ALPHA BANK

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31.3.2018

(In accordance with International Accounting Standard 34)

Athens, 31 May 2018

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Interim Consolidated Income Statement

(Amounts in thousand of Euro)

	Note	FROM 1 JANUARY TO 31.3.2018	31.3.2017
Interest and similar income		587,327	632,111
Interest expense and similar charges		(143,512)	(149,611)
Net interest income	2	443,815	**482,500**
Fee and commission income	3	93,382	87,557
Commission expense		(9,010)	(11,827)
Net fee and commission income		84,372	**75,730**
Dividend income		42	31
Gain less losses on derecognition of financial assets measured at amortised cost		12,626	
Gains less losses on financial transactions	4	173,467	33,489
Other income		8,322	10,125
		194,457	**43,645**
Total income		**722,644**	**601,875**
Staff costs		(116,420)	(117,151)
General administrative expenses	5	(126,267)	(131,346)
Depreciation and amortization		(25,057)	(25,393)
Other expenses		(2,564)	(5,336)
Total expenses before impairment losses and provisions to cover credit risk		**(270,308)**	**(279,226)**
Impairment losses and provisions to cover credit risk	6, 7	(342,719)	(246,759)
Share of profit/(loss) of associates and joint ventures		(284)	(597)
Profit/(loss) before income tax		**109,333**	**75,293**
Income tax	8	(44,137)	(28,049)
Profit/(loss) after income tax, from continuing operations		**65,196**	**47,244**
Profit /(loss) after income tax, from discontinued operations			910
Profit/(loss) after income tax		**65,196**	**48,154**
Profit/(loss) attributable to:			
Equity owners of the Bank			
- from continuing operations		65,248	47,222
- from discontinued operations	30		910
		65,248	**48,132**
Non-controlling interests			
- from continuing operations		(52)	22
Earnings/(losses) per share:			
Basic and diluted (€per share)	9	0.0423	0.0313
Basic and diluted from continuing operations (€per share)	9	0.0423	0.0370
Basic and diluted from discontinued operations (€per share)	9	-	0.0006

The attached notes (pages 9 - 89) form an integral part of these interim consolidated financial statements

Interim Consolidated Balance Sheet

(Amounts in thousand of Euro)

	Note	31.3.2018	31.12.2017
ASSETS			
Cash and balances with central banks		1,729,854	1,593,850
Due from banks	10	1,745,874	1,715,649
Trading securities	12	6,111	8,685
Derivative financial assets		674,382	622,536
Loans and advances to customers	11	41,524,478	43,318,193
Investment securities	12		
- Measured at fair value through other comprehensive income		5,469,151	
- Measured at fair value through profit and loss		42,038	
- Available for sale			5,873,768
- Held to maturity			10,870
Investments in associates and joint ventures		18,499	18,886
Investment property	13	595,556	577,112
Property, plant and equipment	14	727,852	735,250
Goodwill and other intangible assets	15	399,811	389,809
Deferred tax assets		4,750,600	4,330,602
Other assets		1,455,995	1,328,838
		59,140,201	60,524,048
Assets held for sale	30	186,763	288,977
Total Assets		**59,326,964**	**60,813,025**
LIABILITIES			
Due to banks	16	11,314,147	13,141,531
Derivative financial liabilities		1,081,593	1,029,421
Due to customers (including debt securities in issue)		35,899,258	34,890,436
Debt securities in issue held by institutional investors and other borrowed funds	17	1,138,399	655,567
Liabilities for current income tax and other taxes		28,099	42,761
Deferred tax liabilities		22,538	24,997
Employee defined benefit obligations		93,035	92,038
Other liabilities		830,720	867,921
Provisions	18	541,966	441,240
		50,949,755	51,185,912
Liabilities related to assets held for sale	30	319	422
Total Liabilities		**50,950,074**	**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		677,024	809,073
Amounts recognized directly in equity related to assets held for sale			(122)
Retained earnings	19	(3,607,881)	(2,490,040)
		8,333,282	**9,583,050**
Non-controlling interests		**28,501**	**28,534**
Hybrid securities	20	**15,107**	**15,107**
Total Equity		**8,376,890**	**9,626,691**
Total Liabilities and Equity		**59,326,964**	**60,813,025**

The attached notes (pages 9 - 89) form an integral part of these interim consolidated financial statements

Interim Consolidated Statement of Comprehensive Income

(Amounts in thousand of Euro)

		FROM 1 JANUARY TO	
	Note	31.3.2018	31.3.2017
Profit/(loss), after income tax, recognized in the Income Statement		**65,196**	**48,154**
Other comprehensive income:			
Amounts that may be reclassified to the Income Statement			
Net change in available for sale securities reserve			28,212
Net change in bond reserve measured at fair value through other comprehensive income		(252,308)	
Net change in cash flow hedge reserve		3,672	25,415
Exchange differences on translating and hedging the net investment in foreign operations		8,831	(594)
Income tax	8	70,423	(16,122)
Amounts that may be reclassified in the Income Statement from continuing operations		**(169,382)**	**36,911**
Amounts that may be reclassified in the Income Statement from discontinued operations	30	-	**(910)**
Amounts that will not be reclassified in the Income Statement from continuing operations			
Net change in actuarial gains/(losses) of defined benefit obligations		123	(25)
Gains/losses from shares measured at fair value through other comprehensive income		(4,054)	
Income tax	8	402	8
		(3,529)	**(17)**
Total of other comprehensive income after income tax		**(172,911)**	**35,984**
Total comprehensive income for the period after income tax		**(107,715)**	**84,138**
Total comprehensive income for the period attributable to:			
Equity owners of the Bank			
- from continuing operations		(107,664)	84,170
- from discontinued operations		-	-
		(107,664)	**84,170**
Non controlling interests			
- from continuing operations		(51)	(32)

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Interim Consolidated Statement of Changes in Equity

(Amounts in thousand 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 - 31.3.2017									
Profit for the year, after income tax					48,132	48,132	22		48,154
Other comprehensive income after income tax				36,055	(17)	36,038	(54)		35,984
Total comprehensive income for the period, after income tax		**-**	**-**	**36,055**	**48,115**	**84,170**	**(32)**	**-**	**84,138**
Share capital increase expenses, after income tax					(122)	(122)			(122)
Conversion of convertible bond loan into shares		2,046	10,159			12,205			12,205
(Purchases)/sales and change of ownership interests in subsidiaries						-	8,234		8,234
Appropriation of reserves				4	(4)	-			-
Other					(137)	(137)			(137)
Balance 31.3.2017		**463,110**	**10,801,029**	**368,120**	**(2,458,859)**	**9,173,400**	**29,199**	**15,132**	**9,217,731**
Changes for the period 1.4 - 31.12.2017									
Profit for the period, after income tax					(27,061)	(27,061)	(41)		(27,102)
Other comprehensive income after income tax				437,050	(10)	437,040	49		437,089
Total comprehensive income for the period, after income tax		**-**	**-**	**437,050**	**(27,071)**	**409,979**	**8**	**-**	**409,987**
Share capital increase expenses, after income tax					(438)	(438)			(438)
(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				3,781	(3,781)	-			-
Other					135	135			135
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 9 - 89) form an integral part of these interim consolidated financial statements

(Amounts in thousand 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				37.059	(1.177.862)	(1.140.803)			(1.140.803)
Balance 1.1.2018		463.110	10.801.029	846.010	(3.667.902)	8.442.247	28.534	15.107	8.485.888
Changes for the period 1.1 - 31.3.2018									
Profit for the period, after income tax					65,248	65,248	(52)		65,196
Other comprehensive income after income tax				(169,383)	(3,529)	(172,912)	1		(172,911)
Total comprehensive income for the period, after income tax		-	-	(169,383)	61,719	(107,664)	(51)	-	(107,715)
(Purchases)/sales and change of ownership interests in subsidiaries and subsidiaries' share capital increases						-	18		18
Appropriation of reserves				397	(397)	-			-
Other					(1,301)	(1,301)			(1,301)
Balance 31.3.2018		463,110	10,801,029	677,024	(3,607,881)	8,333,282	28,501	15,107	8,376,890

The attached notes (pages 9 - 89) form an integral part of these interim consolidated financial statements

Interim Consolidated Statement of Cash Flows

(Amounts in thousand of Euro)

	Note	FROM 1 JANUARY TO 31.3.2018	31.3.2017*
Cash flows from continuing operating activities			
Profit / (loss) before income tax		109,333	75,293
Adjustments for gain/(losses) before income tax for:			
Depreciation/impairment/write-offs of fixed assets		12,063	14,376
Amortization/impairment/write-offs of intangible assets		13,171	14,626
Impairment losses on financial assets, provisions and staff leaving indemnity		359,931	265,901
Measurement of financial assets measured at fair value through profit and loss		(1,708)	
(Gains)/losses from investing activities		(212,439)	(64,224)
(Gains)/losses from financing activities		(2,244)	1,079
Share of (profit)/loss of associates and joint ventures		284	597
		278,391	**307,648**
Net (increase)/decrease in assets relating to continuing operating activities:			
Due from banks		(118,816)	191,855
Trading securities and derivative financial assets		(42,777)	49,450
Loans and advances to customers		(52,903)	92,658
Other assets		(27,373)	11,100
Net increase/(decrease) in liabilities relating to continuing operating activities:			
Due to banks		(1,827,384)	(769,163)
Derivative financial liabilities		54,781	(45,285)
Due to customers		1,008,821	143,079
Other liabilities		(46,583)	(102,258)
Net cash flows from continuing operating activities before taxes		**(773,843)**	**(120,916)**
Income taxes and other taxes paid		(18,805)	(14,299)
Net cash flows from continuing operating activities		**(792,648)**	**(135,215)**
Net cash flows from discontinued operating activities		**-**	**(42,449)**
Cash flows from continuing investing activities			
Investments in associates and joint ventures		29	-
Amounts received from disposal of subsidiaries		-	11
Dividends received		42	31
Acquisitions of fixed and intangible assets	13, 14, 15	(32,879)	(20,294)
Disposals of fixed and intangible assets		8,432	7,521
Purchases of Greek State treasury bills		(700,981)	(616,960)
Disposals/maturities of Greek State treasury bills		732,470	732,536
Purchases of investment securities (excluding Greek State treasury bills)		(986,295)	(856,937)
Disposals/maturities of investment securities (excluding Greek State treasury bills)		1,356,275	853,248
Net cash flows from continuing investing activities		**377,093**	**99,156**
Net cash flows from discontinued investing activities		**-**	**36,810**
Cash flows from continuing financing activities			
Receipts of debt securities in issue and other borrowed funds		501,996	-
Repayments of debt securities in issue and other borrowed funds		(13,586)	(55,804)
Share capital increase expenses		-	(172)
Net cash flows from continuing financing activities		**488,410**	**(55,976)**
Effect of exchange rate differences on cash and cash equivalents		3,121	(2,331)
Net increase/(decrease) in cash flows from continuing activities		**75,976**	**(94,366)**
Net increase/(decrease) in cash flows from discontinued activities		**-**	**(5,639)**
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		**1,336,809**	**874,883**

* The figures of the Interim Consolidated Statement of Cash Flows of the comparative period have been restated for comparability reasons (note 32).

The attached notes (pages 9 - 89) 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 27.6.2014 expires in 2018.

The Board of Directors as at 31 March 2018, consists of:

CHAIRMAN (Non Executive Member)
Vasileios T. Rapanos

EXECUTIVE MEMBERS

MANAGING DIRECTOR
Demetrios P. Mantzounis

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

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

NON-EXECUTIVE INDEPENDENT MEMBERS
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)
Spyridon - Stavros A. Mavrogalos - Fotis */**/***/****

SECRETARY
George P. Triantafyllides

During the meeting held on 26.4.2018, Alpha Bank's Board of Directors elected Mr. Johannes Herman Frederik G. Umbgrove as Non-executive member, in replacement of the resigned Mr. Spyridon-Stavros A. Mavrogalos-Fotis, pursuant to L. 3864/2010, on the recommendation of the Financial Stability Fund.

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

The Bank's shares are listed in the Athens Stock Exchange since 1925 and are constantly 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 FTSE All World, the FTSE Med100 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 March 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 € 9,204,539.

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

- Moody's: Caa2 (since 22.5.2018)
- Fitch Ratings: RD
- Standard & Poor's: CCC+

According to Law 4374/1.4.2016, the obligation to publish quarterly financial statements for the first and third quarter of the financial year, previously stated by the Article 6 of Law. 3556/30.4.2007 before its amendment, was abolished. However, article 25 of Law 4416/6.9.2016 incorporated article 5b in the Law 3556/30.4.2007, based on which the obligation to prepare and publish consolidated Financial Statements for the first and third quarter of the financial year remains. This obligation relates to credit institutions whose securities are traded on a regulated market and are required to publish Consolidated Financial Statements.

The financial statements have been approved by the Board of Directors on 31 May 2018.

ACCOUNTING POLICIES APPLIED

1.1 Basis of presentation

The Group has prepared the condensed interim financial statements as at 31.3.2018 in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as it has been adopted by the European Union.

The 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, at 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 the existing 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 financial statements of the Group is presented in note 26.

▸ **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 be 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 exhange 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 Applicable accounting policies for financial assets and liabilities applicable from 1.1.2018

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 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 as a provision.

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 31.3.2018. 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.

In addition, as far as the course of the financial support program for the Greek economy is concerned, the first three evaluations have already been completed while the negotiations for the fourth evaluation of the program are in progress. On 27.3.2018 the European Stability Mechanism (ESM) approved the disbursement of the first part of the fourth installment, amounting to € 5.7 billion, which will be used to cover debt servicing needs, to allow the further clearance of arrears and to support the build-up of the cash buffer of the Greek State. The disbursement of the second part, amounting to € 1 billion, is expected to take place at a later stage, provided that there is progress in the clearance of net arrears using own resources and improvement in the effectiveness of the system of electronic auctions.

In addition to the above, during 2017, the Hellenic Republic successfully completed the exchange of its bonds 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 combined with the successful issuance by the Greek government of a five-year bond in July 2017 and a seven-year bond in February 2018 constitute the first steps for the gradual return to the markets. The positive course of the economic support program, which is expected to be completed 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. 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 26 and 28) 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 24. 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 by the Eurogroup of 9.5.2016, in the meeting of the same body held in 24.5.2016 measures for enhancing the Greek debt sustainability were broadly described, separately for the short, the medium and the long term. In accordance with this framework, based on the baseline scenario, the gross financing needs of the Greek government should be less than the 15% of GDP after the completion of the program in the medium term while subsequently they should be less than the 20% of GDP. The Eurogroup of 15.6.2017 confirmed the above target. From the above measures of debt relief only the short-term have been specified and put in place.

Following the successful completion of the program for the financial support of the Hellenic Republic, and to the degree deemed necessary, the medium term measures for the Greek debt will be put in place. The specification of these measures will be validated at the end of the program by the Eurogroup so that debt sustainability is ensured. In a long term horizon and in the case of an unexpected unfavorable scenario additional measures for the debt could be applied.

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 this context, it proceeded with the issuance of a five-year bond in July 2017 and a seven-year bond in February 2018 while, during 2017, it successfully completed the exchange of its bonds 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.

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 31.3.2018 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 consolidated financial statements as at 31.3.2018, 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 from the adoption of IFRS 9. 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.

INCOME STATEMENT

2. Net interest income

	FROM 1 JANUARY TO	
	31.3.2018	31.3.2017
Interest and similar income		
Due from banks	47	92
Loans and advances to customers measured at amortized cost	497,168	549,460
Loans and advances to customers measured at fair value through profit and loss	5,004	
Trading securities	127	78
Investment securities measured at fair value through other comprehensive income	46,226	
Investment securities measured at fair value through profit and loss	444	
Available for sale securities		56,045
Held to maturity securities		230
Loans and receivables securities		423
Derivative financial instruments	36,451	23,075
Other	1,860	2,708
Total	**587,327**	**632,111**
Interest expense and similar charges		
Due to banks	(34,385)	(52,108)
Due to customers	(46,250)	(45,538)
Debt securities in issue and other borrowed funds	(5,858)	(5,361)
Derivative financial instruments	(38,025)	(25,680)
Other	(18,994)	(20,924)
Total	**(143,512)**	**(149,611)**
Net interest income	**443,815**	**482,500**

During the first quarter of 2018 net interest income decreased compared to the corresponding quarter of the comparative period, mainly due to the reduction in interest on loan portfolios due to the increased impairment losses recognized both in the year 2017 and the implementation of IFRS 9 on 1.1.2018, which was partly offset by the reduction in borrowing costs by the Eurosystem.

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3. Fee and commission income and other income

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

	FROM 1 JANUARY TO 31.3.2018						
	Retail Banking	Corporate Banking	Asset Management/ Insurance	Investment Banking/ Treasury	South-Eastern Europe	Other	Group
Fee and commision icome							
Loans	1,471	7,125	311	1,116	123		10,146
Letters of guarantee	559	12,442		159	397		13,557
Imports-exports	631	1,561		5	119		2,316
Credit cards	16,229	9,932		11	1,934		28,106
Fund Transfers	5,240	2,836	53	16	2,785		10,930
Mutual funds			10,431	21	3		10,455
Advisory fees and securities transaction fees				430	28		458
Brokerage services	58			1,976	47		2,081
Foreign exchange trades	2,979	971	(1)	290	122		4,361
Other	4,686	708	2,632	143	2,803		10,972
Total	**31,853**	**35,575**	**13,426**	**4,167**	**8,361**	**-**	**93,382**
Other income							
Hotel services						467	467
Disposals of fixed assets						755	755
Other	485	2		384		1,488	2,359
Total	**485**	**2**		**384**		**2.710**	**3.581**

"Other income" of Income Statement includes additionaly "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.

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4. Gains less losses on financial transactions

	FROM 1 JANUARY TO	
	31.3.2018	31.3.2017
Foreign exchange differences	(4,115)	4,439
Trading securities:		
- Bonds	452	329
- Shares	(56)	49
Financial assets measured at fair value through profit and loss:		
- Bonds	806	
- Other securities	(504)	
- Loans	(12,967)	
Financial assets measured at fair value through other comprehensive income directly recognized in equity:		
- Bonds	185,144	
- Other securities	1,440	
Securities available for sale and held to maturity:		
- Bonds		4,289
- Shares		(27)
- Other securities		47
From sales of loans		3,058
From impairments/sale of holdings	(564)	(395)
Derivative financial instruments	9,005	19,672
Other financial instruments	(5,174)	2,028
Total	**173,467**	**33,489**

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

- Gains of € 185,144 included in the caption "Bonds at fair value through other comprehensive income" concern gains of disposals of Greek Government Bonds of € 181,227 and other corporate bonds of €3,917.
- Loss of € 14,241 resulting from loans measured at fair value through Profit and Loss following the change in their valuation within the first quarter.

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5. General administrative expenses

	FROM 1 JANUARY TO	
	31.3.2018	31.3.2017
Operating leases for buildings	9,630	10,059
Rent and maintenance of EDP equipment	5,695	6,045
EDP expenses	6,808	6,766
Marketing and advertisement expenses	4,586	4,514
Telecommunications and postage	4,647	5,082
Third party fees	14,926	18,939
Consultants fees	2,186	2,643
Contribution to the Deposit Guarantee Fund - Investment fund and Solvency Fund	13,866	14,452
Insurance	2,839	2,540
Consumables	918	940
Electricity	2,184	2,136
Third party fees for customer attraction	11	13
Taxes (VAT, real estate etc)	20,622	18,518
Services from collection agencies	5,058	8,378
Building and equipment maintenance	1,755	1,731
Security of buildings - money transfers	3,553	2,832
Cleaning fees	1,202	995
Commission for the amount of Deferred tax Asset guaranteed by the Greek Government (note 8)	1,426	4,333
Other	24,355	20,430
Total	**126,267**	**131,346**

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 of Interim Consolidated Income Statement amounting to € 342,719 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	
	31.3.2018	31.3.2017
Impairment losses on loans to customers	352,433	253,191
Impairment losses of receivables from customers	12,837	
Provisions to cover credit risk relating to off balance sheet items (note 18)	(22,190)	(1,449)
(Gains)/Losses on modifications of contractual terms of loans and advances to customers	37,270	
Recoveries	(7,299)	(4,983)
Total	**373,051**	**246,759**

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7. Impairment losses on other financial instruments

	FROM 1 JANUARY TO	
	31.3.2018	31.3.2017
Impairment losses on debt securites and other securities measured at fair value through other comprehensive income	(30,401)	
Impairment losses on due from banks	69	
Total	**(30,332)**	**-**

The reduction in expected credit losses of bonds in the first quarter of 2018 results 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 will apply 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 accounting periods 2017 and 2018 are as follows:

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 with-out any qualifications on the tax issues covered, whereas for the year 2017 the tax audit carried out by the statutory auditors is in progress.

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

	FROM 1 JANUARY TO	
	31.3.2018	31.3.2017
Current tax	4,144	4,191
Deferred tax	39,993	23,858
Total	**44,137**	**28,049**

* Until 31.3.2017 the tax rate was 20%.

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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	
	31.3.2018	31.3.2017
Debit difference of Law 4046/2012	11,139	11,139
Debit difference of Law 4465/2017	(211,018)	
Write-offs, depreciation and impairment of fixed assets	4,017	1,304
Valuation/impairment of loans	149,707	(18,420)
Valuation of loans due to hedging	(53)	(62)
Defined benefit obligation and insurance funds	(251)	19,217
Valuation of derivatives	1,926	6,787
Effective interest rate	188	435
Valuation of liabilities to credit institutions and other borrowed funds due to fair value hedge	(1,490)	(39,472)
Valuation/impairment of bonds and other securities	36,056	9,969
Tax losses carried forward	59,482	46,849
Other temporary differences	(9,710)	(13,888)
Total	**39,993**	**23,858**

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", 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 for credit risk, limited to the amount of provisions which were accounted until 30 June 2015.

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 will arise from the write-off of debtors’ debts and the loss 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 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, which relate to write-offs or disposals are converted into a definite and cleared claim against the State, based on the abovementioned terms and conditions.

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 30th of June 2015.

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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 31.3.2018 the amount of deferred tax assets which is estimated to be within the scope of the aforementioned Law amounts to € 3,284 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 doubleentry 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 effective and nominal tax rate is provided below:

	FROM 1 JANUARY TO			
	31.3.2018		31.3.2017	
	%		%	
Profit/(loss) before income tax		109,333		75,293
Income tax (nominal tax rate)	37.93	41,470	37.27	28,059
Increase/(decrease) due to:				
Non taxable income	(0.26)	(285)	(0.34)	(254)
Non deductible expenses	1.23	1,341	1.69	1,269
Other temporary differences	1.47	1,611	(1.36)	(1,025)
Total	**40.36**	**44,137**	**37.25**	**28,049**

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.

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Income tax of other comprehensive income

	FROM 1 JANUARY TO					
	31.3.2018			31.3.2017		
	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				27,611	(8,747)	18,864
Net change in bonds reserve measured at fair value through other comprehensive income	(252,308)	73,363	(178,945)			
Net change in cash flow hedge reserve	3,672	(1,065)	2,607	25,415	(7,370)	18,045
Foreign exchange differences on translating and hedging the net investment in foreign operations	8,831	(1,875)	6,956	(903)	(5)	(908)
Total	**(239,805)**	**70,423**	**(169,382)**	**52,123**	**(16,122)**	**36,001**
Amounts that may not be reclassified to the Income Statement						
Net change in actuarial gains/(losses) of defined benefit obligations	123	(36)	87	(25)	8	(17)
Net change in shares reserve measured at fair value through other comprehensive income	(4,054)	438	(3,616)			
Total	**(243,736)**	**70,825**	**(172,911)**	**52,098**	**(16,114)**	**35,984**

On 1.1.2018, a credit deferred tax amount of € 412,173 was recognized in the caption "Retained earnings", along with a debit deferred tax amount of €20,244 in the caption "Reserves" as a result of the application of IFRS 9 (note 26).

During the first quarter of 2017, "Retained earnings" includes a credit tax amount of €50 which derives from the share capital increase expenses on 23.2.2017.

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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	
	31.3.2018	31.3.2017
Profit/(losses) attributable to equity owners of the Bank	**65,248**	**48,132**
Weighted average number of outstanding ordinary shares	1,543,699,381	1,539,608,472
Basic and diluted earnings/(losses) per share (in €)	0.0423	0.0313

	FROM 1 JANUARY TO	
	31.3.2018	31.3.2017
Profit/(losses) from continuing operations attributable to equity owners of the Bank	**65,248**	**47,222**
Weighted average number of outstanding ordinary shares	1,543,699,381	1,539,608,472
Basic and diluted earnings/(losses) from continuing operations per share (in €)	0.0423	0.037

	FROM 1 JANUARY TO	
	31.3.2018	31.3.2017
Profit/(losses) from discontinued operations attributable to equity owners of the Bank	**-**	**910**
Weighted average number of outstanding ordinary shares	1,543,699,381	1,539,608,472
Basic and diluted earnings/(losses) from discontinued operations per share (in €)	-	0.0006

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 where taken into account for the calculation of weighted average number of outstanding ordinary shares during the first quarter of 2017.

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ASSETS

10. Due from banks

	31.3.2018	31.12.2017
Placements with other Banks	751,685	760,816
Guarantees for coverage of derivative securities and sale and repurchase agreement	1,027,356	947,939
Sale and repurchase agreements (Reverse Repos)		39,654
Loans to credit institutions measured at amortized cost	37,072	9,201
Less:		
Allowance for impairment losses	(70,239)	(41,961)
Total	**1,745,874**	**1,715,649**

11. Loans and advances to customers

	31.3.2018	31.12.2017
Loans measured at amortized cost	52,755,405	53,427,725
Leasing	696,878	693,705
Less:		
Allowance for impairment losses	(12,470,906)	(11,031,961)
Total	40,981,377	**43,089,469**
Receivables from customers measured at amortized cost	190,360	228,724
Loans to customers, measured at fair value through profit and loss	352,741	
Loans and advances to customers	**41,524,478**	**43,318,193**

As at 31.3.2018, the caption "Receivables from customers measured at amortized cost" includes accumulated impairments of € 40,296 (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.

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Loans to customers measured at amortized cost

	31.3.2018	31.12.2017
Individuals		
Mortgages:	18,835,985	19,063,348
Consumer:		
- Non-securitized	3,360,426	3,320,412
- Securitized	1,387,628	1,450,276
Credit cards:		
- Non-securitized	883,555	906,224
- Securitized	536,959	548,642
Other	1,331	1,232
Total	25,005,884	25,290,134
Companies:		
Corporate loans		
- Non-securitized	24,615,600	25,180,988
- Securitized	2,668,646	2,495,437
Leasing		
- Non-securitized	344,997	360,268
- Securitized	351,881	333,437
Factoring	465,275	461,166
	28,446,399	28,831,296
Total	**53,452,283**	**54,121,430**
Less:		
Allowance for impairment losses	(12,470,906)	(11,031,961)
	40,981,377	**43,089,469**

Mortgages as at 31.3.2018 include loans of €1.759.767 (31.12.2017: €1.112.325) that have been used as a collateral in the Bank's covered bond program. On 31.3.2018 the nominal value of the covered bonds amounts to €1.500.000 (31.12.2017: €1.000.000) (note 17).

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

Balance 1.1.2017	**12,558,253**
Changes for the period 1.1. - 31.3.2017	
Impairment losses for the period	253,191
Sales of impaired loans	(9,557)
Change in present value of impairment losses	82,782
Foreign exchange differences	2,583
Loans written-off during the period	(241,920)
Balance 31.3.2017	**12,645,332**
Changes for the period 1.4. - 31.12.2017	
Impairment losses for the period	775,332
Transfer of accumulated provisions to assets held for sale	(849,099)
Sales of impaired loans / disposals of subsidiaries	(60,870)
Change in present value of impairment losses	180,575
Foreign exchange differences	(97,101)
Loans written-off during the period	(1,710,144)
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 of IFRS 9	1,423,042
Balance 1.1.2018	**12,455,003**
Changes for the period 1.1. - 31.3.2018	
Impairment losses for the period	414,044
Sales of impaired loans	(7,014)
Seize of recognizing due to significant amendments in loans' contractual terms and conditions	(1,974)
Change in present value of impairment losses	31,891
Foreign exchange differences/other movements	(7,413)
Loans written-off during the period	(413,631)
Balance 31.3.2018	**12,470,906**

The finance lease receivables by duration are as follows:

	31.3.2018	31.12.2017
Up to 1 year	345,321	336,976
From 1 year to 5 years	222,681	225,371
Over 5 years	205,421	209,078
	773,423	771,425
Non accrued finance lease income	(76,545)	(77,720)
Total	**696,878**	**693,705**

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

	31.3.2018	31.12.2017
Up to 1 year	332,060	323,800
From 1 year to 5 years	190,831	193,289
Over 5 years	173,987	176,616
Total	**696,878**	**693,705**

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Loans to customers, measured at fair value through profit and loss

	31.3.2018	31.12.2017
Individuals		
Consumer:		
- Non-securitized	1,139	
	1,139	
Companies:		
Corporate loans		
- Non-securitized	333,852	
- Securitized	17,750	
	351,602	
Total	**352,741**	

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.

	31.3.2018	31.12.2017
Bonds		
Greek Government	1,966	5,969
Other issuers	1,326	
Shares		
Listed	2,819	2,716
Total	**6,111**	**8,685**

ii. Investment securities

	31.3.2018	31.12.2017
Securities measured at fair value through other comprehensive income	5,469,151	
Securities measured at fair value through profit and loss	42,038	
Available for sale securities		5,873,768
Securities held to maturity		10,870
Total	**5,511,189**	**5,884,638**

An analysis of investment securities is provided in the following tables per classification category prior to and after the adoption 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

	31.3.2018
Bonds	
- Greek Government	3,460,302
- Other Government	792,957
- Other issuers	1,114,967
Shares	100,925
Total	**5,469,151**

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b. Securities measured at fair value through profit and loss

	31.3.2018
Bonds	
- Other Government	9,137
- Other issuers	12,943
Other variable yield securities	19,958
Total	**42,038**

Securities measured at fair value through profit or loss include securities for which it is 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).

c. Available for sale securities

	31.12.2017
Bonds	
- Greek Government	3,718,394
- Other Government	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 Government	10,551
- Other issuers	319
Total	**10,870**

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13. Investment property

	Land – Buildings
Balance 1.1.2017	
Cost	800,527
Accumulated depreciation and impairment losses	(186,435)
1.1.2017 - 31.3.2017	
Net book value 1.1.2017	614,092
Additions	2,432
Foreign exchange differences	(91)
Disposals/Write-offs	(6,818)
Depreciation charge for the period from continuing operations	(3,291)
Impairment losses	(239)
Net book value 31.3.2017	**606,085**
Balance 31.3.2017	
Cost	819,924
Accumulated depreciation and impairment losses	(213,839)
1.4.2017 - 31.12.2017	
Net book value 1.4.2017	606,085
Additions	43,692
Additions from companies consolidated for the first time in 2017	21,501
Reclassification from "Property, plant and equipment"	6,826
Reclassification to "Property, plant and equipment"	(1,142)
Reclassification to "Assets held for sale"	(21,467)
Foreign exchange differences	(3,340)
Disposals/Write-offs	(27,922)
Disposal of subsidiary	(3,666)
Depreciation charge for the period from continuing operations	(9,116)
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 - 31.3.2018	
Net book value 1.1.2018	577,112
Additions	5,415
Additions from companies consolidated for the first time in 2018	1,667
Reclassification from "Property, plant and equipment"	934
Reclassification from "Assets held for sale"	21,467
Foreign exchange differences	(354)
Disposals/Write-offs	(7,741)
Depreciation charge for the period	(2,944)
Net book value 31.3.2018	**595,556**
Balance 31.3.2018	
Cost	844,087
Accumulated depreciation and impairment losses	(248,531)

The additions for the current period as well as from companies consolidated for the first time in 2018 relate to investment property which were obtained as collateral for loans and acquired by the Group in the context of its credit risk management.

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.

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14. Property, plant and equipment

	Land and buildings	Leasehold improvements	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 - 31.3.2017				
Net book value 1.1.2017	725,550	721	67,697	793,968
Additions	3,605		1,723	5,328
Foreign exchange differences	(104)	(2)	(24)	(130)
Disposals/Write-offs	(526)			(526)
Reclassification to “Other assets”	(5,001)			(5,001)
Depreciation charge from continuing operations	(5,325)	(70)	(4,826)	(10,221)
Impairment losses			(71)	(71)
Net book value 31.3.2017	**718,199**	**649**	**64,499**	**783,347**
Balance 31.3.2017				
Cost	1,091,770	3,378	463,742	1,558,890
Accumulated depreciation and impairment losses	(373,571)	(2,729)	(399,243)	(775,543)
1.4.2017-31.12.2017				-
Net book value 1.4.2017	718,199	649	64,499	783,347
Foreign exchange differences	(330)	(4)	(147)	(481)
Additions	8,893	86	14,715	23,694
Additions from companies consolidated for the first time in 2017			4	4
Disposal of subsidiary	(3,620)		(858)	(4,478)
Disposals/Write-offs	(2,780)	(4)	(518)	(3,302)
Reclassification to “Investment property”	(6,816)		(10)	(6,826)
Reclassification from “Investment property”	1,142			1,142
Reclassification to “Other Assets”	(1,549)			(1,549)
Depreciation charge from continuing operations	(15,087)	(200)	(12,798)	(28,085)
Impairment losses	(28,172)		(44)	(28,216)
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 - 31.3.2018				-
Net book value 1.1.2018	669,880	527	64,843	735,250
Foreign exchange differences	108	2	19	129
Additions	1,482	81	2,735	4,298
Disposals/Write-offs	(119)		(41)	(160)
Reclassification to “Investment property”	(934)			(934)
Reclassification from "Leasing equipment" to "Other property, plant and equipment"		(50)	50	-
Reclassification to “Other Assets”	(1,789)			(1,789)
Depreciation charg	(4,602)	(64)	(4,276)	(8,942)
Net book value 31.3.2018	**664,026**	**496**	**63,330**	**727,852**
Balance 31.3.2018				-
Cost	1,049,564	3,382	442,476	1,495,422
Accumulated depreciation and impairment losses	(385,538)	(2,886)	(379,146)	(767,570)

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”.

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15. Goodwill and other intangible assets

	Software	Other intangible	Total
Balance 1.1.2017			
Cost	617,619	140,129	757,748
Accumulated amortization and impairment loss	(326,810)	(59,624)	(386,434)
1.1.2017 - 31.3.2017			
Net book value 1.1.2017	290,809	80,505	371,314
Additions	12,534		12,534
Foreign exchange differences	(4)	2	(2)
Reclassification to "Assets held for sale"			
Amortization charge from continuing operations	(7,308)	(4,573)	(11,881)
Impairment losses	(2,745)		(2,745)
Net book value 31.3.2017	**293,286**	**75,934**	**369,220**
Balance 31.3.2017			
Cost	630,102	140,129	770,231
Accumulated amortization and impairment loss	(336,816)	(64,195)	(401,011)
1.4.2017 - 31.12.2017			
Net book value 1.4.2017	293,286	75,934	369,220
Additions	57,895		57,895
Additions from companies consolidated for the first time in 2017	5		5
Foreign exchange differences	84	1	85
Disposals/Write-offs	(93)		(93)
Amortization charge from continuing operations	(23,429)	(13,720)	(37,149)
Impairment losses	(154)		(154)
Net book value 31.12.2017	**327,594**	**62,215**	**389,809**
Balance 31.12.2017			
Cost	685,756	141,485	827,241
Accumulated amortization and impairment loss	(358,162)	(79,270)	(437,432)
1.1.2018 - 31.3.2018			
Net book value 1.1.2018	327,594	62,215	389,809
Additions	23,166		23,166
Foreign exchange differences	7		7
Amortization charge for the period	(8,599)	(4,572)	(13,171)
Impairment losses			
Net book value 31.3.2018	**342,168**	**57,643**	**399,811**
Balance 31.3.2018			**-**
Cost	708,999	141,486	850,485
Accumulated amortization and impairment loss	(366,831)	(83,843)	(450,674)

In year 2017, an impairment loss on intangible assets of € 2,899 was recorded in caption "Other Expenses".

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LIABILITIES

16. Due to banks

	31.3.2018	31.12.2017
Deposits:		
- Current accounts	72,388	49,398
- Term deposits		
Central Banks	7,933,837	10,206,372
Other credit institutions	72,640	28,879
Cash collateral for derivative margin account and repurchase agreements	79,075	71,550
Sale of repurchase agreements (Repos)	2,681,303	2,306,720
Borrowing funds	470,461	474,333
Deposits redeemable at notice:		
- Other credit institutions	4,443	4,279
Total	**11,314,147**	**13,141,531**

Group's deposits from Eurosystem decreased by €2,272,535 during the first quarter of 2018, mainly due to the increase of customers' deposits, issuance of covered bonds and the signing of 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 of direct Covered Bond Issuance Program I of amount € 8 billion the Bank issued, on 1.8.2017, a series 6 bond with a nominal value of € 1 billion collateralized with mortgage loans of a nominal value of € 1.2 billion, 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, issued a series 1 bond with a nominal value of € 1 billion collateralized with mortgage loans of a nominal value of € 1.1 billion, maturity date on 23.1.2019 and bearing an interest rate corresponding to three month Euribor plus a margin of 1.65%. This bond used as collateral in financing operations, is not included in the caption "Debt securities in issue and other borrowed funds" as it is held by the Bank.

On 25.1.2018, and settlement date on 5.2.2018, the Bank issued a € 500 million covered bond, 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 – 31.3.2018	
New issues/ Capitalized expenses	495,725
Accrued interest	1,884
Balance 31.3.2018	**497,609**

* 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.

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ii. Senior debt securities

Balance 1.1.2018	**9,977**
Change for the period 1.1 – 31.3.2018	
Accrued interest	276
Balance 31.3.2018	**10,253**

iii. Liabilities from the securitization of shipping loans

Balance 1.1.2018	**317,066**
Change for the period 1.1 – 31.3.2018	
Maturities/Repayments	(14,390)
Accrued interest	2,992
Foreign exchange differences	(3,704)
Balance 31.3.2018	**301,964**

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	**319,656**
Change for the period 1.1 – 31.3.2018	
Maturities/Repayments	(1,367)
Accrued interest	1,447
Balance 31.3.2018	**319,736**

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, 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 Group.

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

Balance 1.1.2018	**56,188**
Change for the period 1.1 – 31.3.2018	
Accrued interest	2
Balance 31.3.2018	**56,190**

Total of debt securities in issue and other borrowed funds as at 31.3.2018	**1,185,752**

Of the above debt securities in issue amounting to €1,185,752 an amount of €47,353 (31.12.2017: €47,320) held by Group customers has been reclassified to caption "Due to customer". Therefore, the balance of "Debt securities in issue held by institutional investors and other borrowed funds" as at 31.3.2018, amounts to €1,138,399 (31.12.2017: €655,567).

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18. Provisions

	31.3.2018	31.12.2017
Insurance provisions	272,387	262,626
Provisions to cover credit risk and other provisions	269,579	178,614
Total	**541,966**	**441,240**

a. Insurance provisions

	31.3.2018	31.12.2017
Life insurance		
Mathematical reserves	272,069	262,287
Outstanding claim reserves	318	339
Total	**272,387**	**262,626**

b. Provisions to cover credit risk and other provisions

Balance 1.1.2017	**102,174**
Charges for the period 1.1-31.3.2017	
Provisions to cover credit risk relating to off-balance sheet items (note 6)	(1,449)
Other provisions for the period	107
Other provisions used during the period	(2,066)
Used provision for Alpha Bank A.E. separation scheme	(150)
Provisions from legal cases and other contingent liabilities	1,718
Foreign exchange differences	(9)
Balance 31.3.2017	**100,325**
Charges for the period 1.4-31.12.2017	
Provisions to cover credit risk relating to off-balance sheet items	(784)
Used provision for Alpha Bank A.E. separation scheme	(18,307)
Other provisions for the period	(107)
Other provisions used during the period	(4,739)
Provisions from legal cases and other contingent liabilities	9,633
Provision for Alpha Bank A.E. separation scheme	92,719
Foreign exchange differences	(126)
Balance 31.12.2017	**178,614**
Charges for the period 1.1-31.3.2018	
IFRS 9 impact on provisions to cover credit risk relating to off-balance sheet items (note 26)	109,311
Balance 1.1.2018	**287,925**
Provisions to cover credit risk relating to off-balance sheet items (note 6)	(22,190)
Used provision for Alpha Bank A.E. separation scheme	(106)
Other provisions for the period	2,683
Other provisions used during the period	(1,258)
Reclassification from "Other liabilities"	1,545
Foreign exchange differences	980
Balance 31.3.2018	**269,579**

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

The balance of provisions to cover credit risk from off balance sheet items as at 31.3.2018 amounts to € 89,055 (31.12.2017: € 787) of which an amount of € 6,832 relates to provisions of unutilized credit limits, and an amount of € 82,223 relates to provisions for Letters of Guarantee and Letters of Credit.

The balance of other provisions as at 31.03.2018, amounts to € 180,524 (31.12.2017: € 177,827) of which:

- An amount of € 42,153 (31.12.2017: € 40,905) relates to pending legal cases.
- An amount of € 103,194 (31.12.2017: € 103,300) relates to provision of the voluntary separation scheme.

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EQUITY

19. Share capital and Retained earnings

a. Share capital

On 31.03.2018, 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

As for the financial year 2017 there are no distributable profits, in accordance with the provisions of article 44a of Codified Law 2190/1920, the Bank's Board of Directors will propose to the Ordinary General Meeting of Shareholders the non distribution of dividend to the ordinary shareholders of the Bank.

20. Hybrid securities

	31.3.2018	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**

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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 31.3.2018 the amount of the provision stood at €42,153.

For cases where according to their progress and the evaluation of the Legal department on 31 March 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 31.3.2018 the legal claims against the Bank for the above cases amount to €274,817 (31.12.2017:289,896).

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 2009. Tax audit of the year 2010 was completed on October, 2017. The year 2011 is considered prescribed as per the circular POL1208/20.12.2017 of the Indipendent 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	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)	*

* 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.

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Name	Year
Real estate and hotel (continued)	
17. Romfelt Real Estate S.A. (commencement of operation 1991)	*
18. AGI-RRE Zeus S.R.L. (commencement of operation 2012)	*
19. AGI-RRE Athena S.R.L. seize of operations during the period 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 Kifissias A.E. (commencement of operation 2014)	*
34. Alpha Investment Property Kallirois 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 20.6.2017)	*
37. Alpha Investment Property Kefalariou A.E. (commencement of operation 2015)	*
38. Alpha Investment Property Neas Erythreas A.E. (commencement of operation 2015)	*
39. Alpha Investment Property Chanion A.E. (former Anaplasis Plagias A.E.) (commencement of operation 2011)	*
40. Asmita Gardens Srl	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)	*
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)	*
49. Residence Properties Investments E.O.O.D. (commencement of operation 2013)	*
50. Beroe real estate E.O.O.D. (under establishment)	
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

* 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.

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Name	Year
Special purpose and holding entities (continued)	
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)	*
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)	*

* 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.

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c. Operating leases

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

The Group's minimum future lease payments are:

	31.3.2018	31.12.2017
- less than one year	41,592	39,166
- between one and five years	89,499	85,924
- over five years	106,745	108,374
Total	**237,836**	**233,464**

The Group's receivables from leases relate to leases from buildings to third parties

The minimum future lease fees are:

	31.3.2018	31.12.2017
- less than one year	16,331	17,107
- between one and five years	49,051	50,514
- over five years	45,668	47,523
Total	**111,050**	**115,144**

d. Off balance sheet liabilities

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:

	31.3.2018	31.12.2017
Letters of credit	28,448	29,313
Letters of guarantee and other guarantees	3,276,115	3,355,650

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 31.3.2018 amounts to €331,615 (31.12.2017: €402,124) 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 balance of the abovementioned expected credit loss amounts to € 89,055, on 31.3.2018 (Note 18).

The Bank has also committed to contribute in the share capital of the joint venture Alpha TANEO AKES up to the amount of €64.

e. Assets pledged

Assets pledged, as at 31.3.2018 are analyzed as follows:

- Deposits pledged amounting to € 749,476 concerning the Group's obligation to maintain deposits in Central Banks according to ratios determined in the respective country.

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- Due to banks
  1. Deposits pledged amounting to € 215,914 concerning guarantees provided in favor of the Greek State.
  2. Deposits pledged to credit institutions amounting to € 1,027,356 which have been provided as guarantee for derivative transactions and other repurchase agreements.
  3. Deposits pledged to credit institutions amounting to € 25,630 which have been provided for Letter of Credit or Guarantee Letters issued by the Bank in order to facilitate clients' imports.
  4. Pledged deposits of € 6,214 have been provided to the Resolution Fund as irrevocable payment commitment, as part of the 2016 and 2017 contribution. This commitment must be fully covered by collateral exclusivelly in cash, as decided by Single Resolution Board.
  5. Placements of € 17,610 have been given as collateral for the issuance of bonds with nominal value of €1,500,000, of which an amount of € 1,000,000 are held by the Bank, as mentioned below under "Loans and advances to customers"
- Loans and advances to customers:
  1. an amount of nominal value of € 13,849,160 has been pledged to Central Banks for liquidity purposes.
  2. a carrying amount of € which relates to corporate, consumer loans, receivables from finance lease agreements and credit cards has been securitized for the issuance of the Group's Special Purpose Entities' bonds with a book value of € 3,506,068, which are held by the Bank and pledged to Central Banks at an amount of € 4,174,400 for liquidity purposes, while an amount of € 2,328,000 has been given as collateral for repurchase agreements (repos).
  3. a carrying amount of € 499,015, which is related to securitized shipping loans, have been entitled from third parties for financing purposes through a Group's Special Purpose Entitiy amounting to € 296,749 at 31.3.2018. For the aforementioned transaction, an amount of € 21,542 which relates to "Due from Banks", has been given as collateral.
  4. a carrying amount of €579,506 which relates to corporate loans, have been securitized for the issuance of the Group's Special Purpose Entities' bonds which amounts to €640,000 on 31.3.2018, of which amount € 320,000 are allocated to investors, and the other € 320,000 are held by the Bank, of which amount € 100,000 has been given as collateral for repurchase agreements (repos). An amount of € 77,989 which relates to "Due from Banks" has been given as collateral for the aforementioned transaction.
  5. A carrying amount of € 42,889 relating to corporate loans, has been pledged for other loan facilities.
  6. A carrying amount of €1,759,767 which relates to mortgage loans has been given as collateral for the issuance of covered bonds with a nominal value of €1,500,000 as of 31.3.2018, of which an amount of €1,000,000 are held by the Bank and has been given as guarantee for repurchase agreements (repo).
- Securities held for trading and investment securities portfolio out of which:
  1. A book value of € 3,305,656 of Greek government securities, out of which a book value of €2,891,049 has been pledged to Central Banks for liquidity purposes, an amount of € 5,336 has been given as collateral in terms of other acts of lending, while a book value of 409,271 has been given as collateral for repurchase agreements (repo).
  2. An amount of book value €327,570 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.
  3. A book value of € 70,927 which relates to other corporate securities, has been given as collateral for repurchase agreements (repo).
  4. A book value of € 197,494 which relates to bonds issued by third parties, has been given to Central Banks for liquidity purposes.

22. 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 % 31.3.2018	31.12.2017
Banks			
1. Alpha Bank London Ltd	United Kingdom	100.00	100.00
2. Alpha Bank Cyprus Ltd	Cyprus	100.00	100.00
3. Alpha Bank Romania S.A.	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.D.A.K.	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.	Bulgaria	93.17	93.17
4. Chardash Trading E.O.O.D.	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 31e)	Romania	100.00	100.00
10. Stockfort Ltd (note 31c)	Cyprus	100.00	100.00
11. Romfelt Real Estate S.A. (note 31h)	Romania	98.86	98.86
12. AGI - RRE Zeus S.R.L. (note 31e)	Romania	100.00	100.00
13. AGI - RRE Poseidon S.R.L. (notes 31e, 31h)	Romania	100.00	100.00
14. AGI - RRE Hera S.R.L. (note 31e)	Romania	100.00	100.00
15. AGI-BRE Participations 2 E.O.O.D. (note 31f)	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 31f)	Bulgaria	100.00	100.00
18. AGI-BRE Participations 4 E.O.O.D. (note 31g)	Bulgaria	100.00	100.00
19. APE Fixed Assets A.E.	Greece	72.20	72.20
20. SC Cordia Residence S.R.L. (note 31e)	Romania	100.00	100.00

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Name	Country	Group's ownership interest % 31.3.2018	31.12.2017
Real estate and hotel (continued)			
21. HT-1 E.O.O.D. (note 31f)	Bulgaria	100.00	100.00
22. AGI-RRE Cleopatra S.R.L. (note 31e)	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 31e)	Romania	100.00	100.00
25. Alpha Investment Property Neas Kifisias A.E. (note 31a)	Greece	100.00	100.00
26. Alpha Investment Property Kallirois A.E. (note 31a)	Greece	100.00	100.00
27. Alpha Investment Property Livadias A.E. (note 31a)	Greece	100.00	100.00
28. Asmita Gardens SRL (note 31g)	Romania	100.00	100.00
29. Alpha Investment Property Kefalariou A.E.	Greece	54.17	54.17
30. Ashtrom Residents S.R.L. (note 31e)	Romania	100.00	100.00
31. AGI-BRE Participations 5 E.O.O.D.	Bulgaria	100.00	100.00
32. Cubic Center Development S.A. (note 31e)	Romania	100.00	100.00
33. Alpha Investment Property Neas Erythreas A.E. (note 31a)	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 31a)	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	Bulgaria	100.00	100.00
41. Residence Properties Investments EOOD	Bulgaria	100.00	100.00
42. Beroe Real Estate EOOD	Bulgaria	100.00	100.00
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	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 (note 31d)	Cyprus	100.00	100.00
8. AGI-RRE Participations 1 Ltd (note 31c)	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		
13. Pisti 2010-1 Plc	United Kingdom		
14. Alpha Shipping Finance Ltd	United Kingdom		
15. Alpha Proodos DAC	Ireland		
16. AGI-RRE Athena Ltd (note 31d)	Cyprus	100.00	100.00
17. AGI-RRE Poseidon Ltd (note 31c)	Cyprus	100.00	100.00
18. AGI-RRE Hera Ltd (note 31c)	Cyprus	100.00	100.00
19. Umera Ltd	Cyprus	100.00	100.00
20. AGI-BRE Participations 2 Ltd (note 31f)	Cyprus	100.00	100.00
21. AGI-BRE Participations 3 Ltd (note 31f)	Cyprus	100.00	100.00
22. AGI-BRE Participations 4 Ltd (note 31f)	Cyprus	100.00	100.00
23. Alpha Real Estate Services LLC	Cyprus	93.17	93.17

* These companies do not have financial activity.

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Name	Country	Group's ownership interest % 31.3.2018	31.12.2017
Special purpose and holding entities (continued)			
24. AGI-RRE Ares Ltd (note 31c)	Cyprus	100.00	100.00
25. AGI-RRE Venus Ltd (note 31d)	Cyprus	100.00	100.00
26. AGI-RRE Artemis Ltd (note 31c)	Cyprus	100.00	100.00
27. AGI-BRE Participations 5 Ltd (note 31d)	Cyprus	100.00	100.00
28. AGI-RRE Cleopatra Ltd (note 31c)	Cyprus	100.00	100.00
29. AGI-RRE Hermes Ltd (note 31c)	Cyprus	100.00	100.00
30. AGI-RRE Arsinoe Ltd (note 31c)	Cyprus	100.00	100.00
31. AGI-SRE Ariadni Ltd (note 31d)	Cyprus	100.00	100.00
32. Zerelda Ltd (note 31d)	Cyprus	100.00	100.00
33. AGI-Cypre Alaminos Ltd (note 31b)	Cyprus	100.00	100.00
34. AGI-Cypre Tochni Ltd (note 31b)	Cyprus	100.00	100.00
35. AGI-Cypre Evagoras Ltd (note 31c)	Cyprus	100.00	100.00
36. AGI-Cypre Tersefanou Ltd (note 31d)	Cyprus	100.00	100.00
37. AGI-Cypre Mazotos Ltd (note 31b)	Cyprus	100.00	100.00
38. AGI-Cypre Ermis Ltd	Cyprus	100.00	100.00
39. AGI-SRE Participations 1 Ltd (note 31d)	Cyprus	100.00	100.00
Other Companies			
1. Alpha Bank London Nominees Ltd	United Kingdom	100.00	100.00
2. Alpha Trustees Ltd (note 31d)	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. Evisak A.E.	Greece		
7. Emporiki Management A.E.	Greece	100.00	100.00
8. Alpha Bank Notification Services A.E.	Greece	100.00	100.00

b. Joint ventures

Name	Country	Group's ownership interest % 31.3.2018	31.12.2017
1. APE Commercial Property A.E.	Greece	72.20	72.20
2. APE Investment Property A.E.	Greece	71.08	71.08
3. Alpha TANEO A.K.E.S. (note 31i)	Greece	51.00	51.00
4. Rosequeens Properties Ltd	Cyprus	33.33	33.33

c. Associates

Name	Country	Group's ownership interest % 31.3.2018	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	38.90	42.77

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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 at the end of the previous year, 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.

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 valuated under IFRS 5 (note 30).

23. Operating segment

(Amounts in million of Euro)

	1.1 - 31.3.2018						
	Retail	**Corporate Banking**	**Asset Management/ Insurance**	**Investment Banking/ Treasury**	**South-Eastern Europe**	**Other**	**Group**
Net interest income	218.5	144.1	2.6	34.6	46.8	(2.8)	443.8
Net fee and commission income	27.6	32.7	13.1	3.7	7.1	0.2	84.4
Other income	15.2	(10.6)	0.6	197.9	2.3	(11.3)	194.1
Total income	**261.3**	**166.2**	**16.3**	**236.2**	**56.2**	**(13.9)**	**722.3**
Total expenses	**(160.8)**	**(42.5)**	**(7.9)**	**(7.4)**	**(45.3)**	**(6.4)**	**(270.3)**
Impairment losses and provisions to cover credit risk on loans and advances to customers	(249.7)	(56.5)		(7.2)	(59.7)		(373.1)
Impairment losses on other financial assets			3.4	27.6	(0.6)		30.4
Profit/(losses) before income tax	**(149.2)**	**67.2**	**11.8**	**249.2**	**(49.4)**	**(20.3)**	**109.3**
Income tax							(44.1)
Profit/(losses) after income tax							**65.2**
Assets 31.3.2018	22,972.5	14,842.8	409.0	7,630.4	8,010.4	5,461.9	59,327.0
Liabilities 31.3.2018	23,651.2	6,674.9	1,883.1	12,678.1	5,968.8	93.9	50,950.0

(Amounts in million of Euro)

	1.1 - 31.3.2017						
	Retail	**Corporate Banking**	**Asset Management/ Insurance**	**Investment Banking/ Treasury**	**South-Eastern Europe**	**Other**	**Group**
Net interest income	241.4	159.7	3.3	16.5	60.7	0.9	482.5
Net fee and commission income	25.8	29.8	11.2	2.4	6.1	0.4	75.7
Other income	2.4	3.2	0.6	29.1	3.3	4.5	43.1
Total income	**269.6**	**192.7**	**15.1**	**48.0**	**70.1**	**5.8**	**601.3**
Total expenses	**(158.7)**	**(39.2)**	**(7.6)**	**(7.0)**	**(41.6)**	**(25.1)**	**(279.2)**
Impairment losses	(132.1)	(78.4)			(36.3)		(246.8)
Profit/(losses) before income tax	**(21.2)**	**75.1**	**7.5**	**41.0**	**(7.8)**	**(19.3)**	**75.3**
Income tax							(28.0)
Profit/(losses) after income tax from continuing operations							**47.3**
Profit/(losses) from discontinued operations					0.9		0.9
Profit/(losses) after income tax							**48.2**
Assets 31.3.2017	23,984.5	15,990.3	389.2	9,941.9	8,136.2	5,676.3	64,118.4
Liabilities 31.3.2017	22,042.7	5,722.1	1,519.6	19,540.4	5,905.9	170.0	54,900.7

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

* Excluding provision for voluntary separation scheme cost.

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for 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.

	31.3.2018			31.12.2017		
	Total Gross Amount	**Allowance for impairment losses**	**Total Net Amount**	**Total Gross Amount**	**Allowance for impairment losses**	**Total Net Amount**
Mortgages	7,741,000	2,347,395	5,393,605	7,753,680	2,518,418	5,235,262
Consumer Credit Division	3,632,000	2,052,067	1,579,933	3,634,517	1,678,567	1,955,950
Corporate Loans	12,309,644	6,306,567	6,003,077	12,511,587	5,907,700	6,603,887
Total	**23,682,644**	**10,706,029**	**12,976,615**	**23,899,784**	**10,104,685**	**13,795,099**

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24. Exposure in credit risk from the Greek State

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

	31.3.2018		31.12.2017	
Portfolio	**Nominal value**	**Carrying amount**	**Nominal value**	**Carrying amount**
Securities measured at fair value through other comprehensive income	3,540,588	3,460,302		
Available for sale			3,801,005	3,718,394
Trading	2,110	1,966	6,265	5,969
Total	**3,542,698**	**3,462,268**	**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 €91,655 on 31.3.2018 (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

	Carrying amount	
	31.3.2018	**31.12.2017**
Derivative financial instruments – assets	390,938	331,967
Derivative financial instruments – liabilities	(20,161)	(28,698)

Derivative financial liabilities to public sector entities/organizations amounted to €8,125 on 31.3.2018 (31.12.2017: € 6,541).

The Group's exposure in loans to public sector entities/organizations on 31.3.2018 amounted €1,033,799 (31.12.2017: € 1,076,823). The Group for the above receivables has recognized impairment amounted to €55,557 as at 31.3.2018 (31.12.2017: € 45,519).

In addition, the balance of Group's loans guaranteed by the Greek State (directly guaranteed by Greek government, loans guaranteed by TEMPME, loans guaranteed by Common Ministerial Decisions) on 31.3.2018 amounted to €627,034 (31.12.2017: € 679,214). For these loans the Group has recognized impairment amounted to €100,401 as at 31.3.2018 (31.12.2017: € 113,967).

Off balance sheet exposure

	31.3.2018		31.12.2017	
	Nominal value	**Fair value**	**Nominal value**	**Fair value**
Greek Government Treasury Bills received as guarantee for financing	300,000	298,830	300,000	299,370

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25. Disclosures relevant to the fair value of financial instruments

Fair value of financial instruments measured at amortized cost

	31.3.2018		31.12.2017	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial Assets				
Loans and advances to customers	40,800,069	41,171,737	42,921,009	43,318,193
Investments securities				
- Held to maturity			10,875	10,870
Financial Liabilities				
Due to customers	35,880,115	35,899,258	34,866,888	34,890,436
Debt securities in issue	1,142,133	1,138,399	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 assest individually, 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 curves by deducting customer's spread depending on the type of deposit. In both above mentioned cases, the future cash flows (floating rate) are calculated based on the implied forward rates 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

	31.3.2018			
	Level 1	Level 2	Level 3	Total fair value
Derivative financial assets	5,031	651,742	17,609	674,382
Securities held for trading				
- Bonds and treasury bills	1,966	1,326		3,292
- Shares	2,819			2,819
Securities measured at fair value through other comprehensive income				
- Bonds and treasury bills	5,096,617	260,944	10,665	5,368,226
- Shares	31,870	22,219	46,835	100,925
Securities measured at fair value through profit and loss				
- Bonds and treasury bills	9,137	4,054	8,889	22,080
- Other variable yield securities	19,958			19,958
Loans measured through profit and loss			352,741	352,741
Derivative financial liabilities		1,081,593		1,081,593

66 The amounts are presented in thousands of Euro unless otherwise indicated

	31.12.2017			
	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.

The available for sale 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 and loss whose fair value is estimated using significant unobservable inputs.

The fair value of loans measured at fair value through profit and 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 based on 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.

Particularly, for listed shares whose fair value is not calculated based on the market price, the market was assumed to be in active as the daily amount of shares exchanged was low, whilst there were many days with no transaction at all. In this context and based on the fact that the stake holders holds through time a significant amount of voting rights with low dispersion in Athens Stock Exchange (ASE), the market price of these shares was deemed no representative of their fair value and consequently the Group determined their fair value by the multiples valuation. These shares were classified at Lever 3 and their fair value amounted to € 4.1 million.

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. 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.

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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:

	31.3.2018	31.12.2017
Category of counterparty		
Enterprises	(6,073)	(7,184)
Governments	(19,831)	(12,538)

	31.3.2018	31.12.2017
Hierarchy of counterparty by credit quality		
Strong	(663)	(288)
Satisfactory	(19,832)	(12,326)
Watch list (higher risk)	(5,409)	(7,108)

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

Within the period ended 31.3.2018, €37,161 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.

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

	31.3.2018			
	Total fair value	**Fair value**	**Valuation method**	**Significant non-observable inputs**
Derivative Financial Assets	17,609	2,726	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
		71	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	10,665	10,665	Based on issuer price /Discounted cash flows with estimation of credit risk	Issuer price / Credit spread
Shares measured at fair value through other comprehensive income	46,835	46,835	Discounted cash flows – Multiples valuation method	Future profitability of the issuer
Bonds measured at fair value through profit and loss	8,889	8,889	Based on issuer price /Discounted cash flows with estimation of credit risk	Issuer price / Credit spread
Loans measured at fair value through profit and loss	352,741	352,741	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

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31.12.2017				
	Total fair value	Fair value	Valuation method	Significant non-observable inputs
Derivative Financial Assets	26,555	11,629	Discounted cash flows with interest rates 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 /Discounted cash flows with estimation of credit risk/ Discounted cash flows with estimation of bonds' yield and shares' valuation in the context of the expexted 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

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

31.3.2018				
	Assets			
	Securities measured at fair value through other comprehensive income	Securities measured at fair value through profit and loss	Loans measured at fair value through profit and loss	Derivative financial assets
Opening balance 1.1.2018 post implementation of IFRS 9	**67,499**	**8,153**	**381,741**	**26,555**
Total gain or loss recognized in the income statement	386	1,115	(14,742)	1,416
Total gain or loss recognized directly in equity	128			
Purchases/issues	48		19,438	
Sales/repayments/ settlements	(287)	(379)	(33,696)	(211)
Transfers in from level 3 to level 2				
Transfers out from level 3 to level 2	(10,274)			(10,151)
Balance 31.3.2018	**57,500**	**8,889**	**352,741**	**17,609**
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 - 31.3.2018.	386	1,115	(21,426)	(273)

During the period ended 31.3.2018, 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 its valuation.

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	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	(3)	191		1,790
Total gain or loss recognized directly in Equity	(325)			
Purchases / Issues	16			
Sales / Repayments / Settlements	(2,454)			12,205
Transfers out from level 3 to Level 2	(10)	(850)		
Balance 31.3.2017	**60,537**	**4,700**	**-**	**-**
Changes for the period 1.4 - 31.12.2017				
Total gain or loss recognized in Income Statement	9,290	17,063		
Total gain or loss recognized directly in Equity	486			
Purchases / Issues	31,331			
Sales / Repayments / Settlements	(47,850)	(4,155)		
Transfers in level 3 from Level 2	22,971	9,582		
Transfers out from level 3 to Level 1	(1,113)	(635)		
Balance 31.12.2017	**75,652**	**26,555**	**-**	**-**
Amounts included in the Income Statement for financial instruments held at the end of period 1.1 - 31.3.2017	(4)	193		

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 € 14,812.

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Sensitivity analysis for Level 3 financial instruments on 31.03.2018 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%		(1,364)		
	Assessment of the adequacy of reserves for the payment of hybrid securities dividends	Increase the probability of dividend payments to 100%		(71)		
	Credit spread	Increase of Credit spread by 10%		(832)		
Bonds measured at fair value through profit and loss	Issuer Price/ Credit spread/ Adjustement due to low trading/ Yield of bonds	Variation +/- 10% in issuer Price, +/- 10% in adjustment due to low trading and estimated Credit Risk, +/- 10% in estimated return and +/- 10% in estimated yield of bonds	766	(758)	766	(758)
Loans measured at fair value through profit and 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		(15,086)		
Bonds measured at fair value through other comprehensive income	Issuer Price/ Credit spread/ Adjustement due to low trading/ Yield of bonds	Variation +/- 10% in issuer Price, +/- 10% in adjustment due to low trading and estimated Credit Risk, +/- 10% in estimated return and +/- 10% in estimated valuation of share			241	(237)
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)			669	(669)
Total			**766**	**(18,111)**	**1,676**	**(1,664)**

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26. Impact from the implementation of IFRS 9

The new accounting standard IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2018, which impose fundamental changes in the way financial instruments are classified and measured. For the application of the new standard, the Group 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	Valuation impact	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)	(1,424,340)	41,513,781
Loans and advances to customers, at fair value through profit and 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)		
- Fair value through other comprehensive income		5,840,340	108	5,840,448
- Fair Value through Profit and Loss		37,803	(96)	37,707
Investment in associates	18,886			18,886
Investment property	577,112			577,112
Property, plant and equipment	735,250			735,250
Goodwill and other intagibles assets	389,809			389,809
Deferred tax asset	4,330,602		391,835	4,722,437
Other assets	1,328,838			1,328,838
Other assets held for sale	288,977		(488)	288,489
Total assets	**60,813,025**	**-**	**(1,031,586)**	**59,781,439**
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 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 provisions	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	(1,208,082)	(3,667,902)
	9,583,050	-	(1,140,803)	8,442,247
Non-controlling interests	28,534			28,534
Hybrid securities	15,107			15,107
Total Equity	**9,626,691**	**-**	**(1,140,803)**	**8,485,888**
Total Liabilities and Equity	**60,813,025**	**-**	**(1,031,586)**	**59,781,439**

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

Retained earnings	
Balance at 31.12.2017 in accordance with IAS 39	**(2,490,040)**
Reclassification in accordance with IFRS 9 equity investment shares to fair value through other comprehensive income	25,980
Reclassification in accordance with IFRS 9 of other investment return securities at fair value through profit and loss	2,360
Reclassification in accordance with IFRS 9 investment portfolio bonds at fair value through profit and loss	1,880
Expected credit loss in accordance with IFRS 9	(1,620,255)
Income tax	412,173
Balance at 1.1.2018 in accordance with IFRS 9	**(3,667,902)**

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 and loss**	**Other reclassifications**	**Reassessment**	**1.1.2018 IFRS 9**
Financial assets					
Due from banks	41,961		28,000	274	70,235
Loans and advances to customers	6,323			21,885	28,208
Loans and advances to customers, at amortized cost	13,287,706	(149,018)	(223,964)	1,402,455	14,317,177
Total impairment on financial assets, at amortized cost	**13,335,988**	**(149,018)**	**(195,964)**	**1,424,614**	**14,415,620**
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**
Impairment allowance for off balance sheet accounts	**787**			**109,311**	**110,098**

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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**	**Loans impaired at initial recognition (POCI)**	**Total**
Mortgage					
Book value (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 book value	**5,849,139**	**3,374,605**	**4,262,467**	**2,379,382**	**15,865,593**
Consumer					
Book value (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 book value	**781,659**	**495,179**	**938,865**	**826,604**	**3,042,307**
Credit cards					
Book value (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 book value	**825,397**	**188,489**	**75,432**	**14,168**	**1,103,486**
Retail lending					
Book value (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 book value	**318,080**	**535,328**	**2,206,462**	**470,047**	**3,529,917**
Total loans to retail lending					**-**
Book value (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 book value	**7,774,275**	**4,593,601**	**7,483,226**	**3,690,201**	**23,541,303**
Corporate lending and Public sector					
Book value (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 book value	**9,497,274**	**3,200,196**	**4,447,393**	**620,777**	**17,765,640**
Total loans and advances to customers					
Book value (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 book value	**17,271,549**	**7,793,797**	**11,930,619**	**4,310,978**	**41,306,943**

Loans under the definition of a purchased or originated credit-impaired (POCI) amount to €871,492 which are not impaired/non performing as at 1.1.2018.

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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	**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.

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 has decided to make use of Article 473a of the above Regulation and will apply 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 18,3% as at 31.3.2018, based on the transitional provisions, while the impact from the full implementation is estimated at approximately 2.9% and the ratio will stand at 15.5% as at 31.3.2018, for the Group.

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27. Credit Risk Disclosure of Financial Instruments

In the present disclosure is presented information regarding credit risk for the categories of financial instruments for which expected credit losses are recognized, in accordance with I.F.R.S. 9.

It is particularly presented the classification of financial instruments and a reconciliation of impairment losses per stage as at 31.3.2018.

a. Due from Banks

	31.3.2018				
	Stage 1	Stage 2	Stage 3	Due from banks impaired on initial recognition (POCI)	Total
Balance 31.3.2018					
Due from Banks					
Book value before impairment	1,746,152		69,961		1,816,113
Expected credit losses	(278)		(69,961)		(70,239)
Book value	**1,745,874**	**-**	**-**	**-**	**1,745,874**

	Accumulatetd allowance for impairment losses				
	Stage 1	Stage 2	Stage 3	Due from banks impaired on initial recognition (POCI)	Total
Opening balance 1.1.2018	**274**		**69,961**		**70,235**
Changes for the period 1.1. - 31.3.2018					
Reassessment of expected credit losses	51				51
Impairment on initial recognition	18				18
Foreign exchange differences and other movements	(65)				(65)
Closing balance 31.3.2018	**278**	**-**	**69,961**	**-**	**70,239**

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.

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The following table presents loans measured at amortized cost per IFRS 9 stage, as at 31.3.2018:

	Loans and advances to customers at amortized cost				
	Stage 1	**Stage 2**	**Stage 3**	**Loans impaired at initial recognition (POCI)**	**Total**
Mortgage					
Book value (before allowance for impairment losses)	5,653,878	3,532,047	6,696,314	3,278,646	19,160,885
Expected credit losses	(7,429)	(183,169)	(2,344,003)	(944,641)	(3,479,242)
Net book value	**5,646,449**	**3,348,878**	**4,352,311**	**2,334,005**	**15,681,643**
Consumer					
Book value (before allowance for impairment losses)	787,612	561,244	2,164,526	1,429,922	4,943,304
Expected credit losses	(4,031)	(79,528)	(1,239,840)	(626,852)	(1,950,251)
Net book value	**783,581**	**481,716**	**924,686**	**803,070**	**2,993,053**
Credit cards					
Book value (before allowance for impairment losses)	802,527	250,311	328,693	117,170	1,498,701
Expected credit losses	(8,519)	(65,683)	(247,805)	(98,897)	(420,904)
Net book value	**794,008**	**184,628**	**80,888**	**18,273**	**1,077,797**
Retail lending					
Book value (before allowance for impairment losses)	315,990	642,146	3,649,526	1,216,298	5,823,960
Expected credit losses	(2,531)	(84,376)	(1,497,770)	(733,420)	(2,318,097)
Net book value	**313,459**	**557,770**	**2,151,756**	**482,878**	**3,505,863**
Total loans to retail lending					**0**
Book value (before allowance for impairment losses)	7,560,007	4,985,748	12,839,059	6,042,036	31,426,850
Expected credit losses	(22,510)	(412,756)	(5,329,418)	(2,403,810)	(8,168,494)
Net book value	**7,537,497**	**4,572,992**	**7,509,641**	**3,638,226**	**23,258,356**
Corporate and public sector					
Book value (before allowance for impairment losses)	9,446,748	3,662,019	8,924,669	1,648,412	23,681,848
Expected credit losses	(112,430)	(177,938)	(4,668,287)	(1,000,172)	(5,958,827)
Net book value	9,334,318	3,484,081	4,256,382	648,240	17,723,021
Loans and advances to customers					
Book value (before allowance for impairment losses)	17,006,755	8,647,767	21,763,728	7,690,448	55,108,698
Expected credit losses	(134,940)	(590,694)	(9,997,705)	(3,403,982)	(14,127,321)
Net book value	**16,871,815**	**8,057,073**	**11,766,023**	**4,286,466**	**40,981,377**

Loans under the definition of purchased or originated credit-impaired (POCI) amount to €808,332 which as at 31.3.2018 are not impaired/non performing.

The following table presents the movement of loans' at amortized cost accumulated allowance for impairment losses:

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	Accumulatetd allowance for impairment losses														
	Retail					Corporate and public sector					Total				
	Stage 1	Stage 2	Stage 3	Loans impaired on initial recognition /purchase (POCI)	Total	Stage 1	Stage 2	Stage 3	Loans impaired on initial recognition /purchase (POCI)	Total	Stage 1	Stage 2	Stage 3	Loans impaired on initial recognition /purchase (POCI)	Total
Balance 1.1.2018	**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**
Changes for the period 1.1. - 31.3.2018															
Transfer to Stage 1 (from 2 or 3)	23,126	(20,323)	(2,803)			18,979	(18,301)	(678)			42,105	(38,624)	(3,481)		-
Transfer to Stage 2 (from 1 or 3)	(2,733)	63,872	(61,139)			(8,225)	11,093	(2,868)			(10,958)	74,965	(64,007)		-
Transfer to Stage 3 (from 1 or 2)	(53)	(49,348)	49,407	(6)		(2,673)	(3,593)	6,266			(2,726)	(52,941)	55,673	(6)	-
Net remeasurement of loss allowance (a)	(20,624)	2,053	10,207	(4,097)	(12,461)	(12,369)	18,718	9,078	(1,333)	14,094	(32,993)	20,771	19,285	(5,430)	1,633
New financial assets originated or purchased (b)	556			654	1,210	6,332			792	7,124	6,888			1,446	8,334
Changes in models/risk parameters (c)	834	1,160	127,522	113,377	242,893	3,738	(22,770)	144,788	(25,185)	100,571	4,572	(21,610)	272,310	88,192	343,464
Impairment losses on loans (a)+(b)+(c)	**(19,234)**	**3,213**	**137,729**	**109,934**	**231,642**	**(2,299)**	**(4,052)**	**153,866**	**(25,726)**	**121,789**	**(21,533)**	**(839)**	**291,595**	**84,208**	**353,431**
Derecognition of financial assets	(1)	(87)	(1,460)	840	(708)	(4)	(345)	(918)	-	(1,267)	(5)	(432)	(2,378)	840	(1,975)
Write-offs	(769)	(3,264)	(193,144)	(131,755)	(328,932)	-	-	(112,707)	(54,231)	(166,938)	(769)	(3,264)	(305,851)	(185,986)	(495,870)
Foreign exchange and other movements	612	(1,198)	(6,697)	(595)	(7,878)	5,511	(342)	(11,607)	457	(5,981)	6,123	(1,540)	(18,304)	(138)	(13,859)
Change in the present value of the allowance account			(42,530)	(19,375)	(61,905)			21,498	8,824	30,322			(21,032)	(10,551)	(31,583)
Balance 31.3.2018	22,510	412,756	5,329,418	2,403,810	8,168,494	112,430	177,938	4,668,287	1,000,172	5,958,827	134,940	590,694	9,997,705	3,403,982	14,127,321

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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:

	Allowance for impairment losses Off-balance sheet commitments				
	Stage 1	**Stage 2**	**Stage 3**	**Loans impaired at initial recognition POCI**	**Total**
Balance 1.1.2018	**9,798**	**5,609**	**94,690**	**1**	**110,098**
Changes for the period 1.1. - 31.3.2018					
Transfer to Stage 1 (from 2 or 3)	1,795	(631)	(1,164)		
Transfer to Stage 2 (from 1 or 3)	(275)	1,568	(1,293)		
Transfer to Stage 3 (from 1 or 2)	(33)	(146)	179		
Net remeasurement of loss allowance (a)	(1,446)	990	(614)	2	(1,068)
Impairment losses for new commitments (b)	9				9
Changes in risk parameters (c)	(3,756)	(723)	(16,825)	174	(21,130)
Impairment losses on Off-balance sheet commitments (a)+(b)+(c)	**(5,193)**	**267**	**(17,440)**	**176**	**(22,190)**
Foreign exchange and other movements			1,146		1,146
Balance 31.3.2018	**6,092**	**6,667**	**76,119**	**177**	**89,055**

The total amount of provisions for credit risk that the Group has recognized and derive from contracts with customers stands at € 14,256,672 as at 31.3.2018, taking into consideration the accumulated impairment for loans to customers that are measured at amortized cost of amount € 14,127,321, the provisions for off balance sheet items of amount € 89,055 and the accumulated impairment losses for receivables from customers at amortized cost of amount € 40,296.

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 31.3.2018 and the reconciliation of accumulated impairment per stage for the first quarter of 2018:

	31.3.2018				
	Stage 1	**Stage 2**	**Stage 3**	**Investment securities impaired on initial recognition (POCI)**	**Total**
Greek Government treasury bonds					
Expected credit losses	(34,244)				(34,244)
Fair value	3,460,302				3,460,302
Other Government treasury bonds					
Expected credit losses	(902)				(902)
Fair value	792,957				792,957
Other securities					
Expected credit losses	(3,442)	(1,679)			(5,121)
Fair value	1,096,797	18,170			1,114,967
Total impairment on financial assets measured at fair value through other comprehensive income					
Expected credit losses	**(38,588)**	**(1,679)**	**-**	**-**	**(40,267)**
Fair value	**5,350,056**	**18,170**	**-**	**-**	**5,368,226**

Except of the above, investment securities measured at fair value through other comprehensive income includes shares of fair value equal to €100,925.

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	Allowance for impairment losses on securities				
	Stage 1	Stage 2	Stage 3	POCI Assets	Total
Changes for the period 1.1. - 31.3.2018					
Balance 1.1.2018	**84,312**	**3,099**	**-**	**-**	**87,411**
Net remeasurement of loss allowance (a)	(41,287)	(987)			(42,274)
New securities originated or purchased (b)	11,873	-			11,873
Impairment losses on securities (a)+(b)	**(29,414)**	**(987)**	**-**	**-**	**(30,401)**
Derecognition of financial assets	(16,144)	(433)			(16,577)
Foreign exchange and other movements	(166)				(166)
Balance 31.3.2018	**38,588**	**1,679**	**-**	**-**	**40,267**

28. 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 Justice System 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 semester 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.

	31.3.2018 (estimation)	31.12.2017
Common Equity Tier I	18.3%	18.3%
Tier I	18.4%	18.3%
Capital Adequacy Ratio	**18.4%**	**18.4%**

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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**	
		Base scenario	**Downside scenario**
CET1 (in millions euro)	8,987	10,380	4,745
RWAs (in millions euro)	49,240	50,949	48,982
CET1 (%)	**18.3%**	**20.4%**	**9.7%**

29. 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 respective 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:

	31.3.2018	31.12.2017*
Assets		
Loans and advances to customers	1,436	1,510
Liabilities		
Due to customers	6,930	10,438
Employee defined benefit obligations	246	244
Total	**7,176**	**10,682**
Letters of guarantee and approved limits	**2,119**	**2,075**

	FROM JANUARY 1 TO	
	31.3.2018	31.3.2017*
Income		
Interest and similar income	12	12
Fee and commission income	1	2
Total	**13**	**14**
Expenses		
Interest expense and similar charges	6	6
Fees paid to key management and close family members	1,074	819
Total	**1,080**	**825**

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

	31.3.2018	31.12.2017
Assets		
Loans and advances to customers	150.315	149.358
Other assets	2.001	1531
Total	**152.316**	**150.889**
Liabilities		
Due to customers	33.734	19.172
Other liabilities	1.664	1270
Total	**35.398**	**20.442**

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

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	FROM JANUARY 1 TO	
	31.3.2018	31.3.2017
Income		
Interest and similar income	1,825	1,320
Fee and commission income	2	1
Other income	40	53
Total	**1,867**	**1,374**
Expenses		
Interest expense and similar charges		20
Other income	2,813	
Total	**2,813**	**20**

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	
	31.3.2018	31.3.2017
Income		
Fee and commission income	3	2

30. Current assets held for sale and discontinued operations

	31.3.2018	31.12.2017
APE Fixed Assets A.E., APE Commercial Property A.E., APE Investment Property A.E.	98,280	98,280
Alpha Investment Property Attikis II A.E.	-	21,996
Alpha Bank A.E. loans' portfolio	31,945	108,501
Alpha Bank Romania A.E. loans' portfolio	51,518	55,158
Other assets held for sale	5,020	5,042
Total	**186,763**	**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) and the fulfillment of the relevant commitment relating to the deleveraging of part of the assets of its international activities, proceeded to the sale of the operations of its branch in Bulgaria, to the sale of Alpha Bank A.D. Skopje, Alpha Bank Srbija A.D. and Ionian Hotel Enterprises S.A., while the Bank also began the process for the sale of APE Fixed Assets S.A., APE Commercial Property S.A. and APE Investment Property S.A. In the same context, the Bank began the process for the sale of retail and wholesale loan portfolio in Romania.

In addition, the Bank began the process for the sale of subsidiary Alpha Investment Property Attikis II A.E., as well part of the retail and wholesale loan portfolio in Greece.

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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	
	31.03.2018	31.03.2017
Interest and similar income		6,344
Interest expense and similar charges		(1,245)
Net interest income		**5,099**
Fee and commission income		1,742
Commission expense		(441)
Net fee and commission income		**1,301**
Dividend income		
Gains less losses on financial transactions		616
Other income		148
Total income		**7,164**
Staff costs		(2,628)
General administrative expenses		(3,655)
Depreciation and amortization		
Other expenses		(19)
Total expenses		**(6,302)**
Impairment losses and provisions to cover credit risk		1,113
Profit/(loss) before income tax		**1,975**
Income tax		
Profit/(loss) after income tax		**1,975**
Difference due to valuation at fair value		
Loss from sale after income tax		(1,065)
Profit /(loss) after income tax, from discontinued operations		**910**
Net change of securities available for sale reserve		(601)
Foreign exchange differences due to translation of financial statements and hedging of foreign subsidiaries		(309)
Income tax		
Amounts that may be reclassified to the Income Statement, from discontinued operations		**(910)**
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.

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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 is estimated that the disposal will be comlpeted 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 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 Group is negotiating with potential investors who expressed their interest for the purchase of these participations, and estimates that the transaction process will be completed in the near future.

As far as it concerned APE Commercial Property is concerned, it should be noted that the process of the disposal of its participation in EL.P.ET Balkaniki A.E. during the fourth quarter of 2017, which constituted (except for deposits in banks) the only asset of the company was completed and share capital refund took place amounting to € 9.4 million. The Bank jointly with the other shareholder intends to proceed with the liquidation of APE Commercial Property during 2018, since the company does not have other business operations.

According to IFRS 5 the assets held for sale or disposal groups are valued at the lower of book 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 measurement 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.

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

	31.3.2018	31.12.2017
ASSETS		
Loans and advances to customers	47,570	47,570
Investment in associates and joint ventures	28,145	28,145
Investment property	39,872	39,872
	115,587	**115,587**
Valuation at fair value APE	(17,307)	(17,307)
Total assets held for sale APE	**98,280**	**98,280**
LIABILITIES		
Liabilities for current income tax and other taxes	31	
Deferred tax liability	284	286
Other liabilities	4	6
Total liabilities related to assets held for sale	**319**	**292**
Amounts recognized directly in equity related to assets held for sale	**(122)**	**(122)**
Non-controlling interests related to assets held for sale	**10,947**	**10,947**

Loans portfolio

During 2017, the Bank in cooperation with Alpha Bank Romania S.A. proceeded to the 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 loans still outstanding 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 as incurred 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 from discontinued recognition of financial instruments at amortized cost".

On 31.3.2018, the carrying amount of Bank's retail loans portfolio amounts to € 342, the corporate loans portfolio amounts to € 31,603 whereas Alpha Bank Romania S.A. loans' portfolio amounts to € 51,518.

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

Other assets held for sale

Assets held for sale include also other fixed assets held for sale of the Group of an amount of 5,020 (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.

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31. 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 Grpup'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.

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

32. 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 € 56,698 from net cash flows from continuing operating activities to net cash flows from continuing investing activities.

	31.3.2017		
	Published amounts	**Restatement**	**Restated amounts**
Net cash flows from continuing operating activities	(78.517)	(56.698)	(135.215)
Net cash flows from continuing investing activities	42.458	56.698	99.156
Net cash flows from continuing financing activities	(55.976)		(55.976)
Net increase/(decrease) in cash flows from continuing activities	(94.366)		(94.366)
Net increase/(decrease) in cash flows from discontinued activities	(5.639)		(5.639)
Cash and cash equivalents at the beginning of the period	974.888		974.888
Cash and cash equivalents at the end of the period	874.883		874.883

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33. Events after the balance sheet date

a. 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.

b. In the context of the direct Covered Bond Issuance Program II, the Bank, on 18.5.2018, issued a series 1 bond with a nominal value of €1 billion collateralized with mortgage loans, maturity date on 23.10.2019 and bearing an interest rate corresponding to three month Euribor plus a margin of 1.65%. This bond used as collateral in financing operations, is held by the Bank.

Athens, 31 May 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	VASILEIOS E. PSALTIS ID No AI 666591	MARIANNA D. ANTONIOU ID No X 694507

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