally over a period of 20 years. The deferred tax asset which will be recognized for the abovementioned debit difference as well as of any accounting write-offs of loans or credits, not converted into debit difference until the end of the year when the accounting write-off took place, are converted into a definite and cleared claim against the State, based on the abovementioned terms and conditions.

Based on the above mentioned Law, the total amount of deferred tax asset from (a) the debit difference from the write-off of debtors' debts and the sale of loans, (b) the temporary differences from any accounting write-off of loans and credits and (c) the temporary differences from accumulated provisions and other losses due to credit risk, is limited to the total tax amount related to accumulated provisions and other losses due to credit risk, recognised until 30.6.2015.

This amendment ensures that the loan write-offs and disposals, aiming to decrease the non performing loans, will not result in the loss of regulatory capital.

The above apply from 1.1.2016.

On 30.6.2018 the amount of deferred tax assets which is estimated to be within the scope of the Law 4465/2017, as well as the unamortised balance of the debit difference of PSI amounts to €3,271 million (31.12.2017: €3,296 million).

According to article 82 of Law 4472/19.5.2017 "Public Pension Provisions and amendment of provisions of Law 4387/2016, measures for the implementation of budgetary targets and reforms, social support measures and labor regulations, Medium-term Fiscal Strategy Framework 2018-2021 and other provisions" credit institutions and other entities that fall under the provisions of article 27A of Law 4172/2013, are required to pay an annual commission to the Greek State for the amount of the guaranteed deferred tax asset that results from the difference between the tax rate currently in force (29%) and the tax rate that was in force until 31.12.2014 (26%). The respective amount has been included in caption "General and administrative expenses" (note 5).

Additionally, article 14 of the aforementioned law provides a reduction in the tax rate, from 29% currently in force, to 26%, implied to profits from business activity acquired by legal entities keeping double-entry books. This reduction refers to income earned in the tax year beginning on 1.1.2019, provided that according to the estimation of the International Monetary Fund and the European Commission there is no divergence from the mediumterm budgetary targets. With explicit reference to the law, this reduction does not apply to credit institutions for which the tax rate remains 29%.

Income tax of other comprehensive income

	FROM 1 JANUARY TO					
	30.6.2018			30.6.2017		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Amounts that may be reclassified to the Income Statement						
Net change in available for sale securities' reserve				222,935	(64,437)	158,498
Net change in securities reserve measured at fair value through other comprehensive income	(262,533)	76,135	(186,398)			
Net change in cash flow hedge reserve	(1,263)	366	(897)	51,427	(14,914)	36,513
Total	**(263,796)**	**76,501**	**(187,295)**	**274,362**	**(79,351)**	**195,011**
Amounts that will not be reclassified to the Income Statement						
Gains/(Losses) from shares measured at fair value through other comprehensive income	2,397	(695)	1,702			
Total	**(261,399)**	**75,806**	**(185,593)**	**274,362**	**(79,351)**	**195,011**

On 1.1.2018, a credit deferred tax amounting to €452,296 was recognized in the caption "Retained earnings", along with a debit deferred tax amounting to €42,974 in the caption "Reserves" as a result of the implementation of IFRS 9 (note 25).

During the first semester of 2017, "Retained earnings" includes a credit tax amount of €79 which derives from the share capital increase expenses on 23.2.2017.

9. Earnings/(losses) per share

a. Basic

Basic earnings/(losses) per share are calculated by dividing the profit/(losses) after income tax attributable to ordinary equity owners of the Bank, by the weighted average number of outstanding ordinary shares, after deducting the weighted average number of treasury shares held by the Bank, during the period.

b. Diluted

Diluted earnings/(losses) per share are calculated by adjusting the weighted average number of ordinary shares outstanding to the presumed conversion amount of all dilutive potential ordinary shares. The Bank does not have such shares, therefore there is no reason for differentiating its diluted earnings/(losses) per share from the basic ones.

	FROM 1 JANUARY TO	
	30.6.2018	30.6.2017
Profit/(losses) attributable to ordinary equity owners of the Bank	**41,939**	**211,920**
Weighted average number of outstanding ordinary shares	1,543,699,381	1,541,665,228
Basic and diluted earnings/(losses) per share (in €)	0.0272	0.1375

On 23.2.2017, as a result of exercising the conversion right of all bondholders, the Bank increased its share capital, due to the conversion of the convertible bond that was issued on 1.2.2013, under the agreement with Credit Agricole S.A. for the acquisition of former Emporiki Bank. From the conversion, 6,818,181 new common shares were issued, which represent 0.44% of total shares. These shares were taken into account for the calculation of weighted average number of outstanding ordinary shares during the first semester of 2017.

ASSETS

10. Due from banks

	30.6.2018	31.12.2017
Placements with other Banks	1,142,888	1,269,838
Guarantees for coverage of derivative securities and sale and repurchase agreements (note 21)	1,003,518	947,939
Sale and repurchase agreements (Reverse Repos)		39,654
Loans to credit institutions	38,733	12,321
Less:		
Allowance for impairment losses (note 26)	(80,010)	(41,961)
Total	**2,105,129**	**2,227,791**

11. Loans and advances to customers

	30.6.2018	31.12.2017
Loans measured at amortized cost	45,996,646	47,100,493
Less:		
Allowance for impairment losses	(10,073,489)	(8,780,632)
Total	**35,923,157**	**38,319,861**
Receivables from customers measured at amortized cost	156,032	201,275
Loans to customers measured at fair value through profit or loss	394,779	
Loans and advances to customers	**36,473,968**	**38,521,136**

As at 30.6.2018, the caption "Receivables from customers measured at amortized cost" includes accumulated impairments of €32,006.

In the tables that follow, an analysis of loan portfolio per type and classification category is presented.

The Bank has proceeded in securitization of consumer, corporate loans and credit cards through special purpose entities controlled by the Bank. Based on the contractual terms and structure of the above transactions (e.g. allowance of guarantees or/and credit enhancement or due to the Bank owing the bonds issued by the special purpose entities), the Bank retained in all cases the risks and rewards deriving from the securitized portfolios. These securitized loans are presented separately in the following tables.

Loans to customers measured at amortized cost

	30.6.2018	31.12.2017
Individuals:		
Mortgages	15,444,708	15,770,181
Consumer:		
- Non-securitized	2,977,390	2,820,532
- Securitized	1,227,136	1,450,276
Credit cards:		
- Non-securitized	740,838	871,029
- Securitized	606,591	548,642
	20,996,663	**21,460,660**
Companies:		
Corporate loans		
- Non-securitized	22,415,875	23,144,396
- Securitized	2,584,108	2,495,437
	24,999,983	**25,639,833**
Total	**45,996,646**	**47,100,493**
Less: Allowance for impairment losses	(10,073,489)	(8,780,632)
Total	**35,923,157**	**38,319,861**

Mortgages as at 30.6.2018 include loans of €2,877,953 (31.12.2017: €1,112,325) that have been used as a collateral in the Bank's covered bond program. On 30.6.2018 the nominal value of the covered bonds amounts to €2,500,000 (31.12.2017: €1,000,000) (note 18).

The movement in allowance for impairment losses of loans to customers measured at amortized cost is following:

Balance 1.1.2017	**10,385,356**
Changes for the period 1.1. - 30.6.2017	
Impairment losses for the period	362,943
Sales of impaired loans	(9,183)
Change in present value of impairment losses	120,343
Foreign exchange differences	(10,484)
Loans written-off during the period	(750,442)
Other movements	(212,152)
Balance 30.6.2017	**9,886,381**
Changes for the period 1.7 - 31.12.2017	
Impairment losses for the period	446,949
Transfer of accumulated provisions to assets held for sale	(715,798)
Sales of impaired loans	(3,382)
Change in present value of impairment losses	48,735
Foreign exchange differences	(10,827)
Loans written-off during the period	(1,001,650)
Other movements	130,224
Balance 31.12.2017	**8,780,632**
Impact from the implementation of IFRS 9	1,283,636
Balance 1.1.2018	**10,064,268**
Changes for the period 1.1. - 30.6.2018	
Impairment losses for the period	632,126
Derecognition due to significant modifications in loans' contractual terms	(1,532)
Change in present value of impairment losses	12,656
Foreign exchange differences	2,006
Sales of impaired loans	(2,390)
Loans written-off during the period	(633,645)
Balance 30.6.2018	**10,073,489**

Loans to customers measured at fair value through profit or loss

	30.6.2018	31.12.2017
Individuals:		
Consumer:		
- Non-securitized	1,271	
Total	**1,271**	
Companies:		
Corporate loans		
- Non-securitized	375,559	
- Securitized	17,949	
	393,508	
Total	**394,779**	

12. Trading and investment securities

i. Held for trading securities

The following table presents an analysis of the carrying amount of trading portfolio per type of security:

	30.6.2018	31.12.2017
Bonds		
- Greek Government	11,077	5,969
- Other issuers	670	
Shares		
- Listed		575
Total	**11,747**	**6,544**

ii. Investment securities

	30.6.2018	31.12.2017
Securities measured at fair value through other comprehensive income	4,354,502	
Securities measured at fair value through profit or loss	166,046	
Available for sale securities		4,887,356
Securities held to maturity		319
Total	**4,520,548**	**4,887,675**

An analysis of investment securities is provided in the tables below per classification category prior to and after the implementation of IFRS 9, for the comparative and the current period respectively, separately, per type of security.

a. Securities measured at fair value through other comprehensive income

	30.6.2018
Bonds and Treasury Bills	
- Greek Government	3,025,182
- Other Government	321,881
- Other issuers	958,923
Shares	48,516
Total	**4,354,502**

b. Securities measured at fair value through profit or loss

	30.6.2018
Bonds	
- Other issuers	160,620
Other variable yield securities	5,426
Total	**166,046**

Securities measured at fair value through profit or loss include securities for which it was assessed that their contractual cash flows do not meet the definition of capital and interest, as provided by IFRS 9 (Solely Payments of Principal and Interest -SPPI).

The Bank as at 30.6.2018 had no exposure to bonds and treasury bills issued by the Turkish Government.

c. Available for sale securities

	31.12.2017
Bonds	
- Greek Government	3,459,945
- Other Government	145,923
- Other issuers	1,214,186
Shares	61,648
Other variable yield securities	5,654
Total	**4,887,356**

d. Securities held to maturity

	31.12.2017
Bonds	
- Other issuers:	319
Total	**319**

13. Investments in subsidiaries, associates and joint ventures

	From 1 January to 30.6.2018	From 1 July to 31.12.2017	From 1 January to 30.6.2017
SUBSIDIARIES			
Opening balance	**2,016,912**	**2,015,652**	**1,800,990**
Additions		332,826	729,164
Disposals	(151,995)	(305,580)	(512,516)
Transfer due to reclassification to assets held for sale		(21,782)	
Transfer due to reclassification from assets held for sale	21,782		
Valuation of investments due to fair value hedge *	(80)	(4,204)	(1,986)
Closing balance	**1,886,619**	**2,016,912**	**2,015,652**
ASSOCIATES			
Opening balance	**29,083**	**6,847**	**631**
Additions		22,236	
Disposals	(1,066)		(324)
Reclassified from joint ventures			6,540
Closing balance	**28,017**	**29,083**	**6,847**
JOINT VENTURES			
Opening balance	**2,936**	**7,094**	**13,634**
Additions		83	
Disposals	(56)	(4,241)	
Reclassified to associates			(6,540)
Closing balance	**2,880**	**2,936**	**7,094**
Total	**1,917,516**	**2,048,931**	**2,029,593**

Additions represent: share purchases, participation in share capital increases and acquisitions of shares due to mergers.

Disposals represent: sales of shares, return of capital, proceeds arising from the liquidation of companies, contributions in kind and impairments.

* The Bank uses FX swaps and money market loans to hedge the foreign exchange risk of its investments in subsidiaries abroad.

The disposals in subsidiaries' amounting to €151,995 relate to:

- impairment of the subsidiary Alpha Bank Cyprus Ltd amounting to €78,921. This impairment was a result following the assessment of Alpha Bank Cyprus Ltd fair value. The valuation is classified in Level 3 of the hierarchy of fair value, as it was based on unobservable inputs. The carrying amount of Alpha Bank Cyprus Ltd amounted to €198,306.
- impairment of the subsidiary AGI Cypre Ermis Ltd amounting to €42,283. This impairment was a result following the assessment of AGI Cypre Ermis Ltd fair value. The valuation is classified in Level 3 of the hierarchy of fair value, as it was based on unobservable inputs. The carrying amount of AGI Cypre Ermis Ltd amounted to €107,401.
- impairment of the subsidiary Alpha Finance A.E.P.E.Y. amounting to €2,655. This impairment was a result following the assessment of Alpha Finance A.E fair value. The valuation is classified in Level 3 of the hierarchy of fair value, as it was based on unobservable inputs. The carrying amount of Alpha Finance A.E. amounted to €28,983.
- impairment of the subsidiary Emporiki Venture Capital Emerging amounting to €850. This impairment was a result following the assessment of Emporiki Venture Capital Emerging Markets Ltd fair value. The valuation is classified in Level 3 of the hierarchy of fair value, as it was based on unobservable inputs. The carrying amount of Emporiki Venture Capital Emerging Markets Ltd amounted to €15,032.
- impairment of the subsidiary Alpha Group Investments Ltd amounting to €27,286. This impairment was a result following the assessment of Alpha Group Investments Ltd and its subsidiaries fair value. The valuation is classified in Level 3 of the hierarchy of fair value, as it was based on unobservable inputs. The carrying amount of Alpha Group Investments Ltd amounted to €381,481.

The transfer of amount €21,782 due to reclassification from assets held for sale into subsidiaries relates to Alpha Investment Property Attikis II A.E., for which IFRS 5 criteria were met as of 31.12.2017, as it is described in note 29.

The disposals in associates amount to €1,066 and relate to:

- impairment of the subsidiary Teiresias A.E. amounting to €365. This impairment was a result following the assessment of Bank Information Systems A.E fair value. The valuation is classified in Level 3 of the hierarchy of fair value, as it was based on unobservable inputs. The carrying amount of Bank Information Systems A.E. amounted to €162.
- impairment of the subsidiary Cepal Holdings A.E. amounting to €701. This impairment was a result following the assessment of Cepal Holdings A.E. fair value. The valuation is classified in Level 3 of the hierarchy of fair value, as it was based on unobservable inputs. The carrying amount of Cepal Holdings A.E. amounted to €5,515.

The disposals of the joint ventures amounting to €56 relate to the return of capital of Alpha TANEO AKES.

14. Investment property

	Land – Buildings
Balance 1.1.2017	
Cost	43,471
Accumulated depreciation and impairment losses	(15,635)
1.1.2017 - 30.6.2017	
Net book value 1.1.2017	27,836
Depreciation charge for the period	(176)
Net book value 30.6.2017	**27,660**
Balance 30.6.2017	
Cost	43,471
Accumulated depreciation and impairment losses	(15,811)
1.7.2017 - 31.12.2017	
Net book value 1.7.2017	27,660
Impairment losses	(1,105)
Depreciation charge for the period	(176)
Net book value 31.12.2017	26,379
Balance 31.12.2017	
Cost	43,471
Accumulated depreciation and impairment losses	(17,092)
1.1.2018 - 30.6.2018	
Net book value 1.1.2018	26,379
Additions	3
Reclassification to "Other assets"	(269)
Depreciation charge for the period	(169)
Net book value 30.6.2018	25,944
Balance 30.6.2018	
Cost	42,932
Accumulated depreciation and impairment losses	(16,988)

During the current period there was no significant variation in investment property.

In 2017, an impairment loss amounting to €1,105 was recognized, in order for the carrying amount of investment property not to exceed their recoverable amount as at 31.12.2017, as estimated by certified appraisals. The impairment amount was recorded in "Other expenses".

15. Property, plant and equipment

	Land and buildings	Equipment	Total
Balance 1.1.2017			
Cost	951,390	373,058	1,324,448
Accumulated depreciation and impairment losses	(326,765)	(321,813)	(648,578)
1.1.2017 -30.6.2017			
Net book value 1.1.2017	624,625	51,245	675,870
Additions	2,368	7,266	9,634
Disposals/Write-offs	(1,166)	(12)	(1,178)
Reclassification to “Other assets”	(5,867)		(5,867)
Depreciation charge for the period	(8,339)	(6,846)	(15,185)
Net book value 30.6.2017	**611,621**	**51,653**	**663,274**
Balance 30.6.2017			
Cost	940,771	379,358	1,320,129
Accumulated depreciation and impairment losses	(329,150)	(327,705)	(656,855)
1.7.2017 -31.12.2017			
Net book value 1.7.2017	611,621	51,653	663,274
Additions	3,699	5,090	8,789
Impairment losses	(26,931)		(26,931)
Disposals/Write-offs	(503)	(66)	(569)
Reclassification to “Other assets”	(683)		(683)
Depreciation charge for the period	(8,404)	(6,520)	(14,924)
Net book value 31.12.2017	**578,799**	**50,157**	**628,956**
Balance 31.12.2017			
Cost	940,274	363,848	1,304,122
Accumulated depreciation and impairment losses	(361,475)	(313,691)	(675,166)
1.1.2018 -30.6.2018			
Net book value 1.1.2018	578,799	50,157	628,956
Additions	3,098	8,654	11,752
Disposals/Write-offs	(242)	(35)	(277)
Reclassification to “Other assets”	(2,937)		(2,937)
Depreciation charge for the period	(7,638)	(6,348)	(13,986)
Net book value 30.6.2018	**571,080**	**52,428**	**623,508**
Balance 30.6.2018			
Cost	936,041	369,870	1,305,911
Accumulated depreciation and impairment losses	(364,961)	(317,442)	(682,403)

During the current period there was no significant variation in property, plant and equipment.

The carrying amount of owned land and buildings included in the above balances amounts to €553,096 as at 30.6.2018 (31.12.2017: €559,457).

In 2017, an impairment loss of €26,931 was recognized and was recorded in “Other Expenses”.

16. Goodwill and other intangible assets

	Software	Banking rights	Other	Total
Balance 1.1.2017				
Cost	515,055	1,785	138,339	655,179
Accumulated depreciation and impairment losses	(261,635)	(1,785)	(57,833)	(321,253)
1.1.2017 - 30.6.2017				
Net book value 1.1.2017	253,420	-	80,506	333,926
Additions	26,285			26,285
Depreciation charge for the period	(12,234)		(9,146)	(21,380)
Net book value 30.6.2017	**267,471**	**-**	**71,360**	**338,831**
Balance 30.6.2017				
Cost	541,279	1,785	138,339	681,403
Accumulated depreciation and impairment losses	(273,808)	(1,785)	(66,979)	(342,572)
1.7.2017 - 31.12.2017				
Net book value 1.7.2017	267,471	-	71,360	338,831
Additions	34,321			34,321
Depreciation charge for the period	(13,225)		(9,144)	(22,369)
Net book value 31.12.2017	**288,567**		**62,216**	**350,783**
Balance 31.12.2017				
Cost	575,601	1,785	138,339	715,725
Accumulated depreciation and impairment losses	(287,034)	(1,785)	(76,123)	(364,942)
1.1.2018 - 30.6.2018				
Net book value 1.1.2018	288,567	-	62,216	350,783
Additions	39,251			39,251
Depreciation charge for the period	(14,826)		(9,146)	(23,972)
Net book value 30.6.2018	**312,992**	**-**	**53,070**	**366,062**
Balance 30.6.2018				
Cost	614,851	1,785	138,339	754,975
Accumulated depreciation and impairment losses	(301,859)	(1,785)	(85,269)	(388,913)

The additions of the first semester of 2018 mainly concern acquisitions of user rights for computer applications.

LIABILITIES

17. Due to banks

	30.6.2018	30.6.2017
Deposits:		
- Current accounts	44,213	62,629
- Term deposits:		
Central Banks	5,923,353	10,206,372
Other credit institutions	288,703	276,882
Cash collateral for derivative margin account and repurchase agreements	104,816	71,550
Sale of repurchase agreements (Repos)	3,405,740	2,719,980
Borrowing funds	399,964	414,437
Total	**10,166,789**	**13,751,850**

Eurosystem funding decreased by €4,283,019 during the first semester of 2018, mainly due to the increase of customers' deposits, the issuance of covered bonds and new repurchase agreements (Repos).

In June 2016, the European Central Bank carried out a new program of targeted long term refinancing operations (TLTRO-II) with a four year duration. The Bank participates in this program with an amount of €3,100,000.

The caption "Borrowed funds" mainly includes liabilities due to European Investment Bank.

18. Debt securities in issue and other borrowed funds

i. Covered bonds *

In the context of the existing direct Covered Bond Issuance Program I of amount €8 billion the Bank issued, on 1.8.2017, a bond with a nominal value of €1 billion collateralized with mortgage loans of €1.2 billion, with maturity date on 23.10.2018 and bearing an interest rate corresponding to three month Euribor plus a margin of 1.2%. The issuance was wholly purchased by the Bank and was used as collateral in financing operations. On 5.12.2017, the above issuance was redeemed.

In the context of the direct Covered Bond Issuance Program II, amounting to €8 billion, the Bank, on 6.12.2017 and on 18.5.2018, issued bonds with a total nominal value of €2 billion collateralized with mortgage loans of €2.2 billion, with maturity date on 23.1.2019 and on 23.10.2019 respectively and bearing an interest rate corresponding to three month Euribor plus a margin of 1.65%. These bonds are used as collateral in financing operations and are not included in the caption "Debt securities in issue and other borrowed funds" as they are held by the Bank.

On 25.1.2018, and settlement date on 5.2.2018, the Bank issued a €500 million covered bond collateralized with mortgage loans of €0.7 billion, with a 5-year tenor, bearing a fixed annual interest rate of 2.5% and 2.75% yield to maturity, as part of its €8 billion direct issuance Covered Bond Programme I. The bond is listed on the Luxembourg Stock Exchange and is rated B3 and B by Moody's and Fitch respectively.

Balance 1.1.2018	-
Change for the period 1.1 - 30.6.2018	
New issues/ Capitalized expenses	498,184
Accrued interest	5,000
Balance 30.6.2018	**503,184**

* Financial disclosures regarding covered bond issues, as determined by the 2620/28.8.2009 directive of Bank of Greece are published at the Bank's website.

ii. Senior debt securities

Balance 1.1.2018	**9,977**
Change for the period 1.1 - 30.6.2018	
Maturities	(4,592)
Accrued interest	542
Balance 30.6.2018	**5,927**

iii. Liabilities from the securitization of shipping loans

Balance 1.1.2018	**293.532**
Change for the period 1.1 - 30.6.2018	
Maturities/Repayments	(51,325)
Accrued interest	6,311
Foreign exchange differences	5,328
Balance 30.6.2018	**253,846**

During the year 2014, the Bank proceeded to the securitization of shipping loans, transferring the aforementioned loans to the fully consolidated Special Purpose Entity, Alpha Shipping Finance Ltd., which in turn obtained third party financing.

iv. Liabilities from the securitization of corporate (SME) loans

Balance 1.1.2018	**238,504**
Change for the period 1.1 - 30.6.2018	
New securitizations	27,543
Maturities/Repayments	(91,138)
Accrued interest	2,755
Balance 30.6.2018	**177,664**

During 2016, the Bank has proceeded with the securitization of SME's loans, transferring the aforementioned loans to the fully consolidated special purpose entity, Alpha Proodos Designated Activity Company (D.A.C.), which in turn raised funding from third parties and from the Bank.

v. Liabilities from the securitization of other loans

The liabilities arising from the securitisation of consumer loans, corporate loans and credit cards are not included in caption "Debt securities in issue and other borrowed funds" since these securities of nominal value €3,699,600 have been issued by special purpose entities and held by the Bank.

vi. Subordinated debt (Lower Tier II, Upper Tier II)

Balance 1.1.2018	**651**
Change for the period 1.1 - 30.6.2018	
Maturities/Repayments	(4)
Accrued interest	4
Balance 30.6.2018	**651**

vii. Hybrid securities

Balance 1.1.2018	**15,285**
Change for the period 1.1 - 30.6.2018	
Accrued interest	4
Balance 30.6.2018	**15,289**

Total of debt securities in issue and other borrowed funds, not held by the Bank, as at 30.6.2018	**956,561**

19. Provisions

Balance 1.1.2017	**383.188**
Change for the period 1.1- 30.6.2017	
Other provisions	6,546
Other provisions used	(2,306)
Provisions to cover credit risk relating to off-balance sheet items	(292,310)
Used provision for separation scheme	(754)
Balance 30.6.2017	**94,364**
Change for the period 1.7- 31.12.2017	
Other provisions	3,248
Other provisions used	(2,216)
Change of provisions to cover credit risk relating to off-balance sheet items	471
Provisions to cover credit risk relating to off-balance sheet items	4,424
Used provision for separation scheme	(17,703)
Provision charge for separation scheme	92,719
Balance 31.12.2017	**175,307**
Change for the period 1.1 - 30.6.2018	
Impact from the implementation of IFRS 9 (note 25)	113,711
Balance 1.1.2018	**289,018**
Change for the period 1.1- 30.6.2018	
Other provisions	2,784
Other provisions used	(3,390)
Used provision for separation scheme	(3,407)
Provisions to cover credit risk relating to off-balance sheet items (note 6)	(26,693)
Foreign exchange differences	57
Balance 30.6.2018	**258,369**

The caption “Other Expenses”, includes the amounts of other provisions , while the caption “Impairment losses and provisions to cover credit risk” of Income Statement, includes the provisions to cover credit risk relating to off- balance sheet items.

The balance of provisions to cover credit risk relating to off balance sheet items as at 30.6.2018 amounts to €98,788 (31.12.2017: €11,712) of which an amount of €3,244 relates to provisions of undrawn credit limits and an amount of €95,544 relates to provisions for Letters of Guarantee and Letters of Credit.

The balance of other provisions as at 30.6.2018, amounts to €159,581 (31.12.2017: €163,595) of which:

- An amount of €31,200 (31.12.2017: €31,818) relates to pending legal cases,
- An amount of €99,893 (31.12.2017: €103,300) relates to provision of the voluntary separation scheme.

Separation Scheme

In 2015, the Bank committed to further reduce its Greek Personnel (including non-financial subsidiaries), in accordance to the framework for implementation of the updated restructuring plan resulting in 9,504 maximum number of employees until 2017.

Following the above commitments and relevant decisions for their implementation, on 31.12.2015 the Bank recorded a provision amounting to €64,300. During the fiscal years 2016 and 2017, provision was utilized amounted of €35,262 and €18,457 respectively, as presented in note 31 of the Bank's annual financial statements as at 31.12.2017.

Additionally, in the context of the three year Restructuring Plan concerning the period 2017-2019, the Bank through the facilitation of Key Restructuring Projects intends to the optimization of both efficiency and effectiveness in respects with operational functions, reduction of operational costs, digital transformation and exploitation of new solutions and infrastructures. Due to need for reduction of personnel, as a result of the forthcoming restructuring and the necessary reallocation of roles and responsibilities, during the fourth quarter of 2017, it was decided the extension of the separation scheme and consequently a new provision was recognized amounted to €92,719. Provision related to the implementation of the separation scheme as at 30.6.2018 amounted to €99,893.

Finally, in the aforementioned context and as part of the activities for reduction of personnel, the Bank in June 2018, set up a separation scheme, in which approximately 620 individuals participated, whose departure will take place after 30.6.2018.

EQUITY

20. Share capital and Retained earnings

a. Share capital

On 30.6.2018, the Bank's share capital amounts to €463,110 with 1,543,699,381 ordinary, registered, voting, paperless shares of the Bank with a nominal value of €0.30 each.

b. Retained earnings

Since there were no distributable profits for the fiscal year 2017, in accordance with the provisions of article 44a of Codified Law 2190/1920, the Ordinary General Meeting of Shareholders held on 29.6.2018 decided the non distribution of dividend to the ordinary shareholders of the Bank.

ADDITIONAL INFORMATION

21. Contingent liabilities and commitments

a. Legal issues

The Bank, in the ordinary course of business, is a defendant in claims from customers and other legal proceedings. In the context of managing the operational risk events and on the basis of the accounting principles followed, the Bank records all the filed lawsuits or similar actions performed by third parties against the Bank and considers any possibility of their success, as well as the possible outcome.

For cases where there is a significant probability of a negative outcome, and the result may be sufficiently estimated, the Bank creates a provision that is included in the Balance Sheet under the caption "Provisions". On 30.6.2018 the amount of the provision stood at €31,200 (31.12.2017: €31,818).

For cases where according to their progress and the evaluation of the Legal department on 30.6.2018, a negative outcome is not probable or the potential outflow cannot be estimated reliably due to the complexity of the cases, the time period they will last and the uncertainty of their outcome, the Bank has not recognized a provision. As of 30.6.2018 the legal claims against the Bank for the above cases amount to €291,457 (31.12.2017: €320,763).

According to the estimations of the Legal department, the ultimate settlement of the claims and lawsuits is not expected to have a material effect on the financial position or the operations of the Bank.

b. Tax issues

The Bank has been audited by the tax authorities for the years up to and including 2010. The year 2011 is considered as closed as per the circular POL1208/20.12.2017 of the Independent Public Revenue Authority. For the years 2011 up to 2016 the Bank has obtained a tax certificate with no qualifications, according to the provisions of the article 82 of Law 2238/1994 and the article 65A of Law 4174/2013, whereas for year 2017 the Bank is expected to receive tax certificate without any qualifications. Emporiki Bank has been audited by the tax authorities for the years up to and including 2008. Years 2009-2011 are considered as closed, in accordance with the Circular POL 1208/20.12.2017 of the Independent Public Revenue Authority. For the years 2011 up to 2013 Emporiki Bank has obtained a tax certificate with no qualifications.

The Bank's branches in London and Bulgaria have been audited by the tax authorities up to and including the years 2013 and 2016 respectively. For Bulgaria Branch, the tax audit for the year 2016 was completed in February 2017. Emporiki Bank's branch in Cyprus has not been audited by the tax authorities since the commencement of its operations (fiscal year 2011) until its deletion from the Department of Registrar of Companies of Cyprus (August 2015), meanwhile it has ceased its operations from September 2014.

On 2.6.2015, the merger by absorption of Diners Club of Greece A.E.P.P. was completed. The Company has been audited by the tax authorities for the years up to and including 2010. Year 2011 is considered as closed, in accordance with the circular POL 1208/20.12.2017 of the Independent Public Revenue Authority. For the tax years 2011 up to and including 2013 Diners Club of Greece A.E.P.P. has obtained a tax certificate with no qualifications.

Based on circular POL 1006/5.1.2016 there is no exemption from tax audit by the tax authorities to those entities that have been tax audited by the independent auditor and they have received an unqualified tax audit certificate. Therefore, the tax authorities may reaudit the tax books for previous years.

Additional taxes, interest on due payments and penalties may be imposed for the unaudited years due to the fact that some expenses may not be recognized as deductible by the tax authorities, the amounts of which cannot accurately be determined.

c. Operating leases

The Bank as lessee

Bank's obligations with respect to leases consist mainly of buildings which are used either as branches or as other operating units.

The duration of the lease agreements is initially for twelve years with a renewal or extension option according to the lease agreements. The policy of the Bank is to renew these contracts.

The minimum future lease payments are:

	30.6.2018	31.12.2017
Less than one year	26,792	25,940
Between one and five years	51,052	52,448
Over than five years	53,738	57,059
Total	**131,582**	**135,447**

The total lease expenses, for the first semester of 2018, relating to rental of buildings amounted to €14,111 (30.6.2017: €14,799) and are included in "General administrative expenses".

The Bank as a lessor

The Bank's receivables from leases relate to leases from buildings either to group companies or third parties.

The minimum future lease revenues are:

	30.6.2018	31.12.2017
Less than one year	5,236	5,205
Between one and five years	16,051	15,396
Over than five years	18,656	19,176
Total	**39,943**	**39,777**

Lease revenues for the first semester of 2018 amounted to €2,690 (30.6.2017: €2,199) and are included in "Other income".

d. Off balance sheet liabilities

The Bank pursuant to its normal operations, is bound by contractual commitments, that in the future may result to changes in its asset structure. These commitments are monitored in off balance sheet accounts and relate to letters of credit, letters of guarantee, undrawn credit facilities and credit limits, as well as guarantees provided for bonds issued by subsidiaries and other guarantees to subsidiaries.

In addition, contingent liabilities for the Bank arise from undrawn loan commitments and credit limits that may not be fulfilled immediately or may be partly fulfilled as long as the agreed upon requirements are fulfilled by counterparties.

The outstanding balances are as follows:

	30.6.2018	31.12.2017
Letters of credit	17,955	15,967
Letters of guarantee and other guarantees	3,535,297	3,583,547
Guarantees relating to bonds issued by subsidiaries of the Bank	15,542	15,542

Letters of credit are used to facilitate trading activities and relate to the financing of contractual agreements for the transfer of goods domestically or abroad, by undertaking the direct payment on behalf of the third party bound by the agreement on behalf of the Bank's client. Letters of credit, as well as letters of guarantee, are commitments under specific terms and are issued by the Bank for the purpose of ensuring that its clients will fulfill the terms of their contractual obligations.

The liability from limits that can not be recalled (committed) in case where counterparties fail to meet their contractual obligations as at 30.6.2018 amounts to €340,903 (31.12.2017: €346,556) and are included in the calculation of risk weighted assets.

From 1.1.2018, following the implementation of IFRS 9, the Bank measures the expected credit losses for undrawn loan commitments and letters of credit/ letters of guarantee, which are included in the caption "Provisions".

The balance of the abovementioned expected credit loss amounts to €98,788, on 30.6.2018 (note 19).

In addition, the Bank has committed to contribute in the share capital of the joint venture Alpha TANEO AKES up to the amount of €86.

e. Assets pledged

Assets pledged, as at 30.6.2018 are analyzed as follows:

- Deposits pledged amounting to €324,957 (31.12.2017: €312,991) concerning the Bank's obligation to maintain deposits in the Bank of Greece, corresponding to 1% of total customer deposits.
- Due to banks:

i. Pledged placements amounting to € 215,645 (31.12.2017: € 216,195) concerning guarantees provided mainly in favor of the Greek State.

ii. Pledged placements to credit institutions amounting to € 1,003,518 (31.12.2017: € 947,939) which have been provided as guarantee for derivative transactions and other repurchase agreements (repos).

iii. Pledged placements to credit institutions amounting to € 24,921 (31.12.2017: € 18,905) which have been provided for Letter of Credit or Guarantee Letters issued by the Bank in order to facilitate clients' imports.

iv. Pledged placements of € 9,493 (31.12.2017: € 6,214) have been provided to the Resolution Fund as irrevocable payment commitment, as part of the contribution from 2016 up to and including 2018. This commitment must be fully covered by collateral exclusively in cash, as decided by Single Resolution Board.

v. Placements of € 325,363 (31.12.2017: € 321,847) given to foreign subsidiaries as collateral for credit risk.

vi. Placements of € 25,060 (31.12.2017: € 5,100) have been given as collateral for the issuance of bonds with nominal value of €2,500,000 (31.12.2017: € 1,000,000), of which an amount of € 2,000,000 (31.12.2017: € 1,000,000) is held by the Bank, as mentioned below under "Loans and advances to customers".

- Loans and advances to customers:

  i. Loans with value of € 10,515,684 (31.12.2017: € 18,213,798) have been pledged to Central Banks for liquidity purposes.

  ii. A carrying amount of € 3,159,242 (31.12.2017: € 3,079,453) which relates to corporate, consumer loans and credit cards has been securitized for the issuance of the Group's Special Purpose Entities' bonds with a nominal amount of € 3,699,600 (31.12.2017: € 3,699,600) which are held by the Bank, of which a nominal amount of € 2,066,900 (31.12.2017: € 2,066,900) has been given as collateral for repurchase agreements (repos).

  iii. A carrying amount of € 492,503 (31.12.2017: € 523,422) , which relates to shipping loans, has securitized for the issuance of debt securities for the purpose of financing the Group's Special Purpose Entity amounting to € 277,555 (31.12.2017: € 316,713) at 30.6.2018.

  iv. A carrying amount of €516,569 (31.12.2017: € 586,680) which relates to corporate loans, has securitized for the

issuance of the Group's Special Purpose Entities' bonds which amounts to €583.140 (31.12.2017: € 640,000) on 30.6.2018, of which an amount of € 320,000 (31.12.2017: € 320,000) is held by the Bank and has been given as collateral for repurchase agreements (repos) for the amount of € 100,000 (31.12.2017: € 100,000).

v. A carrying amount of € 37,733 (31.12.2017: € 46,048) relating to corporate loans, has been pledged for other loan facilities.

vi. A carrying amount of €2,877,953 (31.12.2017: € 1,112,325) which relates to mortgage loans has been given as collateral for the issuance of covered bonds with a nominal value of €2,500,000 (31.12.2017: € 1,000,000) as of 30.6.2018, of which an amount of €2,000,000 (31.12.2017: 1,000,000) is held by the Bank and has been given as guarantee for repurchase agreements (repo) for the amount of €1,740,000 (31.12.2017: € 1,000,000).

- Securities held for trading and investment securities portfolio out of which:

i. A carrying amount of € 3,013,002 (31.12.2017: € 3,436,247) of Greek Government securities, out of which a carrying amount of €2,406,681 (31.12.2017: € 3,133,717) has been pledged to Central Banks for liquidity purposes, a carrying amount of € 4,765 (31.12.2017: € 5,304) has been pledged for other loan facilities, a carrying amount of € 600,357 (31.12.2017: € 297,226) has been given as collateral for repurchase agreements (repo), while a carrying amount of € 1,199 (31.12.2017: € 0) has been given as collateral for customers' derivatives transactions. Moreover, Greek Government treasury bills of nominal value of € 370,000 (31.12.2017: € 0), received as collateral for derivatives transactions with the Greek State, have been given as collateral for repurchase agreements (repo).

ii. A carrying amount of €349,103 (31.12.2017: € 489,014) relates to securities issued by the European Financial Stability Facility (EFSF), that has been pledged to Central Banks in order to participate in main refinancing operations. Additionally, on 31.12.2017 a carrying amount of €237,507 had been given as collateral for repurchase agreement (repo) and also securities of nominal value of €35,510 that relate to securities received as guarantee for reverse repurchase agreements had been given as guarantee for repurchase agreements.

iii. A carrying amount of € 230,995 (31.12.2017: € 213,005), that relates to bonds issued from the securitization of receivables of finance leases of a Group's entity, has been given as collateral for repurchase agreements (repo).

iv. A carrying amount of € 51,002 (31.12.2017: € 263,460) which relates to other corporate and government securities, has been given as collateral for repurchase agreements (repo).

v. A carrying amount of € 587,272 (31.12.2017: € 138,124) which relates to bonds issued by third parties, has been given to Central Banks for liquidity purposes.

22. Operating segments

(Amounts in million of Euro)

	1.1 - 30.6.2018					
	Retail Banking	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	Other	Total
Net interest income	433.7	285.1	(4.0)	79.0	(1.6)	792.2
Net fee and commission income	56.0	65.7	17.7	4.1		143.5
Other income	16.3	(9.9)	0.9	279.3	(142.9)	143.7
Total income	**506.0**	**340.9**	**14.6**	**362.4**	**(144.5)**	**1,079.4**
Total expenses	**(321.7)**	**(78.2)**	**(6.9)**	**(8.4)**	**(19.1)**	**(434.3)**
Impairment losses and provisions to cover credit risk	(400.6)	(160.9)		4.9		(556.6)
Impairment losses on other financial assets				24.7		24.7
Profit/(losses) before income tax	**(216.3)**	**101.8**	**7.7**	**383.6**	**(163.6)**	**113.2**
Income tax						(71.3)
Profit/(losses) after income tax						**41.9**
Assets 30.6.2018	22,439.5	15,541.1	79.5	8,437.6	7,145.1	53,642.8
Liabilities 30.6.2018	24,171.0	7,932.7	1,149.3	12,324.7	66.9	45,644.6

(Amounts in million of Euro)

	1.1 - 30.6.2017					
	Retail Banking	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	Other	Total
Net interest income	480.4	314.2	(1.2)	43.6	14.7	851.7
Net fee and commission income	51.3	56.5	18.6	10.5		136.9
Other income	4.4	(35.1)	0.9	79.4	35.7	85.3
Total income	**536.1**	**335.6**	**18.3**	**133.5**	**50.4**	**1,073.9**
Total expenses	**(337.6)**	**(68.6)**	**(7.3)**	**(7.9)**	**(31.5)**	**(452.9)**
Impairment losses and provisions to cover credit risk	(436.3)	81.7				(354.6)
Profit/(losses) before income tax	**(237.8)**	**348.7**	**11.0**	**125.6**	**18.9**	**266.4**
Income tax						(54.5)
Profit/(losses) after income tax						**211.9**
Assets 31.12.2017	23,567.6	16,344.9	78.3	8,812.2	7,051.7	55,854.7
Liabilities 31.12.2017	23,321.4	6,679.2	1,106.6	15,494.0	107.8	46,709.0

i. Retail Banking

Includes all individuals (retail banking customers), professionals, small and very small companies except for those whose relationship management is performed by branches abroad (South Eastern Europe).

The Bank, through its extended branch network, offers all types of deposit products (deposits/ savings accounts, working capital/ current accounts, investment facilities/ term deposits, Repos, Swaps), loan facilities (mortgages, consumer, corporate loans, letters of guarantee) and debit and credit cards of the above customers.

ii. Corporate Banking

Includes all medium-sized and large companies, multinational companies, corporations managed by the Corporate Banking Division and shipping companies. The Bank offers working capital facilities, corporate loans, and letters of guarantee of the abovementioned corporations.

iii. Asset Management/Insurance

Consists of a wide range of asset management services offered through the Bank's private banking units. Additionally, a wide range of insurance products to individuals and companies is provided.

iv. Investment Banking/Treasury

Includes stock exchange, advisory and brokerage services relating to capital markets, and also investment banking facilities, offered by the Bank. It also includes the activities of the Dealing Room in the interbank market (FX Swaps, Bonds, Futures, IRS, Interbank placements – Loans etc.).

v. Other

This segment consists of administration departments of the Bank and income and expenses that are not related to its operating activities or are non recurring and are due to external factors.

The table below presents the Bank's loans, which are managed by the non performing loan divisions of Retail banking and Wholesale banking, according to the internal procedures of the Bank, and they are included in the operating segments under "Retail banking" and "Corporate banking" assets.

	30.6.2018			31.12.2017		
	Balance before impairment	Accumulated impairment	Balance after impairment	Balance before impairment	Accumulated impairment	Balance after impairment
Mortgages	7,743,671	2,330,336	5,413,334	7,753,680	2,518,418	5,235,262
Consumer loans	3,615,621	2,027,519	1,588,102	3,634,517	1,678,567	1,955,950
Corporate loans	11,887,088	6,084,469	5,802,619	12,238,938	5,777,849	6,461,089
Total	**23,246,380**	**10,442,324**	**12,804,057**	**23,627,135**	**9,974,834**	**13,652,301**

23. Exposure in credit risk from the Greek State

The following table presents the Bank's total exposure in Greek Government securities:

	30.6.2018		31.12.2017	
Portfolio	Nominal value	Carrying amount	Nominal value	Carrying amount
Securities measured at fair value through other comprehensive income	3,038,278	3,025,182		
Available for sale			3,537,240	3,459,945
Trading	11,022	11,077	6,265	5,969
Total	**3,049,300**	**3,036,259**	**3,543,505**	**3,465,914**

All Greek Government securities are classified in level 1 based on the quality of inputs used for the estimation of their fair value.

Furthermore, the securities issued by public sector entities/organizations amounted to €53,997 on 30.6.2018 (31.12.2017: €107,944).

The Bank's exposure to Greek State from other financial instruments, excluding securities, are depicted in the table below

On balance sheet exposure

	30.6.2018	31.12.2017
	Carrying amount	
Derivative financial instruments – assets	425,119	331,967
Derivative financial instruments – liabilities	(34,968)	(28,698)

 The amounts are presented in thousands of Euro unless otherwise indicated

Derivative financial assets to public sector entities/organizations amounted to €7,493 on 30.6.2018 (31.12.2017: €6,541).

The Bank's exposure in loans to public sector entities/organizations on 30.6.2018 amounted €896,606 (31.12.2017: €1,076,823). The Bank for the above receivables has recognized impairment amounted to €51,074 as at 30.6.2018 (31.12.2017: €45,519). In addition, the balance of Bank's loans guaranteed by the Greek State (directly guaranteed by Greek government, loans guaranteed by TEMPME, loans guaranteed by Common Ministerial Decisions) on 30.6.2018 amounted to €620,965 (31.12.2017: €679,214). For these loans the Bank has recognized impairment amounted to €90,589 as at 30.6.2018 (31.12.2017: €113,967).

Off balance sheet exposure

	30.6.2018		31.12.2017	
Portfolio				
Greek Government Treasury Bills received as guarantee for derivative transactions	390,000	389,649	300,000	299,370

24. Disclosures relevant to the fair value of financial instruments

Fair value of financial instruments measured at amortized cost

	30.6.2018		31.12.2017	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial Assets				
Loans and advances to customers	36,036,233	36,079,189	38,222,099	38,521,136
Investments securities				
- Held to maturity			97	319
Financial Liabilities				
Due to customers	32,298,752	32,319,564	30,233,100	30,255,030
Debt securities in issue	951,178	956,561	555,088	557,949

The table above presents the fair value and the carrying amount of financial instruments measured at amortized cost, as well as their carrying amount.

The fair value of loans to customers measured at amortized cost is estimated using the discount model of conventional future cash flows. The components of the discount rate are the interbank market yield curve, the liquidity premium as well as the expected loss rate. More specifically, for those loans considered as impaired for the purpose of credit risk monitoring and are individually assessed, the model used is incorporating expected future cash flows excluding expected credit loss. In this case, the interbank market yield curve and the liquidity premium serve as the discount rate. However for impaired loans assessed at product level, the fair value is based on the carrying value adjusted for the loss of the product due to credit risk.

The fair value of deposits is estimated based on the interbank market yield curve and the liquidity premium until their maturity.

The fair value of held to maturity securities and of debt securities in issue is calculated by using market prices, as long as the market is active. In all other cases as well as for the loans and receivables portfolio, the discounted cash flows method is used and all significant variables are based either on observable market data or on a combination of observable and unobservable market data.

The fair value of other financial assets and liabilities which are valued at amortized cost does not differ materially from the respective carrying amount.

Hierarchy of financial instruments measured at fair value

	30.6.2018			
	Level 1	Level 2	Level 3	Total fair value
Derivative financial assets	4,755	700,671	16,335	721,761
Securities held for trading				
- Bonds and treasury bills	11,077	670		11,747
Securities measured at fair value through other comprehensive income				
- Bonds and treasury bills	4,019,622	275,859	10,505	4,305,986
- Shares	16,215	20,638	11,663	48,516
Securities measured at fair value through profit or loss				
- Bonds and treasury bills		41	160,579	160,620
- Other variable yield securities	5,426			5,426
Loans measured through profit or loss			394,779	394,779
Derivative financial liabilities		1,109,590		1,109,590

	31.12.2017			
	Level 1	Level 2	Level 3	Total fair value
Derivative financial assets	7,462	594,115	26,556	628,133
Securities held for trading				
- Bonds and treasury bills	5,969			5,969
- Shares	575			575
Securities available for sale				
- Bonds and treasury bills	4,230,248	395,996	193,810	4,820,054
- Shares	29,044	18,659	13,945	61,648
- Other variable yield securities	5,654			5,654
Derivative financial liabilities		1,037,173	1	1,037,174

The tables above present the hierarchy levels of financial instruments which are measured at fair value based on inputs used for the fair value measurement.

Securities which are traded in an active market and exchange-traded derivatives are classified as Level 1.

Securities whose fair value is calculated based on non-binding market prices provided by dealers-brokers or on the application of the income approach methodology using interest rates and credit spreads which are observable in the market, are classified as Level 2.

Level 3 classification includes securities and loans at fair value through profit or loss whose fair value is estimated using significant unobservable inputs.

The valuation methodology of securities is subject to approval by the Treasury and Balance Sheet Management / Assets – Liabilities Management Committees. It should be noted that for the securities whose fair value is calculated based on market prices, bid prices are considered and daily checks are performed with regards to their change in fair value.

The fair value of loans measured at fair value through profit or loss, is estimated based on the valuation methodology as described above regarding the disclosure of fair value for loans measured at amortised cost.

Shares whose fair value is estimated are classified to Level 2 or Level 3, depending on the extent of the contribution of unobservable data to calculate final fair value. The fair value of non listed shares, as well as shares not traded in an active market is determined, either by the multiples valuation, or the estimations made by the Bank, which relate to the future profitability of the issuer after taking into account the expected growth rate of its operations, as well as the weighted average rate of capital return which is used as a discount rate.

For the valuation of over the counter derivatives income approach methodologies are used: discounted cash flow models, option-pricing models or other widely accepted valuation models.The valuation methodology of over the counter derivatives is subject to approval by the Treasury and Balance Sheet Management / Assets – Liabilities Management Committees. Mid prices are considered as both long and short positions may be outstanding. Valuations are checked on a daily basis with the respective prices of the counterparty banks in the context of the daily process of provision of collaterals and settlement of derivatives. If the non observable inputs are significant, the fair value that arises is classified as Level 3 or otherwise as Level 2.

Additionally, the Bank estimates a Credit Valuation Adjustment by taking into account counterparty credit risk for Derivative Financial Instruments trading in OTC. More specifically, taking into consideration the credit risk, the Bank estimates bilateral credit valuation adjustments (BCVA) for the OTC derivatives held on a counterparty level according to netting and collateral agreements in force. BCVA is calculated across all counterparties with a material effect on the respective derivative fair values taking into consideration the default probability of both the counterparty and Alpha Bank, the impact of first to default, the expected OTC derivative exposure and loss given default of the counterparty and of Alpha Bank and the specific characteristics of netting and collateral agreements in force.

Collateral is simulated along with the derivative portfolio exposure over the life of the related instruments. Calculations performed depend largely on observable market data. Market quoted counterparty and Bank CDS spreads are used in order to derive the respective probability of default, a market standard recovery rate is assumed for developed market counterparties, correlations between market data are taken into account and a series of simulations is performed to model the portfolio exposure over the life of the related instruments. In the absence of quoted market data, counterparty and loss given default are provided by the Bank's internal credit and facility rating systems for the valuation of collaterals and credit worthiness.

A breakdown of BCVA across counterparty sectors and credit quality is given below:

	30.6.2018	31.12.2017
Category of counterparty		
Enterprises	(6,226)	(7,184)
Governments	(21,611)	(12,538)

	30.6.2018	31.12.2017
Hierarchy of counterparty by credit quality		
Strong	(927)	(288)
Satisfactory	(21,631)	(12,326)
Watch list (higher risk)	(5,278)	(7,108)

The table below presents the valuation methods used for the measurement of Level 3 fair value:

30.6.2018				
	Total fair value	**Fair value**	**Valuation method**	**Significant non-observable inputs**
Derivative Financial Assets	16,335	2,210	Discounted cash flows with interest rates being the underlying instruments, taking into account the credit risk of the counterparty	The probability of default and the loss given default of the counterparty (BCVA adjustment) calculated using an internal model
		14,097	Option discounting taking into account the credit risk of the counterparty	Credit spread
		28	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid securities' dividends
Bonds measured at fair value through other comprehensive income	10,505	10,505	Discounted cash flows with estimation of bond yield	Bond yield
Shares measured at fair value through other comprehensive income	11,663	11,663	Discounted cash flows – Multiples valuation method	Future profitability of the issuer
Bonds measured at fair value through profit or loss	160,579	160,579	Based on issuer price - Discounted cash flows with estimation of credit risk	Issuer price - Credit spread
Loans measured at fair value through profit or loss	394,779	394,779	Discounted cash flows with interest being the underlying instruments, taking into account the counterparty's credit risk	Expected loss and cash flows from counterparty's credit risk

31.12.2017				
	Total fair value	**Fair value**	**Valuation method**	**Significant non-observable inputs**
Derivative Financial Assets	26,556	11,629	Discounted cash flows with interest rates being the underlying instruments, taking into account the credit risk	The probability of default and the loss given default of the counterparty (BCVA adjustment) calculated using an internal model
		14,812	Option discounting taking into account the credit risk of the counterparty	Credit spread
		115	Discounted cash flows with interest rates being the underlying instrument	Valuation of reserve adequacy for payment of hybrid securities' dividends
Available for sale bonds	193,810	193,810	Based on issuer price - Market prices adjusted due to low market activity – Discounted cash flows with estimation of credit risk - Discounted cash flows with estimation of bond yields and estimation of share prices as a result of expected restructuring	Issuer price - Adjustment due to low market activity - Credit spread/Bonds yield and share price
Available for sale shares	13,945	13,945	Discounted cash flows – Multiples valuation method	Future profitability of the issuer
Derivative Financial Liabilities	1	1	Discounted cash flows with interest rates being the underlying instruments	Valuation of reserve adequacy for payment of hybrid securities' dividends

Sensitivity analysis for Level 3 financial instruments on 30.6.2018 for which their valuation was based on significant non-observable data is presented in the following table :

	Significant non-observable inputs	Significant non-observable inputs change	Total effect in income statement		Total effect in Equity	
			Favourable Variation	Unfavourable Variation	Favourable Variation	Unfavourable Variation
Derivative Financial Assets	The probability of default and the loss given default of the counterparty (BCVA adjustment) are calculated with the use of an internal model	Increase the probability of default through reduction of internal ratings by 2 scales/ Increase the loss given default by 10%		(1,041)		
	Assessment of the adequacy of reserves for the payment of hybrid securities dividends	Increase the probability of dividend payments to 100%		(28)		
	Credit spread	Increase of Credit spread by 10%		(772)		
Bonds measured at fair value through profit or loss	Issuer Price - Credit spread	Variation +/- 10% in issuer Price, -/+ 10% in adjustment of estimated Credit Risk	4,038	(3,946)		
Loans measured at fair value through profit or loss	Expected credit loss and cash flows from credit risk of the counterparty	Decrease of the expected cash flows by 10% on loans individually assessed		(15,071)		
Bonds measured at fair value through other comprehensive income	Bond yield	Variation -/+ 10% in estimated bond yield			200	(195)
Shares measured at fair value through other comprehensive income	Future profitability of the Issuer	Variation +/- 10% in P/B and EV/Sales ratios (multiples valuation method).			48	(48)
Total			**4,038**	**(20,858)**	**248**	**(243)**

The Bank recognizes the transfer between fair value hierarchy Levels at the end of each reporting period.

Within the period ended 30.6.2018, €32,102 of Greek corporate bond was transferred from Level 1 to Level 2, as the liquidity margin (bid-ask spread) moved above the limit set for the characterization of market as active, whereas €334 of Greek corporate bond was transferred from Level 2 to Level 1, as the liquidity margin (bid-ask spread) moved within the limit set for the characterization of market as active.

A reconciliation of the movement of financial instruments measured at fair value in Level 3 is depicted in the table below.

	30.6.2018			
	Assets			
	Securities measured at fair value through other comprehensive income	Securities measured at fair value through profit or loss	Derivative financial assets	Loans measured at fair value through profit or loss
Opening balance 1.1.2018 post implementation of IFRS 9	**59,543**	**148,212**	**26,556**	**426,353**
Total gain/(loss) recognized in the income statement	1,131	12,777	820	(1,656)
Total gain/(loss) recognized directly in equity	(1,030)			
Purchases/issues / disbursements				29,114
Sales/repayments / settlements	(27,202)	(410)	(890)	(59,032)
Transfers out from Level 3 to Level 2	(10,274)		(10,151)	
Balance 30.6.2018	**22,168**	**160,579**	**16,335**	**394,779**
Gains/(loss) included in the income statement and relate to financial instruments included in the balance sheet at the end of the reporting period 1.1 - 30.6.2018	893	12,777	(645)	(8,878)

During the period ended 30.6.2018, a bond amounting to €10,274 and derivatives amounting to €10,151 were transferred from Level 3 to Level 2 as observable data were used for their valuation. Moreover, a bond amounting to €26,752 matured on 30.05.2018.

	31.12.2017			
	Assets		Liabilities	
	Available for sale securities	Derivative financial assets	Derivative financial liabilities	Convertible bond loan
Opening balance 1.1.2017	**52,049**	**5,360**	**(1)**	**(13,995)**
Total gain / (loss) recognized in the income statement	9,630	14,324		1,790
Total gain / (loss) recognized directly in equity	2,633			
Purchases / issues	8,100			
Sales/repayments / settlements	(20,764)	(961)		12,205
Transfers in Level 3 from Level 2	22,971	482		
Transfers out from Level 3 to Level 2	(10)	(858)		
Balance 30.6.2017	**74,609**	**18,347**	**(1)**	**-**
Changes for the period 1.7 - 31.12.2017				
Total gain / (loss) recognized in the income statement	1,185	2,930		
Total gain / (loss) recognized directly in equity	(2,114)			
Purchases / issues	22,001			
Sales/repayments / settlements	(26,872)	(3,194)		
Transfers in Level 3 from Level 2	140,059	8,250		
Transfers out from Level 3 to Level 2		223		
Transfers out from Level 3 to Level 1	(1,113)			
Balance 31.12.2017	**207,755**	**26,556**	**(1)**	**-**
Gain/(loss) included in the income statement and relate to financial instruments included in the balance sheet at the end of the reporting period 1.1 - 30.6.2017.	1,424	14,324		

During the previous year, bonds were transferred from Level 2 to Level 3 amounting to €163,030, since non observable parameters were used for valuation purposes. In addition, during the previous year, a bond was transferred from Level 3 to Level 2 amounting to €10, since observable parameters were used for valuation purposes. In addition, during the previous year, listed shares were transferred from Level 3 to Level 1 amounting to €1,113, due to their valuation on the stock exchange value.

Finally, in the context of the debt restructuring of a certain borrower, the Bank acquired the option to purchase a stake in its share capital for a symbolic price. This option is recognized as a derivative with a fair value of €14,097 (31.12.2017: €14,812).

25. Impact from the implementation of IFRS 9

The new accounting standard IFRS 9 replaced IAS 39 from 1.1.2018, imposing fundamental changes in the way financial instruments are classified and measured. For the application of the new standard, the Bank has launched an Implementation Program, which was organized around two main work streams, the classification and measurement work stream and the impairment work stream.

The Committees of the Board of Directors (Audit Committee and Risk Management Committee) have assumed an active role including involvement in the decision making process on key assumptions and decisions related to the Implementation Program.

On the completion of the Implementation Program, new policies have been developed for the classification, measurement and impairment of financial instruments that have been approved by the Committees of the Board of Directors. New methodologies and procedures have also been developed to support these new policies.

The following table presents a reconciliation of the transition from IAS 39 to IFRS 9 as at 1.1.2018.

	31.12.2017 IAS 39	Reclassification	Measurement impact	1.1.2018 IFRS 9
ASSETS				
Cash and balances with central banks	774,882			774,882
Due from banks	2,227,791		(14,674)	2,213,117
Trading securities	6,544	6,495		13,039
Derivative financial assets	628,133			628,133
Loans and advances to customers measured at amortized cost	38,521,136	(425,149)	(1,285,677)	36,810,310
Loans and advances to customers measured at fair value through profit or loss		425,149	1,204	426,353
Investment securities				
- Available for sale	4,887,356	(4,887,356)		-
- Held to maturity	319	(319)		-
- Fair value through other comprehensive income		4,726,933		4,726,933
- Fair Value through profit or loss		154,247	(224)	154,023
Investment in subsidiaries, associates and joint ventures	2,048,931			2,048,931
Investment property	26,379			26,379
Property, plant and equipment	628,956			628,956
Goodwill and other intagible assets	350,783			350,783
Deferred tax asset	4,282,208		409,322	4,691,530
Other assets	1,253,995			1,253,995
Held for sale	217,285			217,285
Total assets	**55,854,698**	**-**	**(890,049)**	**54,964,649**
LIABILITIES				
Due to banks	13,751,850			13,751,850
Derivative financial liabilities	1,037,174			1,037,174
Due to customers	30,255,030			30,255,030
Debt securities in issue and other borrowed funds	557,949			557,949
Liabilities for current income tax and other taxes	17,920			17,920
Employee defined benefit obligations	89,441			89,441
Other provisions	824,340			824,340
Provisions	175,307		113,711	289,018
Total liabilities	**46,709,011**	**-**	**113,711**	**46,822,722**
EQUITY				
Share capital	463,110			463,110
Share premium	10,801,029			10,801,029
Reserves	572,832	40,814	62,670	676,316
Retained earnings	(2,691,284)	(40,814)	(1,066,430)	(3,798,528)
Total Equity	**9,145,687**	**-**	**(1,003,760)**	**8,141,927**
Total Liabilities and Equity	**55,854,698**	**-**	**(890,049)**	**54,964,649**

The existing portfolio on 1.1.2018 was classified as follows:

a. Loans and advances to customers and due from banks were included in business models that permit the classification of instruments at amortized cost (hold to collect), to the extent that from the assessment of their contractual terms it is concluded that their contractual cash flows meet the definition of principal and interest as defined by the new Standard (SPPI test). Upon transition, only a limited number of existing loans to customers failed the SPPI test. The main reasons which caused the SPPI test to fail include the existence of conditions under which the Bank is not entitled to claims of unpaid amounts (these terms are either expressed explicitly in the contractual agreements or implicitly arise in the case of loans to special purpose entities on which a substantial part of the asset's value is financed or the cash flows from the asset are not sufficient to repay the loan and at the same time, the entity's equity is inadequate and there are no sufficient collaterals) or the existence of shares conversion clauses into the borrower's shares.

b. For bonds and in general for fixed income investments, the Bank has identified the following business models:

- business model that aims to hold the financial instruments in order to collect their contractual cash flows (hold to collect),
- business model, that aims to both collect the contractual cash flows and sell the financial asset (hold to collect and sell)
- trading portfolio

During the transition to the new standard, the majority of the bonds were classified into the business model, whose objective is achieved both by collecting contractual cash flows and by selling financial assets and, therefore, to the extent that their cash flows were solely principal and interest on the principal amount outstanding, were classified in the fair value through other comprehensive income category. Bonds classified in the trading portfolio as well as those whose cash flows did not represent solely of principal and interest on the principal amount outstanding were classified as financial assets measured at fair value through profit or loss.

c. The Bank has opted to measure at fair value through other comprehensive income, its equity instruments in the banking sector or private equity participations and long term equity holdings that meet the definition of an equity instruments. The changes in fair value as well as any gains or losses are recognized directly in equity without being recycled to profit or loss. Any dividends that will be received are recognized in profit or loss.

d. All other investments in equity instruments, as well as in mutual funds that do not meet the definition of an equity instrument, are measured at fair value through profit or loss.

Based on the classification options described above, under b, c and d, available for sale securities of €4,887,356 as at 31.12.2017, were reclassified as follows: €6,495 to trading securities, €4,726,933 to securities measured at fair value through other comprehensive income and €153,928 to securities measured at fair value through profit or loss. Following these reclassifications, total equity remained unchanged.

Securities held to maturity of €319 as at 31.12.2017, were reclassified to securities measured at fair value through profit or loss. Following this reclassification, total equity has been negatively affected by €224.

e. Derivatives included in the trading portfolio have not been affected as they are measured at fair value through profit or loss both before and after the implementation of IFRS 9.

f. The Bank has not opted to designate at initial recognition debt securities as measured at fair value through profit or loss.

Financial liabilities are measured at amortized cost; thus they are not affected by the implementation of IFRS 9 and there was no need to separately measure or present changes in fair value due to credit risk.

The following table presents the impact after tax on reserves and retained earnings, as a result of the transition to IFRS 9.

Reserve of financial assets measured at fair value through other comprehensive income	
Balance at 31.12.2017 in accordance with IAS 39	**296,850**
Reclassification of investment portfolio bonds to fair value through profit or loss	71,812
Reclassification of investment portfolio shares to fair value through other comprehensive income	(11,894)
Reclassification of other variable yield securities of investment portfolio at fair value through profit or loss	(1,728)
Expected credit loss in accordance with IFRS 9 for bonds at fair value through other comprehensive income	88,268
Income tax	(42,974)
Opening balance at 1.1.2018 in accordance with IFRS 9	**400,334**

Retained earnings	
Balance at 31.12.2017 in accordance with IAS 39	**(2,691,284)**
Reclassification in accordance with IFRS 9 of investment portofolio shares to fair value through other comprehensive income	11,894
Reclassification in accordance with IFRS 9 of other variable yield securities of investment portfolio at fair value through profit or loss	1,728
Reclassification in accordance with IFRS 9 of investment portfolio bonds at fair value through profit or loss	(71,812)
Expected credit loss in accordance with IFRS 9	(1,501,350)
Income tax	452,296
Opening balance at 1.1.2018 in accordance with IFRS 9	**(3,798,528)**

The following table presents a reconciliation of impairment losses of financial assets between IAS 39 and IFRS 9 as at 31.12.2017 and as at 1.1.2018, respectively.

It is noted that the accumulated provision for impairment, in regards with the following disclosure, includes the adjustment for the contractual loans which were acquired at fair value during the acquisition of assets or companies (i.e. Emporiki Bank and Citibank's retail operations in Greece), since the Bank monitors from credit risk prospective, the respective adjustment as part of the provisions.

	31.12.2017 IAS 39	**Reclassification of loans to fair value through profit or loss**	**Other reclassifications**	**Remeasurement**	**1.1.2018 IFRS 9**
Financial assets					
Due from banks	41,961		28,000	14,674	84,635
Receivables from customers				21,885	21,885
Loans measured at amortized cost	10,951,893	(149,053)	(223,932)	1,263,792	11,842,700
Total impairment on financial assets measured at amortized cost	**10,993,854**	**(149,053)**	**(195,932)**	**1,300,351**	**11,949,220**
Investment securities measured at fair value through other comprehensive income				88,268	88,268
Total impairment on financial assets measured at fair value through other comprehensive income				**88,268**	**88,268**
Provision for off balance sheet items	**11,712**			**113,711**	**125,423**

The following table presents loans measured at amortized cost per IFRS 9 stage, as at 1.1.2018, after taking into account the estimated impact of IFRS 9.

	1.1.2018				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired loans (POCI)	Total
Mortgage					
Carrying amount (before allowance for impairment losses)	4,638,136	3,109,272	5,213,188	3,129,196	16,089,792
Expected credit losses	(4,602)	(141,235)	(1,637,452)	(834,311)	(2,617,600)
Net carrying amount	**4,633,534**	**2,968,037**	**3,575,736**	**2,294,885**	**13,472,192**
Consumer					
Carrying amount (before allowance for impairment losses)	564,847	523,064	1,982,992	1,417,950	4,488,853
Expected credit losses	(4,123)	(79,173)	(1,129,857)	(602,446)	(1,815,599)
Net carrying amount	**560,724**	**443,891**	**853,135**	**815,504**	**2,673,254**
Credit cards					
Carrying amount (before allowance for impairment losses)	810,209	251,939	319,006	117,848	1,499,002
Expected credit losses	(8,785)	(66,652)	(245,228)	(103,573)	(424,238)
Net carrying amount	**801,424**	**185,287**	**73,778**	**14,275**	**1,074,764**
Small business loans					
Carrying amount (before allowance for impairment losses)	308,056	604,208	3,683,368	1,220,098	5,815,730
Expected credit losses	(2,226)	(75,909)	(1,501,144)	(753,385)	(2,332,664)
Net carrying amount	**305,830**	**528,299**	**2,182,224**	**466,713**	**3,483,066**
Total retail lending					
Carrying amount (before allowance for impairment losses)	6,321,248	4,488,483	11,198,554	5,885,092	27,893,377
Expected credit losses	(19,736)	(362,969)	(4,513,681)	(2,293,715)	(7,190,101)
Net carrying amount	**6,301,512**	**4,125,514**	**6,684,873**	**3,591,377**	**20,703,276**
Corporate lending and Public sector					
Carrying amount (before allowance for impairment losses)	9,610,390	2,748,243	6,635,376	1,586,235	20,580,244
Expected credit losses	(201,593)	(175,935)	(3,282,083)	(992,988)	(4,652,599)
Net carrying amount	**9,408,797**	**2,572,308**	**3,353,293**	**593,247**	**15,927,645**
Total loans					
Carrying amount (before allowance for impairment losses)	15,931,638	7,236,726	17,833,930	7,471,327	48,473,621
Expected credit losses	(221,329)	(538,904)	(7,795,764)	(3,286,703)	(11,842,700)
Net carrying amount	**15,710,309**	**6,697,822**	**10,038,166**	**4,184,624**	**36,630,921**

"Purchased or originated credit impaired loans" include loans amounting to €865,004 which, as at 1.1.2018, are not impaired/non performing.

The following table presents investment securities measured at fair value through other comprehensive income per IFRS 9 stage, as at 1.1.2018, after taking into account the estimated impact of IFRS 9.

Investment securities at fair value through other comprehensive income

	Stage 1	Stage 2	Total
Balance at 1.1.2018 in accordance with IFRS 9	**4,636,454**	**28,832**	**4,665,286**
Expected Credit Losses	(85,169)	(3,099)	(88,268)

However, the Bank is continuing to assess, review and refine the new accounting processes, internal controls and governance framework necessitated by the adoption of IFRS 9. The new accounting policies, assumptions, judgments and estimations remain subject to change until the Bank finalizes its audited financial statements as at 31.12.2018. Therefore, the impact disclosed in these financial statements may be amended during 2018.

Supervisory impact of the implementation of IFRS 9

On October 25, 2017 a political agreement was reached between the European Parliament, the European Council and the European Commission on the proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 575/2013 regarding the transition period to mitigate the impact of the introduction of IFRS 9 on regulatory capital. The regulation (2395/2017) was adopted by the European Parliament and the Council and was published in the Official Gazette of the European Union on 12 December 2017.

In accordance with the transitional provisions, it is allowed that banks may, from the first date of application of IFRS 9 and for a period of five years, add to the CET1 ratio the post-tax amount of the difference in provisions that will result from the transition to the new IFRS 9 in relation to the provisions that would have been recognized at 31.12.2017 in accordance with IAS 39 ("Static" amount). The amount of the difference in provisions added to CET1 ratio will decrease annually on a weighting basis so that the amount of provisions added to the CET1 ratio gradually decreases, until the full impact of IFRS 9 is absorbed by the end of the five-year period (phase-in). The weighting factors were set per year at 0.95 in the first year, 0.85 in 2nd, 0.7 in 3rd, 0.5 in 4th and 0.25 in the last year.

In addition, for a period of five years from the first application of IFRS 9, banks may add/restore to the CET1 ratio the amount, weighted annually with the aforementioned weighting factors, of the post-tax provisions of the impairment categories 1 and 2 at the date of the annual financial statements, to the extent that it exceeds the amount of the corresponding provisions at the date of initial application of IFRS 9 (1.1.2018). Impairment categories 1 and 2 are respectively defined as the expected impairment losses based on the 12 month expected credit losses and the lifetime expected credit losses, excluding credit-impaired financial instruments of impairment category 3.

Alpha Bank makes use of Article 473a of the above Regulation and applies the transitional provisions for the calculation of Capital Adequacy on both a standalone and consolidated basis. The Bank is adequately capitalized to meet the needs arising from the application of the new standard as the Group Common Equity Tier 1 (CET 1) ratio stood at 18,5% as at 30.6.2018, based on the transitional provisions, while the impact from the full implementation is estimated at approximately 3.0% and the ratio will stand at 15.5% as at 30.6.2018, for the Group.

26. Credit Risk Disclosures of Financial Instruments

This disclosure presents information regarding credit risk for the categories of financial instruments for which expected credit losses are recognized, in accordance with IFRS 9.

More specifically, the classification of financial instruments as at 30.6.2018 and a reconciliation of impairment losses per stage for the first semester of 2018, is presented.

a. Due from Banks

	30.6.2018				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased or originated credit impaired assets (POCI)**	**Total**
Balance 30.6.2018					
Due from Banks					
Carrying amount before impairment	2,115,178		69,961		2,185,139
Expected credit losses	(10,049)		(69,961)		(80,010)
Carrying amount	**2,105,129**	**-**	**-**	**-**	**2,105,129**

Accumulated allowance for impairment losses

	Stage 1	**Stage 2**	**Stage 3**	**Purchased or originated credit impaired assets (POCI)**	**Total**
Changes for the period 1.1. - 30.6.2018					
Opening balance 1.1.2018	**14,674**		**69,961**		**84,635**
Net remeasurement of loss allowance	(5,213)				(5,213)
Impairment losses on new assets	588				588
Closing balance 30.6.2018	**10,049**	**-**	**69,961**	**-**	**80,010**

b. Loans to customers measured at amortised cost

For credit risk disclosure purposes, the accumulated provision for impairment losses includes the fair value adjustment for the contractual balance of loans which were impaired at their acquisition (POCI) since the Bank, from credit risk perspective, monitors the respective adjustment as part of the provisions. These loans were recognized either in the context of acquisition of specific loans or companies (i.e. Emporiki Bank and Citibank’s retail operations in Greece), or as a result of significant modification of the terms of the previous loan that led to derecognition. Relevant adjustment has also been performed at the loans carrying amount before impairment.

The following table presents loans measured at amortized cost per IFRS 9 stage, as at 30.6.2018:

	30.6.2018				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased or originated credit impaired loans (POCI)**	**Total**
Mortgage					
Carrying amount (before allowance for impairment losses)	4,321,617	3,066,352	5,213,591	3,071,248	15,672,808
Expected credit losses	(6,345)	(115,459)	(1,556,857)	(801,093)	(2,479,754)
Net carrying amount	**4,315,272**	**2,950,893**	**3,656,734**	**2,270,155**	**13,193,054**
Consumer					
Carrying amount (before allowance for impairment losses)	550,178	472,060	1,962,812	1,394,333	4,379,383
Expected credit losses	(5,046)	(75,565)	(1,092,539)	(608,895)	(1,782,045)
Net carrying amount	**545,132**	**396,495**	**870,273**	**785,438**	**2,597,338**
Credit cards					
Carrying amount (before allowance for impairment losses)	752,668	233,175	322,600	116,033	1,424,476
Expected credit losses	(9,491)	(66,072)	(247,504)	(97,677)	(420,744)
Net carrying amount	**743,177**	**167,103**	**75,096**	**18,356**	**1,003,732**
Small business loans					
Carrying amount (before allowance for impairment losses)	312,280	677,847	3,492,391	1,218,612	5,701,130
Expected credit losses	(2,525)	(101,881)	(1,436,518)	(697,866)	(2,238,790)
Net carrying amount	**309,755**	**575,966**	**2,055,873**	**520,746**	**3,462,340**
Total retail lending					
Carrying amount (before allowance for impairment losses)	5,936,743	4,449,434	10,991,394	5,800,226	27,177,797
Expected credit losses	(23,407)	(358,977)	(4,333,418)	(2,205,531)	(6,921,333)
Net carrying amount	**5,913,336**	**4,090,457**	**6,657,976**	**3,594,695**	**20,256,464**
Corporate lending and Public sector					
Carrying amount (before allowance for impairment losses)	9,732,813	2,556,876	6,459,108	1,552,088	20,300,885
Expected credit losses	(214,055)	(157,456)	(3,337,867)	(924,814)	(4,634,192)
Net carrying amount	**9,518,758**	**2,399,420**	**3,121,241**	**627,274**	**15,666,693**
Total loans					
Carrying amount (before allowance for impairment losses)	15,669,556	7,006,310	17,450,502	7,352,314	47,478,682
Expected credit losses	(237,462)	(516,433)	(7,671,285)	(3,130,345)	(11,555,525)
Net carrying amount	**15,432,094**	**6,489,877**	**9,779,217**	**4,221,969**	**35,923,157**

"Purchased or originated credit impaired loans" include loans amounting to €818,274 which as at 30.6.2018 are not impaired/non performing.

The following table presents the reconciliation of allowance for impairment losses of loans measured at amortized cost:

	Retail lending					Corporate lending and public sector					Total				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired loans (POCI)	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired loans (POCI)	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired loans (POCI)	Total
Changes for the period 1.1 - 30.6.2018															
Balance 1.1.2018	**19,736**	**362,969**	**4,513,681**	**2,293,715**	**7,190,101**	**201,593**	**175,935**	**3,282,083**	**992,988**	**4,652,599**	**221,329**	**538,904**	**7,795,764**	**3,286,703**	**11,842,700**
Transfer to Stage 1 (from 2 or 3)	44,119	(39,692)	(4,427)			40,649	(39,847)	(802)			84,768	(79,539)	(5,229)		
Transfer to Stage 2 (from 1 or 3)	(4,922)	125,982	(121,060)			(11,163)	18,069	(6,906)			(16,085)	144,051	(127,966)		
Transfer to Stage 3 (from 1 or 2)	(167)	(82,488)	82,655			(4,313)	(11,556)	15,869			(4,480)	(94,044)	98,524		
Net remeasurement of loss allowance (a)	(37,448)	4,827	16,253	(8,670)	(25,038)	(37,246)	21,438	26,121	(1,333)	8,980	(74,694)	26,265	42,374	(10,003)	(16,058)
Impairment losses on new loans (b)	882			307	1,189	13,303				13,303	14,185			307	14,492
Changes in risk parameters (c)	1,960	(7,127)	232,682	148,221	375,736	11,411	(4,079)	153,597	(2,320)	158,609	13,371	(11,206)	386,279	145,901	534,345
Impairment losses on loans (a)+(b)+(c)	**(34,606)**	**(2,300)**	**248,935**	**139,858**	**351,887**	**(12,532)**	**17,359**	**179,718**	**(3,653)**	**180,892**	**(47,138)**	**15,059**	**428,653**	**136,205**	**532,779**
Derecognition of loans	(2)	(87)	(422)	(52)	(563)	(61)	(3,089)	(249)		(3,399)	(63)	(3,176)	(671)	(52)	(3,962)
Write-offs	(734)	(5,298)	(281,774)	(190,684)	(478,490)			(149,803)	(80,836)	(230,639)	(734)	(5,298)	(431,577)	(271,520)	(709,129)
Foreign exchange and other movements	(17)	(109)	507	(1,069)	(688)	(118)	585	2,063	1,973	4,503	(135)	476	2,570	904	3,815
Change in the present value of the allowance account			(104,677)	(36,237)	(140,914)			15,894	14,342	30,236			(88,783)	(21,895)	(110,678)
Balance 30.6.2018	**23,407**	**358,977**	**4,333,418**	**2,205,531**	**6,921,333**	**214,055**	**157,456**	**3,337,867**	**924,814**	**4,634,192**	**237,462**	**516,433**	**7,671,285**	**3,130,345**	**11,555,525**

The Bank has recognized expected credit losses for the undrawn credit limits and letters of credit and letters of guarantee, the reconciliation of which is presented in the following table:

	Provisions for off-balance sheet items				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased or originated credit impaired assets (POCI)**	**Total**
Changes for the period 1.1 - 30.6.2018					
Balance 1.1.2018	**17,993**	**4,583**	**102,846**	**1**	**125,423**
Transfer to Stage 1 (from 2 or 3)	2,176	(1,024)	(1,152)		
Transfer to Stage 2 (from 1 or 3)	(395)	621	(226)		
Transfer to Stage 3 (from 1 or 2)	(64)	(220)	284		
Net remeasurement of expected credit loss (a)	(1,667)	1,438	1,926	2	1,699
Impairment losses on new off-balance sheet items (b)	115				115
Changes in risk parameters (c)	(1,758)	(1,004)	(25,746)	1	(28,507)
Impairment losses on off-balance sheet items (a)+(b)+(c)	**(3,310)**	**434**	**(23,820)**	**3**	**(26,693)**
Foreign exchange and other movements			58		58
Balance 30.6.2018	**16,400**	**4,394**	**77,990**	**4**	**98,788**

The total amount of provisions for credit risk that the Bank has recognized and derive from contracts with customers amounted to €11,686,319 as at 30.6.2018 (1.1.2018: €11,990,008), taking into consideration the accumulated impairment for loans to customers measured at amortized cost of amount €11,555,525 (1.1.2018: €11,842,700), the provisions for off balance sheet items of amount €98,788 (1.1.2018: €125,423) and the accumulated impairment for receivables from customers measured at amortized cost of amount €32,006 (1.1.2018: €21,885).

It is noted that in the above stated amounts and also in previously presented credit risk tables, are not included the balances and the accumulated impairment of loans that have been classified as held for sale as at 31.12.2017.

c. Investment securities measured at fair value through other comprehensive income

The following table presents the classification of investment securities per stage as at 30.6.2018 and the reconciliation of accumulated impairment per stage for the first semester of 2018.

	30.6.2018				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased or originated credit impaired securities (POCI)**	**Total**
Greek Government bonds					
Expected credit losses	(34,383)				(34,383)
Fair value	3,025,182				3,025,182
Other Government bonds					
Expected credit losses	(58)				(58)
Fair value	321,881				321,881
Other securities					
Expected credit losses	(10,977)	(927)			(11,904)
Fair value	946,781	12,142			958,923
Total **investment securities** measured at fair value through other comprehensive income					
Expected credit losses	(45,418)	(927)	-	-	(46,345)
Fair value	4,293,844	12,142	-	-	4,305,986

Except of the above, investment securities measured at fair value through other comprehensive income include shares of fair value amounting to €48,516.

	Allowance for impairment losses on securities				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired securities (POCI)	Total
Changes for the period 1.1. - 30.6.2018					
Opening balance 1.1.2018	**85,169**	**3,099**			**88,268**
Net remeasurement of loss allowance (a)	(38,798)	(1,245)			(40,043)
Impairment losses on new securities (b)	19,440				19,440
Impairment losses on securities (a)+(b)	**(19,358)**	**(1,245)**	**-**	**-**	**(20,603)**
Derecognition of financial assets	(20,392)	(927)			(21,319)
Foreign exchange and other movements	(1)				(1)
Closing balance 30.6.2018	**45,418**	**927**	**-**	**-**	**46,345**

It is noted that an additional impairment charge of €52, in Stage 1, has been recognized in income statement regarding new securities measured at fair value through other comprehensive income which are settled after 30.6.2018.

27. Capital adequacy

The Bank's policy is to maintain a robust capital base to safeguard the Bank's development and retain the trust of depositors, shareholders, markets and business partners.

Share capital increases are performed after Shareholders' General Meeting or Board of Directors' decisions in accordance with articles of incorporation or relevant laws.

For the period that the Hellenic Financial Stability Fund (HFSF) participates in the Share Capital of the Bank, the purchase of own shares is not allowed without its approval, according to the Relationship Framework Agreement (RFA) which has been signed between the Bank and the HFSF.

The capital adequacy ratio compares the Bank's regulatory capital with the risks that it undertakes (risk weighted assets). Regulatory capital includes Tier I capital (share capital, reserves, non-controlling interests), additional Tier I capital (hybrid securities) and Tier II capital (subordinated debt). Risk-weighted assets include the credit risk of the investment portfolio, the market risk of the trading book and operational risk.

Alpha Bank, as a systemic bank, falls within the Single Supervisory Mechanism (SSM) since November 2014 of European Central Bank (ECB), to which reports are submitted every quarter. The supervision operates along with the European Regulation 575/2013 (CRR) and the relevant European Directive 2013/36 (CRD IV), which was incorporated into the Greek Law 4261/2014. The framework is well known as Basel III. Bank of Greece through the acts issued by the Executive Committee settled the capital buffers (Common Equity Tier I, Tier I and capital adequacy) of the Bank.

According to the above regulatory framework, for the calculation of capital adequacy ratio the effective transitional arrangements are followed. Moreover:

- besides the 8% capital adequacy limit, there are limits of 4.5% for Common Equity ratio and 6% for Tier I ratio, and
- is required the maintenance of capital buffers additional to the Common Equity Capital, from 1.1.2016 and gradually until 31.12.2019. In particular:
  - from 1.1.2018 a capital buffer of 1.875% exists which will gradually rise to 2.5% on 31.12.2019
  - The Bank of Greece through the acts issued by the Executive Committee settled the following capital buffers:
    - Countercyclical capital buffer rate for the first nine months of 2018, "zero percent".

- Other systemically important institutions (O-SII) buffer for 2018 "zero percent (0%).

These limits should be met both on a standalone and on a consolidated basis.

	30.6.2018 (estimation)	31.12.2017
Common Equity Tier I	19.1%	18.7%
Tier I	19.1%	18.7%
Capital Adequacy Ratio	**19.2%**	**18.7%**

On 8 December 2017, the ECB by a relative decision informed Alpha Bank that for 2018 the minimum limit for the Overall Capital Requirement (OCR) is 12.875% increased by 0.625%, due to the gradual increase of capital conservation buffers. The OCR is composed of the minimum own fund requirements (8%), according to article 92(1) of the CRR and additional own fund requirements (P2R), according to article 16(2)(a) of the Regulation 1024/2013/EU, and also the combined buffer requirements (CBR), according to article 128(6) of the Directive 2013/36/EU. The above minimum ratio should be maintained on a phase-in basis under applicable transitional rules under CRR/CRD IV, at all times.

Alpha Bank successfully concluded the 2018 Stress Test which was conducted on the first semester of 2018 based on a static balance sheet approach under a baseline and an adverse macro scenario with a 3 year forecasting horizon (2018-2020). The starting point was December 31st, 2017, restated to account for IFRS 9 impact. Impact was assessed in terms of CET1 ratio. No hurdle rate or capital thresholds were applied for this exercise.

Under the baseline scenario, 2020 CET1 ratio reached 20.4%, following an aggregate impact of +212 bps mainly driven by a strong pre provision income generation.

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

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

Stress Test Results

	31.12.2017	31.12.2020	
		Base scenario	Downside scenario
CET1 (in Euro millions)	8.987	10.380	4.745
RWAs (in Euro millions)	49.240	50.949	48.982
CET1 (%)	**18,30%**	**20,40%**	**9,70%**

28. Related-party transactions

The Bank enters into a number of transactions with related parties in the normal course of business. These transactions are performed at arms' length and are approved by the competend Bank's governing bodies and committees.

a. The outstanding balances of the Bank's transactions with key management personnel consisting of members of the Bank's Board of Directors and Executive Committee, their close family members and the entities controlled by them, as well as, the results related to these transactions are as follows:

	30.6.2018	31.12.2017*
Assets		
Loans and advances to customers	1,197	1,510
Liabilities		
Due to customers	4,587	5,129
Employee defined benefit obligations	249	244
Total	**4,836**	**5,373**
Letters of guarantee and approved limits	**2,159**	**2,075**

	FROM 1 JANUARY TO	
	30.6.2018	30.6.2017
Income		
Interest and similar income	23	24
Fee and commission income		1
Total	**23**	**25**
Expenses		
Interest expense and similar charges	10	10
Fees paid to key management and close family members	1,694	1,858
Total	**1,704**	**1,868**

b. The outstanding balances with the Bank's subsidiaries, joint ventures and associates as well as the results related to these transactions are as follows:

i. Subsidiaries

	30.6.2018	31.12.2017
Assets		
Due from banks	843,681	962,305
Derivative financial assets	6,484	5,609
Loans and advances to customers	1,865,315	2,258,075
Investment securities measured at fair value through other comprehensive income	168,896	
Investment securities measured at fair value through profit or loss	213,759	
Available for sale investment securities		379,434
Other assets	2,884	16,160
Total	**3,101,018**	**3,621,583**
Liabilities		
Due to banks	266,765	706,045
Due to customers	814,983	902,807
Derivative financial liabilities	2,097	7,752
Debt securities in issue and other borrowed funds	449,513	550,229
Other liabilities	5,688	8,770
Total	**1,539,046**	**2,175,603**
Letters of guarantee and other guarantees	**499,871**	**374,074**

In addition to the financing of the Bank's subsidiaries companies, which have issued bond loans, from the Bank, guarantees have been given for the issuance of these bond loans amounted to €15,542 on 30.6.2018 (31.12.2017: €15,542).

For the above outstanding balance of letters of guarantee the Bank has recorded as at 30.6.2018 accumulated provisions amounting to €14,465.

* Certain amounts from the comparative period have been restated in order to be comparable.

	FROM 1 JANUARY TO	
	30.6.2018	30.6.2017
Income		
Interest and similar income	25,372	31,516
Fee and commission income	8,411	7,645
Dividend income	10,285	35,161
Gains less losses on financial transactions		10,315
Gains less losses on derecognition of financial assets measured at amortized cost	2,579	
Other income	2,526	2,167
Total	**49,173**	**86,804**
Expenses		
Interest expense and similar charges	15,839	12,595
Commission expense	116	1,436
Gains less losses on financial transactions	2,973	
General administrative expenses	7,783	9,012
Impairment losses and provisions to cover credit risk	2,772	
Total	**29,483**	**23,043**

ii. Joint ventures

	30.6.2018	31.12.2017
Assets		
Loans and advances to customers	7,313	94,195
Liabilities		
Due to customers	23,154	7,383

	FROM 1 JANUARY TO	
	30.6.2018	30.6.2017
Income		
Interest and similar income	2,235	1,256
Fee and commission income	3	5
Gains less losses on financial transactions	829	
Other income	14	1
Total	**3,081**	**1,262**
Expenses		
Interest expense and similar charges	**2**	**36**

iii. Associates

	30.6.2018	31.12.2017
Assets		
Loans and advances to customers	52,473	55,515
Other assets	2,236	1,427
Total	**54,709**	**56,942**
Liabilities		
Due to customers	19,655	19,240
Other liabilities	1,305	1,270
Total	**20,960**	**20,510**

	FROM 1 JANUARY TO	
	30.6.2018	30.6.2017
Income		
Interest and similar income	415	420
Fee and commission income	54	2
Gains less losses on financial transactions	456	
Other income	32	12
Total	**957**	**434**
Expenses		
Interest expense and similar charges	7	
General administrative expenses	6,109	375
Total	**6,116**	**375**

For the impairment of investments in subsidiaries, joint ventures and associates, reference is made to the relevant notes.

c. The Employee's Supplementary Fund maintains deposits with the Bank amounting to €7 (31.12.2017: €7).

d. The Hellenic Financial Stability Fund (HFSF) exerts significant influence on the Bank. In particular, according to Law 3864/2010 and the Relationship Framework Agreement (RFA) signed on 23.11.2015, which replaced the previous signed in 2013, HFSF has participation in the Board of Directors and in other significant Committees of the Bank. Therefore, according to IAS 24, HFSF and its related entities are considered related parties for the Bank.

The outstanding balances and the results related to these transactions are analyzed as follows:

	FROM 1 JANUARY TO	
	30.6.2018	30.6.2017
Income		
Fee and commission income	6	5

29. Assets held for sale

	30.6.2018	31.12.2017
APE Fixed Assets A.E., APE Commercial Property A.E., APE Investment Property A.E.	79,701	87,001
Alpha Investment Property Attikis II A.E.		21,782
Loan portfolio	342	108,502
Total	**80,043**	**217,285**

The Bank, under the approved from the European Commission Restructuring Plan (Note 44 of the annual financial statements as at 31.12.2017), has commenced the process for the sale of APE Fixed Assets S.A., APE Investment Property S.A. as well as the sale of retail and wholesale loan portfolios, the balances of which are presented in the table above and detailed described below.

In addition, during the first semester of 2018 part of the sale of retail and wholesale loan portfolios was completed, whereas during 2017 the sale of Bank's subsidiary Alpha Bank Srbija A.D and the sale of EL.P.ET Valkaniki A.E, investment of APE Commercial Property A.E, were completed. The aforementioned sales are described below.

Investment in companies APE Fixed Assets A.E., APE Commercial Property A.E., APE Investment Property A.E.

During the financial year 2016 consultants were engaged and the liquidation process of the Bank's participations in APE Fixed Assets A.E., APE Commercial Property A.E. and APE Investment Property A.E. began. APE Fixed Assets A.E. is a Bank's subsidiary, while APE Commercial Property A.E. and APE Investment Property A.E. are joint ventures, where the control is exercised jointly by the Bank and the other shareholder.

The companies are classified as held for sale according to IFRS 5. As regards to the subsidiaries APE Fixed Assets A.E. and APE Investment Property, the Bank is at an advanced stage in the selling process for the above mentioned investments with investors, and estimates that the transaction process will be possible to complete in the near future. As far as APE Commercial Property is concerned, it should be noted that the process of the disposal of its participation in EL.PET. Balkaniki A.E. during the fourth quarter of 2017.

In addition, during the first semester of 2018, the Bank participated to the share capital increase of APE Investment Property A.E. with an amount of €71,704, whereas the company repaid the loan which has been granted by the Bank.

According to IFRS 5 the assets held for sale or disposal groups are valued at the lower of carrying amount and fair value less cost to sell and they are presented in the balance sheet separately from other assets and liabilities. As regards to the aforementioned companies, the Bank measured the fair value of its participation and of the loans and receivables of these companies which constitute part of its net investment. From the aforementioned valuation during 2017 gains amounting to €330 arose and were recorded in the caption "Gains less losses on financial transactions" in the Income Statement, whereas for the first semester of 2018 a loss amounting to €9,099 arose, which were recorded in the caption "Gains less losses on financial transactions" in the Income Statement.

In the table below an analysis of the specific assets regarding APE Fixed Assets AE, APE Commercial Property AE and APE Investment Property AE which are presented in the Balance Sheet as assets held for sale, is depicted.

	30.6.2018	31.12.2017
Loans and advances to customers		49,600
Investments in subsidiaries, associates and joint ventures	79,701	37,401
	79,701	**87,001**

Investment in subsidiary Alpha Investment Property Attikis II A.E.

During 2017, the Bank and its subsidiary Alpha Group Investments Ltd signed with an interested investor memorandum of understanding, for the disposal of Alpha Investment Property Attikis II A.E. and proceeded to negotiate the details of the terms of sale. The main terms of transferring of 100% of the share capital of Alpha Investment Property Attikis II A.E. were agreed with the investor in the fourth quarter of year 2017 and it was estimated that the disposal will be completed within the next financial year.

Based on the above, Alpha Investment Property Attikis II A.E. is classified as Held for sale as at 31.12.2017. The investment was valued at the lowest amount between the carrying amount and the fair value less cost to sell, recognizing the difference which amounted of €17,118 as a loss in the caption “Gains/losses of financial transactions” in 2017 annual income statement. The carrying amount of the investment, following the aforementioned valuation, amounted to €21,782.

During 2018, the abovementioned transaction was cancelled and Bank’s investment in the company was reclassified to the balance sheet caption “Investments in subsidiaries, associates and joint ventures”. The recoverable amount of the company at its reclassification, remained the same as that used for its valuation as at 31.12.2017.

Loans portfolio

During 2017, the Bank commenced the process of the sale of Non-performing retail loans, which included receivables from consumer loans, credit cards and small-business loans, along with non-performing wholesale loans. The above mentioned loans on 31.12.2017, met the criteria to be classified as Held for sale according to IFRS 5.

On 23.3.2018, the transfer of part of Non Performing Retail Loans portfolio was completed. The transaction price after taking into consideration the transaction costs and other liabilities, amounted to €70,291, while a gain of amount €12,987 was recognized in the caption “Gains less losses on derecognition of financial assets measured at amortized cost”.

On 14.5.2018 the transfer of Non Performing Wholesale Loans portfolio was completed. The transaction price after taking into consideration the transaction costs and other liabilities, amounted to €30,844, while a loss of amount €1,505 was recognized in the caption "Gains less losses on derecognition of financial assets measured at amortized cost".

As at 30.6.2018 , the carrying amount of the remaining Non Performing Retail Loans portfolio amounted to €342.

Investment in subsidiary Alpha Bank Srbija A.D.

The Bank in the A' semester of 2017 completed the transfer of its subsidiary Alpha Bank Srbija A.D. The results of the comparative period were not affected by the sale as the final consideration did not differ from the fair value as at 31.12.2016 which had been used for the valuation of the investment as the conditions for qualifying as "Held for sale" in accordance with IFRS 5 were met. In addition, the Bank's participations to the companies "Selonda A.E.G.E.","Nireus A.E.G.E.", "Forthnet A.E." and "Unisoft A.E." have been classified to Assets held for sale, since it intends to transfer these companies in the near future. The fair value of each of those companies was determined in the amount of one Euro.

The Bank, at each reporting date, assesses the actions taken within the context of the implementation of the Restructuring Plan in cases where criteria under IFRS 5 are met (note 1.16 of financial statements on 31.12.2017) in order assets and liabilities that are directly associated to be classified as assets held for sale.

30. Corporate events

a. On 29.03.2018, the capital repayment of amount €56 of joint venture Alpha TANEO A.K.E.S was completed.

b. On 31.05.2018, the Bank participated proportionally in the share capital increase of the joint venture APE Investment Property A.E. by an amount of €71,704.

31. Restatement of financial statements

The Bank during the fourth quarter of 2017 modified the presentation of bond's income in the cash flow statement and reclassified €102,768 from net cash flows from operating activities to net cash flows from investing activities.

	Published amounts	Restatement	Restated amounts
	30.6.2017		30.6.2017
Net cash flows from operating activities	(622,800)	(102,768)	(725,568)
Net cash flows from investing activities	608,522	102,768	711,290
Net cash flows from financing activities	(135,509)		(135,509)
Net increase/(decrease) in cash flows	(149,530)		(149,530)
Cash and cash equivalents at the beginning of the period	648,091		648,091
Cash and cash equivalents at the end of the period	498,561		498,561

32. Events after the balance sheet date

a. On 18.7.2018, the Bank participated in the share capital increase of its subsidiary, Alpha Bank Cyprus Ltd, with the amount of €44,585.

b. On 20.7.2018, the Bank participated proportionally in the share capital increase of the joint venture APE Commercial Property A.E. amounted to €39,010 through the share premium reserve capitalization.

Athens, 30 August 2018

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR	THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER	THE ACCOUNTING AND TAX MANAGER
VASILEIOS T. RAPANOS ID No AI 666242	DEMETRIOS P. MANTZOUNIS ID No I 166670	VASSILIOS E. PSALTIS ID No AI 666591	MARIANNA D. ANTONIOU ID No X 694507

Appendix

According to European Securities and Markets Authority (ESMA) guidelines in relation to Alternative Performance Measures (APMs) which published in October 2015 and came into force on 3 July 2016 on the following tables are disclosed the definitions and the calculations of the related (APMs) which are included in the Board of Directors' Annual Management Report as at 30.6.2018 and in the note Disclosures of Law 4261/5.5.2014, of the Semi - Annual Financial Report.

(Amounts in millions of Euro)

	Definition	Calculation			30.6.2018	31.12.2017
Loans and Receivables to Deposit Ratio	The indicator reflects the relationship loans and advances to customers before impairment to due to customers	Numerator	+	Loans and advances to customers	53,716	54,356
		Denominator	+	Due to customers	37,059	34,890
		Ratio	=		**144.9%**	**155.8%**

(Amounts in millions of Euro)

	Definition	Calculation			30.6.2018	30.6.2017
Cost/Income Ratio	The indicator reflects the relationship between recurring expenses and income of the period	Numerator	+	Total Expenses of the period	551	560
			-	Non recurring expenses	11	25
		Denominator	+	Total Income of the period	1,354	1,200
			+	Share of profit/(loss) of associates and joint ventures	(1)	(2)
			-	Gains less losses on financial transactions	263	41
		Ratio	=		**49.5%**	**46.2%**

(Amounts in millions of Euro)

	Definition	Calculation			30.6.2018	30.6.2017
Cost of Risk Ratio	The indicator reflects the relationship between impairment losses and provisions to cover credit risk, and average balances of loans and advances to customers before impairment losses and fair value adjustments	Numerator	+	Impairment losses and provisions to cover credit risk	650	463
			×	2	1,300	926
		Denominator	+	Average balances of loans and advances to customers before impairment losses and fair value adjustments	55,910	59,89
		Ratio	=		**2.33%**	**1.55%**

(Amounts in millions of Euro)

	Definition	Calculation			31.12.2017	31.12.2016
Return on Assets Ratio	The indicator reflects the relationship profit/(losses) after income tax to average total assets (arithmetic average opening and closing balance)	Numerator	+	Profit/(losses) after income tax	21	42
		Denominator	+	Average total assets	62,843	67,085
		Ratio	=		**0.03%**	**0.1%**

Non recurring expenses include extraordinary events which do not occur with a certain frequency, and events that are directly affected by the current market conditions and present significant variation between the reporting periods.

The non recurring expenses of 30.6.2018 are mainly related to the impairment losses of assets amounting to €7 million and other provisions of the period amounting to €3 million. These amounts are included in the caption "Other expenses" of consolidated income statement. The non recurring expenses of 30.6.2017 are mainly related to the provision against the

annual commission to the Greek State for the amount of the guaranteed deferred tax asset that results from the difference between the tax rate currently in force (29%) and the tax rate that was in force until 31.12.2014 (26%) amounting to €8,6 million, impairment of intangible fixed assets amounting to €2.8 million and other provisions of the period amounting to €9 million.