SUMMARY OF THE ANNUAL REPORT
2014

FEBRUARY 2015

BANK OF GREECE
EUROSYSTEM

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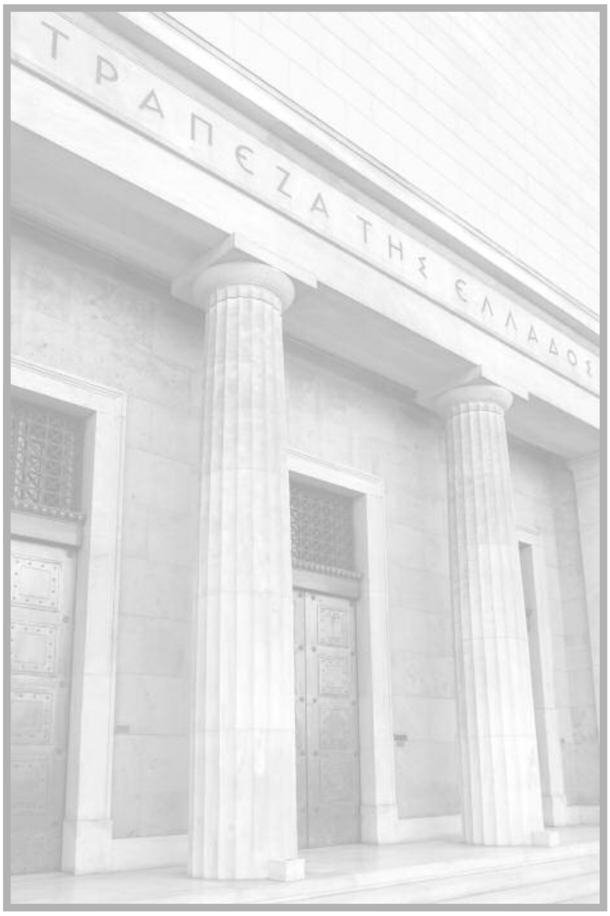
2014

Presented to the General Meeting of Shareholders
by Governor Yannis Stournaras



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CONTENTS

EXIT FROM THE CRISIS AND RETURN TO ECONOMIC GROWTH

1 AGREEMENT WITH OUR PARTNERS TO AVOID A STALLING OF RECOVERY AND TO BOLSTER GROWTH

After six years of severe recession, the downturn came to an end in 2014, with economic activity resuming positive growth rates. This development, combined with the elimination of the high fiscal and current account deficits and the implementation of significant structural reforms, arguably suggests that the necessary conditions are now in place for a definitive exit from the crisis and for accelerated growth in the immediate future.

However, this optimistic outlook is clouded by protracted uncertainty over the ongoing renegotiations of our agreements with our partners, the final outcome of which cannot as yet be predicted. The outcome of these negotiations will ultimately determine Greece's future in the years ahead. The Bank of Greece therefore stresses the need, at this crucial time, for a coordinated national effort within the euro area, in close collaboration with European and international institutions, to ensure that the sacrifices made by Greek citizens will not have been in vain and to facilitate the economic restructuring needed for sustainable growth.

2 ECONOMIC RECOVERY IN 2014 IN A DEFLATIONARY ENVIRONMENT

2014 marked the return of economic activity to positive growth rates after six consecutive years of deep recession, during which GDP contracted by more than 25%. The available quarterly GDP data indicate that the recession has clearly been winding down since the first quarter of 2014, with year-on-year growth in 2014 returning to positive territory (0.8%) for the first time since 2007, driven by higher exports of goods and services and increased private consumption. More specifically, in the period from January to September 2014:

Exports rose by 8.4%, largely as a result of improved competitiveness, with a strong performance from tourism and shipping exports.

Private consumption increased by 1.5%, supported by stabilised real disposable income, a declining general level of prices and reduced uncertainty.

Other significant positive developments were the recovery of total employment by 0.3% and of dependent the employment by 2.3%, while the number of unemployed decreased for the first time since 2008, by 3.3%. Nevertheless, the unemployment rate remains high and the highest in the EU. Another major concern is that the long-term unemployment rate continues to rise, which increases the risk of human capital depreciation.

Unit labour costs decreased further in 2014, on the back of higher productivity and lower employer contributions, thereby supporting competitiveness gains. Structural competitiveness in Greece has been showing signs of improving since 2013. More specifically, according to the World Economic Forum's global competitiveness index, Greece moved up the ranking to 81st place, from 91st in 2012, while according to the World Bank's ranking on the "ease of doing business", Greece advanced to 61st place, from 65th and 89th, respectively, in the past two years. However, low access to financing, red tape and the lack of a stable tax environment remain the biggest drags on the international competitiveness of Greek businesses.

The overperformance against the primary surplus target set in the Economic Adjustment Programme by 1.2% of GDP in 2013 was a milestone achievement that provides a solid base for the attainment of the fiscal target in 2014 for a third consecutive year. However, the general government fiscal outcome in 2014 faces downward risks, largely associated with domestic political developments combined with a back-loaded revenue schedule. These uncertainties have risen following the completion of the state budget execution for 2014, which pointed to significant tax revenue shortfalls, especially in December.

Despite higher public investment, total investment remains particularly low, reflecting a decrease in private investment mainly on account of limited bank lending and the high cost of borrowing. The fall in private investment was primarily concentrated in residential investment, whereas productive business investment has started to show signs of recovery. For the first time since 2008, the increase in investment in the third quarter of 2014, albeit moderate at 1%, may be signalling a longer-lasting recovery trend.

The year 2014 was marked by deflation, as a result of shrinking unit labour costs, subdued aggregate demand, a weaker inflationary impact from indirect taxes and —especially in the last months of the year— declining international oil prices. Equally conducive to the deflationary trend were the structural reforms in product and labour markets.

3 INTERNATIONAL ENVIRONMENT

The positive developments in economic activity and employment occurred against a background of subdued foreign demand reflecting sluggish growth mainly in the euro area. The global economy is expected to have grown by 3.3% in 2014, driven by the emerging and developing economies of Asia, albeit to a lesser extent than in the recent past, and by certain advanced economies, namely the United States and the United Kingdom. Looking ahead, growth in 2015 is projected to pick up slightly in tandem with rising world trade volumes, on the back of the marked decline in international oil prices.

The euro area, after two years of recession, is expected to post a positive growth rate of 0.9% in 2014 that is projected to rise to more than 1% in 2015. Underlying this projected growth are mainly stronger private consumption and investment, owing, among other factors, to the very accommodative monetary policy stance of the Eurosystem, milder fiscal consolidation and, gradually, a rebound of exports reflecting the depreciation of the euro since mid-2014.

Inflation in the global economy and the euro area stood at low levels. In the euro area, the drop in energy and food commodity prices, the past appreciation of the euro and timid growth all contributed to a significant slowdown in inflation, which moved into negative territory in late 2014 and early 2015.

The lower prices of crude oil are expected to bolster global economic activity in 2015, while the increase in risks to the global financial system as a result of lower revenue and the financial difficulties of certain oil exporting countries is expected to be limited.

These forecasts are subject to considerable uncertainty on account of heightened geopolitical risk and the high levels of public and private debt. However, the reduction of external macroeconomic imbalances at the global level in recent years, in many cases of a structural nature, has made the global economy less vulnerable to financial and other shocks.

4 ECB MEASURES TO AVERT THE RISKS OF DEFLATION AND RECESSION IN THE EURO AREA

The main challenge for the Eurosystem in 2014 was to prevent a deflationary environment from taking hold in the euro area. To this end, the Governing Council lowered the key ECB interest rates on two occasions, in June and September 2014, bringing the rate on the main refinancing operations (MROs) and the deposit facility rate down by a total of 20 basis points each, to 0.05% and -0.20%, respectively.

In addition, the Eurosystem introduced a programme of targeted longer-term refinancing operations (TLTROs), i.e. a series of eight open market operations to be conducted between September 2014 and June 2016, enabling euro area banks to borrow at a low fixed rate. The amount that each bank is entitled to borrow is not unlimited, but depends on the volume of its lending to the real economy. The maturity of TLTROs is set for September 2018 for those banks that will have increased their lending in the period following April 2014, relative to the reference period (May 2013-April 2014).

In the fourth quarter of 2014, the Eurosystem also launched two purchase programmes for selected private assets, namely asset-backed securities (ABS) and covered bonds. In early 2015, the asset purchase programme was expanded to include bonds issued by euro area central governments, agencies and European institutions. Under this expanded asset purchase programme, the combined monthly purchases of public and private sector assets will amount to €60 billion and are intended to be carried out until the path of inflation becomes consistent with the aim of achieving inflation rates of below, but close to, 2% over the medium term.

The liquidity injections via these new, non-standard monetary policy measures will continue to exert strong downward pressure on interbank interest rates. Indeed, after August 2014, the overnight interest rate (EONIA) remained negative for extensive periods of time, while the Euribor fell to historically low levels.

With specific regard to the asset purchase programmes, the liquidity to be generated is expected to be channelled into investment in securities, including those denominated in foreign currencies. This should bring about a decline across a broad range of asset returns and push up stock prices, paving the way to a broadly-based easing of financing conditions in the monetary union, as well as a weakening of the exchange rate of the euro. Some investors are likely to be interested in acquiring securities similar to the ones they sold to the Eurosystem, giving banks an incentive to grant new loans that can be used as underlying assets for securitisation or covered bond issuance.

All of these developments will have a beneficial effect on economic activity and help bring back euro area inflation closer to 2%. In fact, the rate of decline in bank lending to the private sector is already moderating and bank lending rates are trending downwards.

A positive impact can also be expected for Greece, subject of course to the conditionality of ECB decisions, most importantly the condition that Greece follow a programme agreed with its partners.

5 GLOBAL FINANCIAL MARKETS

Global financial market conditions continued to improve in the first half of 2014. Gradually, however, from the third quarter onwards, increasing investor uncertainty about the banking sector in euro area countries, signs of economic recovery losing momentum in the euro area and slackening growth in the global economy led to increased volatility in European capital markets.

Against this background and given country-specific factors weighing on the rating of Greek government bonds (mainly associated with uncertainties about political developments), Greek government bond yields once again spiked, returning to levels not seen since the third quarter of 2013.

Developments in the Greek corporate bond market were also negative in 2014. During most of the year, the yields on Greek corporate bonds moved broadly in line with the yields on bonds issued by European non-financial corporations, which have higher credit ratings. From the end of October, however, Greek corporate bond yield developments decoupled from those in European corporate bonds and followed the same sharp upward course as Greek government bond yields.

Developments in the Greek stock market were also negative in 2014, albeit not throughout the year. The prices of shares on the Athens

Exchange dropped significantly, especially bank shares, although the results of the ECB's recent Comprehensive Assessment showed that Greece's systemic banks were adequately capitalised.

6 THE GREEK BANKING SYSTEM

The strengthening of banks' capital bases and operating profits before provisions, the first steps towards addressing the issue of non-performing loans and the activation, as of 4 November 2014, of the Single Supervisory Mechanism (SSM) were the main developments for the Greek banking system in 2014.

First, in early 2014, the Bank of Greece released the findings of its stress test of Greek banks. This, together with the downward trend of Greek government bond yields at the time, gave banks easier access to capital market funding. Towards the end of the year, the ECB completed its Comprehensive Assessment, which reconfirmed the capital adequacy of Greek systemic banks.

Banks' operating profits (operating revenue minus operating expenses) have been improving steadily, owing to higher net interest income and to operating cost cuts under the banks' restructuring plans.

During most of 2014, Greek banks had easy access to interbank funding and also issued bank bonds on the international markets. They were, in addition, able to obtain medium-term liquidity at favourable terms through the TLTROs.

Despite these favourable developments, the banking system continues to face serious challenges, first and foremost the need to address non-performing loans (NPLs). The ratio of NPLs to total loans remained particularly high (September 2014: 34.2%, December 2013: 31.9%). On the upside, however, the pace of new NPL formation has slowed down markedly and the NPL coverage ratio has risen significantly.

Finally, the Single Supervisory Mechanism (SSM), which is the new banking supervision system composed of a supranational authority (the ECB) and the national competent authorities of the participating countries, was activated on 4 November 2014. In order to ensure consistent supervisory practices and approaches, the ECB and the national authorities use a single rulebook, while a Joint Supervisory Team, formed of staff of the ECB and the national supervisors, is established for each significant bank. The ECB directly supervises some 120 significant banks, including Greece's four systemic banks. This direct supervision will involve examining banks' lending, borrowing and investment activities and overall compliance with European and national prudential regulation.

The decision by the ECB's Governing Council on 4 February 2015 (lifting the waiver of minimum credit rating requirements for marketable debt instruments issued or fully guaranteed by the Hellenic Republic) does not create liquidity problems for the Greek banking system: the banking system, now standing on sounder foundations after its recent consolidation, is well-capitalised and furthermore has access to liquidity, albeit at a much higher cost, from the Bank of Greece through the Emergency Liquidity Assistance (ELA) mechanism. Furthermore, if an agreement with our partners is reached soon, this decision will be immediately revoked, as in similar cases in the past.

7 POSITIVE OUTLOOK FOR 2015

Based on the latest available data, GDP growth is projected to be positive and to pick up in 2016. The main elements of uncertainty weighing on the prospects for economic activity in the medium term concern the duration and outcome of negotiations with our partners, the possibility of an associated deterioration in financing conditions and reform fatigue.

If these uncertainties can be contained, then the economy can and should continue to recover in 2015, driven by exports of goods and services and by private consumption and supported also by rising business investment.

Exports of goods and services are expected to remain one of the growth drivers in 2015, with the global economic environment projected to improve as growth rates pick up both in the EU and the other markets and world trade strengthens. A positive impact is also expected from the further improvement in structural competitiveness and possibly in cost competitiveness, combined with restored access to financing for Greek businesses and an improving business climate.

Disposable income developments, the declining general level of prices and reduced uncertainty are expected to affect consumer spending positively in the course of 2015. Private consumption is therefore expected to increase in the year as a whole, supported by the fall in oil prices and the ensuing strengthening of Greek households' real disposable income.

The favourable outlook for investment should be supported by (a) the deployment by domestic credit institutions and businesses of resources from the National Strategic Reference Framework (NSRF) and the utilisation of co-financing and guarantee instruments available from the European Investment Bank (EIB) and the National Fund of Entrepreneurship and Development (ETEAN); (b) further progress in major infrastructure projects —especially Greece's four main highways— and the potential of public-private partnerships, which have an immediate growth impact and can leverage investment capacity in the building materials industry and supporting services; (c) the Investment Plan for Europe jointly promoted by the European Commission and the EIB through the establishment a new European Fund for Strategic Investments; and (d) the very accommodative stance of the single monetary policy which is expected to help improve financing conditions for sound businesses. A favourable impact will also come from the execution of projects under the Public Investment Programme with an overall budget of €6.4 billion for 2015.

Another factor that could considerably boost the investment climate is the completion of major privatisations already at an advanced stage. As the Bank of Greece has mentioned in the past, insofar as privatisations involve productive foreign direct investment, they can deliver a number of benefits for the privatised businesses, in terms of knowhow transfer, modernisation and efficiency, and for the economy as a whole by enhancing competitiveness and extroversion, as well as by helping to reduce the government's borrowing requirements and —ultimately— public debt in the medium term.

A possible continued decrease in unit labour costs, sluggish aggregate demand and falling international oil prices are expected to shape price developments also in 2015, with inflation expected to remain negative.

8 THE RECOVERY IS STILL FRAGILE AND LEAVES NO ROOM FOR COMPLACENCY

As mentioned above, the main uncertainties weighing on the prospects for economic activity in the medium term refer to the duration and outcome of the negotiations with our partners, the possible ensuing deterioration in financing conditions, as well as fiscal and structural reform fatigue. Signs of uncertainty are already visible in the economic sentiment indicators, which appear to have lost some of their upward momentum in late 2014 and early 2015, as well as in the budgetary slippages in December 2014 and January 2015. Lower-than-expected growth in the euro area and geopolitical risks are additional potential factors of uncertainty. On the other hand, the further decline in oil prices, the very accommodative stance of the ECB's monetary policy conducive to improved financing conditions, the prospect of a rebound of private investment once economic uncertainty dissipates, as well as the depreciation of the euro are expected to impact favourably on domestic economic activity.

9 ADOPTION OF A NATIONAL GROWTH POLICY FOCUSED ON REFORMS, FOR A DEFINITIVE EXIT FROM THE CRISIS AND ATTAINMENT OF SUSTAINABLE GROWTH

Greece's positive macroeconomic performance in 2014 and optimistic prospects reflect the significant changes made in recent years with tangible benefits, but also serious negative side-effects. Key achievements include restored fiscal balance and the virtual elimination of the current account deficit, the latter reflecting a sharp contraction in domestic consumer and investment demand, but also an improvement in competitiveness. Also, headway was made with a number of structural reforms in the functioning of the State, while steps were taken to modernise the tax system and tax collection mechanism and to broaden the tax base. On the downside however, these positive results have taken a heavy toll on the economy and society in terms of income, employment and human and physical capital.

These hard-won achievements must be preserved and consolidated, as they provide a cornerstone for the desired shift towards a new, export-led growth model. This is why it is imperative to quell uncertainties and ward off the risks that could cancel out the substantial progress made and undermine growth. The tremendous sacrifices made by the Greek people must not be in vain.

Amongst the crucial matters being debated at present are the negotiations with our partners and the securing of smooth financing conditions for the Greek economy and unhindered bank funding. If we want these negotiations to have a rapid and favourable outcome, there needs to be a compromise of views and a mutually-beneficial agreement based on facts, realism and foremost the will, jointly expressed by Greece and its partners, that Greece remain in the euro area.

One key area that can provide common ground for striking an agreement is the advancement of the structural reforms still pending. These reforms are much smaller in scope and would entail a low cost compared with the huge changes made in recent years at a very high price for Greek society. Once these pending reforms are completed, there will be nothing but gains ahead for the economy. Needless to say, Greece would then have to implement its own programme of further reforms to solidify its basis for sustainable growth and social wellbeing.

Our partners, for their part, can be expected to reiterate their decision, as explicitly stated at the Eurogroup meeting of 27 November 2012, to consider further measures to alleviate Greece's debt burden. This could be achieved by the methods envisaged in that Eurogroup statement or by other methods and would boost Greece's growth prospects, provided that economic policy stays committed to fiscal adjustment, primary surpluses and reforms to relaunch the economy. This would also allow the required primary surpluses to be gradually reduced, freeing up more resources for the financing of the economy. Let us not forget that such further measures to ensure a reduction of Greek public debt were, back in November 2012, made conditional to, and meant as a reward for, fiscal adjustment. This adjustment is now a reality.

Reaching an agreement with our partners may be a necessary condition for the recovery to take root and gain traction. However, it is not an adequate condition for jump-starting the economy. At the present crucial juncture, what we need is a comprehensive and coherent growth plan geared towards strengthening the productive capacity through investment and, more importantly, through structural reforms.

The first practicable measures that would pave the way in this direction include:

(a) Completing the reforms already launched, pursuing structural reforms in the goods and services markets and developing a "smart economy". The further opening-up of closed professions, as well as of those goods and services markets that, according to OECD recommendations, still lack effective competition, must be speeded up. The privatisation strategy needs to give priority to accelerating the processes presently in course that, as mentioned previously, would help increase the efficiency of the companies being privatised, improve competitiveness, make the economy more outward-oriented and —in the end— reduce public debt. Meanwhile, the available EU funding resources (under e.g. the NSRF, the Investment Plan for Europe) must be harnessed towards supporting knowledge and innovation and for exploiting our comparative advantages in sectors of the "smart economy", including the culture and creative industries.

(b) Consolidating fiscal achievements. The fiscal achievements must be preserved and consolidated. Efforts must focus on structural measures to strengthen the independence and efficiency of tax administration, with the aim to tackle tax and contribution evasion. The application of modern, risk-based tax audit methods and the activation of a nationwide asset registry are fundamental in the fight against tax evasion.

(c) Reviewing tax exemptions and other favourable tax treatment. Tax exemptions and favourable tax treatment, including reduced VAT rates, need to be reviewed and streamlined. Actions that could start immediately include the scrutiny, cost analysis and gradual abolition of various exemptions from the general tax rules, unless they concern: (a) social groups hard hit by the crisis or living in conditions of poverty or (b) growth incentives providing much-needed stimulus to economic activity.

(d) Lowering tax rates and reviewing the efficiency of public spending. To the extent that action under the preceding point is implemented, a lowering of the direct and indirect tax rates will become possible, with positive impact on growth without jeopardising fiscal sustainability. On the expenditure side, efforts to better target social benefits must continue, while the existing exemptions from the general pension system provisions must be re-examined. The strengthening of the financial framework for local governments needs to be completed, in order to curb the accumulation of arrears, while the newly established Independent Fiscal Council must assume an enhanced and effective role.

(e) Increasing public sector efficiency. The remaining reforms in the public sector, mainly geared towards greater operational efficiency, transparency and equitability, must be taken forward. The generalised application of automated online procedures is an important means for improving the interaction of citizens and businesses with the State and can further serve as a backstop against corruption. Completing the national cadastre and eliminating the chronic obstacles to the efficient and speedy delivery of justice are fundamental prerequisites for a well-functioning state, as are the efficient deployment of human resources and a transparent staff appraisal framework that rewards productivity and work ethic.

(f) Strengthening active labour market policies and reducing the number of unemployed. The absorption of the unemployed is expected to be a slow and gradual process, given the current slack in the labour market. A de-escalation of unemployment —particularly among youth and the long-term unemployed— and a gradual recovery of the employment rate are expected to benefit, in addition to growth, from active employment policies, as programmes and actions financed by the NSRF 2014-2020 are phased in. Actions that promote employment, for instance through the development of local employment partnerships and vocational training programmes, will also be instrumental in tackling unemployment, especially its structural component. However, this strengthening of active policies needs to be combined with eligibility controls and results-based assessment of programmes and with a fight against undeclared and uninsured work.

(g) Effective management of non-performing loans (NPLs). The effective management of non-performing loans will have a positive knock-on effect on lending to sound businesses, given that banks' ability to extend new credit is closely linked with the smooth and timely repayment of existing loans. The NPL management model to be chosen must: (a) not give rise to moral hazard; and (b) enable the identification of the most appropriate work-out solutions and, where possible, ease the burden on cooperating borrowers facing temporary difficulties in servicing their debt. Apart from effective NPL management, the consolidation of positive growth rates will obviously contribute significantly to improving the NPL recovery rate, by generating a self-reinforcing process of NPL reduction as the debt servicing capacity of households and businesses increases.

(h) Securing the smooth financing of the Greek economy. The capacity of the banking system to finance the real economy does not depend on capital adequacy alone, but also on its liquidity. Following the recent capital increases, Greek banks have a sufficient capital base, but their liquidity has come under considerable strain, especially in the past few months. The stock of outstanding deposits is significantly lower today than it was before the crisis, plus the banks still have no access to money markets, except for very small amounts and at high cost. After the recent decision by the ECB Governing Council (4 February 2015) to exclude securities issued or guaranteed by the Hellenic Republic from the list of collateral acceptable for open market operations, the value of eligible securities held in Greek bank portfolios dropped significantly. Greek banks can still obtain liquidity from the Bank of Greece through the emergency liquidity assistance (ELA) mechanism but, as entailed by the rules of the Eurosystem, at substantially higher cost. This is why striking an agreement with our partners is critical to relaunching growth.

* * *

In the past few years, we have covered some very rough ground at tremendous cost to the whole of Greek society. If we can address the relatively few issues still pending and complete the first phase of the effort launched in 2010, we will then be able to move on to the next phase, in which the growth potential of the economy will be considerably enhanced. Rapid growth will enable the implementation of more effective policies for restoring social cohesion, which has been eroded by the crisis. The priorities of these policies should be geared towards reducing unemployment and correcting inequality in the distribution of the burden from the adjustment effort caused by dysfunctions in the tax system and across-the-board income cuts. For this to happen, we must remain firmly committed to the country's European course and soon come to an agreement with our partners that will secure such a course.

APPENDIX

TABLES AND CHARTS

TABLES

CHARTS

Table 1 Demand and GDP

(annual percentage changes and percentage point contributions, at prices of 2010)

	2010	2011	2012	2013	2014 Jan.-Sept.
Private consumption	-6.9 (-4.9)	-10.7 (-7.5)	-7.9 (-5.4)	-2.1 (-1.4)	1.5 (1.0)
Public consumption	-4.4 (-0.9)	-6.4 (-1.4)	-5.1 (-1.1)	-6.7 (-1.5)	0.1 (0.0)
Gross fixed capital formation	-20.8 (-4.3)	-17.0 (-2.9)	-28.5 (-4.4)	-9.4 (-1.1)	-3.3 (-0.4)
Residential investment	*-26.5* *(-1.7)*	*-14.7* *(-0.7)*	*-33.3* *(-1.6)*	*-27.7* *(-0.9)*	*-51.0* *(-1.3)*
Domestic final demand[1]	-9.0 (-10.2)	-10.9 (-11.8)	-10.4 (-11.0)	-3.8 (-3.9)	0.7 (0.7)
Change in inventories and statistical discrepancy (% of GDP)	-0.3	-0.1	1.2	0.1	-0.5
Domestic demand	-7.1 (-7.8)	-10.6 (-11.4)	-9.2 (-9.7)	-5.1 (-5.2)	-0.6 (-0.6)
Exports of goods and services	4.3 (0.8)	1.0 (0.2)	1.0 (0.2)	1.5 (0.4)	8.4 (2.3)
Imports of goods and services	-5.5 (1.7)	-7.8 (2.4)	-9.4 (2.9)	-2.9 (0.9)	3.8 (-1.1)
Foreign demand	... (2.5)	... (2.6)	... (3.1)	... (1.3)	... (1.2)
Gross domestic product at market prices	-5.3	-8.9	-6.6	-4.0	0.6

Source: ELSTAT, National Accounts, November 2014.
Note: Within parentheses, contributions to GDP in percentage points.
1 Excluding inventories and statistical discrepancy.

Table 2 Indicators of consumer demand (2009-2015)

(annual percentage changes)[1]

	2009	2010	2011	2012	2013	2014-2015 (available period)
Volume of retail trade (overall index)	-11.4	-6.2	-10.2	-12.2	-8.1	-0.3 (Jan.-Nov.)
Volume of retail trade (excluding fuel and lubricants)	-9.3	-6.9	-8.7	-11.8	-8.4	-0.8 (» »)
Food-beverages-tobacco[2]	-6.1	-5.5	-6.0	-9.0	-9.1	0.4 (» »)
Clothing-footwear	1.4	-11.4	-18.8	-20.6	-2.2	6.0 (» »)
Furniture-electrical appliances-household equipment	-15.3	-12.7	-15.7	-16.3	-6.2	-1.4 (» »)
Books-stationery-other	-24.0	-4.3	-5.2	-12.1	-0.1	8.0 (» »)
Revenue from VAT (at constant prices)	-10.2	0.1	-5.9	-12.8	-6.6	-0.3 (Jan.-Dec.)
Retail trade confidence indicator	-21.4	-26.4	-0.5	-3.1	22.9	10.2 (Jan. 2015)
Consumer confidence indicator	-46	-63	-74	-75	-69	-49 (Jan. 2015)
New private passenger car registrations	-17.4	-37.2	-29.8	-41.7	3.1	10.3 (Jan. 2015)
Tax revenue from mobile telephony[3]	13.2	37.1	-16.8	-7.9	-12.8	-10.4 (Jan.-Dec.)
Outstanding balance of consumer credit[4]	1.8 (Dec.)	-4.2 (Dec.)	-6.4 (Dec.)	-5.1 (Dec.)	-3.9 (Dec.)	-2.8 (December)

Sources: ELSTAT (retail trade, cars), Ministry of Finance (VAT revenue, tax revenue from mobile telephony), IOBE (retail confidence), IOBE and European Commission (consumer confidence), Bank of Greece (consumer credit).
1 Excluding the consumer confidence indicator (weighted percentage balances of positive and negative answers).
2 Comprising big food stores and specialised food-beverage-tobacco stores.
3 Until July 2009: fixed monthly levy per subscription. Since August 2009: new scaled levy on mobile telephony subscriptions and a levy on pre-paid mobile telephony.
4 Comprising bank loans and securitised loans. The rates of change are adjusted for loan reclassifications, loan write-offs/write-downs, foreign exchange valuation differences and the transfer of loans by credit institutions to their non-resident subsidiaries and, in 2009, to a domestic subsidiary credit company.

Table 3 Indicators of investment demand (2010-2015)

(annual percentage changes)[1]

	2010	2011	2012	2013	2014 (available period)	2015 (available period)
Capital goods output	-22.1	-13.5	-19.2	-0.5	-1.3	...
Capacity utilisation in the capital goods industry	66.1	62.7	58.2	61.4	64.7	-60.5 (Jan.)
Bank credit to domestic enterprises[2]	1.1 (Dec.)	-2.0 (Dec.)	-4.4 (Dec.)	-4.9 (Dec.)	-3.7	...
Disbursements under the Public Investment Programme[4]	-11.3	...	-10.5	14.5	-0.9	...
Production index in construction (at constant prices)	-29.2	-41.3	-33.4	-8.2	28.0 (Jan.-Sept.)	...
Volume of private construction activity (on the basis of permits issued)	-23.3	-37.7	-30.6	-25.6	-7.2 (Jan.-Nov.)	...
Cement production	-14.3	-37.8	-12.8	3.4	-7.4	...
Construction confidence indicator	-27.4	-27.8	26.1	50.6	23.7	23.7 (Jan.)
Outstanding balance of total bank credit to housing[3]	-0.3 (Dec.)	-2.9 (Dec.)	-3.4 (Dec.)	-3.3 (Dec.)	-3.0	...

Sources: ELSTAT (capital goods output, volume of private construction activity, cement production, production in construction), IOBE (capacity utilisation, construction confidence), Bank of Greece (bank credit to domestic enterprises and housing, disbursements under the Public Investment Programme).
1 Except for capacity utilisation in the capital goods industry, which is measured in percentages.
2 Comprising loans and corporate bonds, securitised loans and securitised corporate bonds but excluding (as of June 2010) loans to sole proprietors. The rates of change are adjusted for loan reclassifications, loan write-offs/write-downs, foreign exchange valuation differences, as well as loans transferred by credit institutions to their non-resident subsidiaries and, in 2009, to a domestic subsidiary credit company.
3 Comprising loans and securitised loans. The rates of change are adjusted for loan reclassifications, loan write-offs/write-downs, foreign exchange valuation differences and the transfer of loans by credit institutions to their non-resident subsidiaries and, in 2009, to a domestic subsidiary credit company.
4 As of January 2012 actual cash payments and not appropriations under the public investment budget.

Table 4 Gross value added at basic prices (2009-2013 and Jan.-Sept. 2014)

(annual percentage changes and sectoral contributions to gross value added; at prices of 2010)

	Annual percentage changes					
	2009	2010	2011	2012	2013	2014 Jan.-Sept.
1. Agriculture, forestry and fishing	**8.4 (0.2)**	**5.3 (0.2)**	**-5.8 (-0.2)**	**-2.2 (-0.1)**	**-7.2 (-0.3)**	**-1.4 (0.0)**
2. Secondary sector	**-4.8 (-0.8)**	**-15.5 (-2.6)**	**-13.1 (-2)**	**-13.4 (-1.9)**	**-9.4 (-1.3)**	**-4.1 (-0.5)**
2.1 Industry including energy	1.5 (0.2)	-20.1 (-2.6)	-10.5 (-1.1)	-8.3 (-0.9)	-6.7 (-0.7)	-1.8 (-0.2)
2.2 Construction	-20.0 (-1.0)	-1.3 (-0.1)	-19.5 (-0.9)	-27.7 (-1.0)	-19.1 (-0.6)	-13.5 (-0.3)
3. Tertiary sector	**-3.5 (-2.8)**	**-3.8 (-3.1)**	**-8.3 (-6.7)**	**-4.9 (-4.0)**	**-2.7 (-2.2)**	**1.3 (1.1)**
3.1 Trade, hotels and restaurants, transport and storage	-8.9 (-2.3)	-6.5 (-1.6)	-13.7 (-3.3)	-5.5 (-1.3)	-2.5 (-0.6)	5.9 (1.4)
3.2 Information and communication	-1.4 (-0.1)	-14.0 (-0.6)	-9.6 (-0.4)	-7.3 (-0.3)	3.2 (0.1)	-2.2 (-0.1)
3.3 Financial and insurance activities	2.5 (0.1)	-11.5 (-0.6)	-12.9 (-0.6)	-7.1 (-0.3)	-6.2 (-0.3)	-5.9 (-0.3)
3.4 Real estate activities	0.2 (0.0)	16.4 (2.4)	-3.5 (-0.7)	-2.3 (-0.4)	0.8 (0.2)	0.3 (0.1)
3.5 Professional, scientific and technical activities	-4.0 (-0.3)	-21.1 (-1.4)	-11.2 (-0.6)	-9.1 (-0.5)	-8.9 (-0.5)	-8.0 (-0.4)
3.6 Public administration and defence	-3.2 (-0.6)	-1.4 (-0.3)	-2.9 (-0.6)	-6.4 (-1.4)	-5.3 (-1.2)	2.0 (0.4)
3.7 Arts, entertainment and recreation	8.5 (0.4)	-22.5 (-1.1)	-14.2 (-0.6)	5.2 (0.2)	0.2 (0)	-2.0 (-0.1)
4. Gross value added at basic prices	**-3.5**	**-5.6**	**-8.9**	**-5.8**	**-3.7**	**0.7**

Source: ELSTAT, quarterly national accounts, November 2014, seasonally adjusted data.
Note: Within parentheses, contributions to gross value added in percentage points.

Table 5 Indicators of industrial activity (2010-2015)

(annual percentage changes)[1]

	2009	2010	2011	2012	2013	2014	2015 (available period)
1. Industrial production index (general)	**-9.4**	**-5.9**	**-5.7**	**-2.0**	**-3.2**	**-2.7**	**...**
Manufacturing	-11.2	-5.1	-9.1	-3.5	-1.1	0.7	...
Mining and quarrying	-11.8	-6.5	-2.0	-0.9	-11.5	-0.5	...
Electricity	-4.2	-9.2	4.0	1.8	-6.9	-13.7	...
Main industrial groupings							
Energy	-2.9	-4.9	-1.8	7.4	-4.2	-5.6	...
Intermediate goods	-18.4	-0.9	-9.5	-8.9	-3.8	1.9	...
Capital goods	-22.5	-22.1	-13.5	-19.2	-0.5	-1.3	...
Consumer durables	-20.7	-13.4	-15.8	-19.0	-12.8	-8.4	...
Consumer non-durables	-4.1	-7.2	-5.3	-5.0	-0.9	-1.8	...
2. Industrial turnover index[2]	**-23.0**	**7.0**	**6.2**	**2.8**	**-5.9**	**-0.6 (Jan.-Nov.)**	**...**
Domestic market	-22.2	-0.7	-0.1	-6.2	-9.9	-0.3 (Jan.-Nov.)	...
External market	-25.4	29.2	20.4	19.6	-0.1	-1.1 (Jan.-Nov.)	...
3. Industrial confidence indicator	**-21.5**	**5.1**	**1.4**	**0.4**	**13.7**	**7.7**	**1.6 (Jan.)**
4. Industrial capacity utilisation rate	**70.5**	**68.5**	**67.6**	**64.4**	**65.9**	**68.2**	**69.1 (Jan.)**
5. Purchasing Managers' Index (PMI)[3]	**45.3**	**43.8**	**43.6**	**41.2**	**46.0**	**49.9**	**48.3 (Jan.)**

Sources: ELSTAT (industrial production and industrial turnover), IOBE (industrial confidence, industrial capacity utilisation rate), Markit Economics and Hellenic Purchasing Institute (PMI).
1 Excluding capacity utilisation in industry and the PMI in manufacturing, for which index values are reported.
2 The index refers to the sales of industrial goods and services in value terms.
3 Seasonally adjusted index; values over 50 indicate expansion.

Table 6 Industrial production

(2010=100)

	Weights 2010		Average annual percentage changes 2010	2011	2012	2013	2014	Level 2013 (2010=100)
Industry	**100.0**		**11.5**	**-5.7**	**-2.0**	**-3.2**	**-2.7**	**87.1**
1. Mining and quarrying	***6.1***	***100.0***	***22.7***	***-2.0***	***-0.9***	***-11.5***	***-0.5***	***85.5***
Mining of coal and lignite		56.6	7.7	3.8	6.7	-14.4	-6.7	88.4
Extraction of crude petroleum and natural gas		1.9	21.0	-24.3	-2.2	-7.9	-15.5	57.6
Mining of metal ores		9.1	56.4	11.2	-12.3	-15.3	4.0	85.9
Other mining and quarrying		32.4	50.2	-17.9	-16.1	0.8	17.6	81.7
2. Manufacturing	***69.5***	***100.0***	***13.3***	***-9.1***	***-3.5***	***-1.1***	***0.7***	***87.4***
Food		19.9	-0.7	-3.6	-2.0	-3.7	1.0	91.9
Beverages		8.0	-4.0	-6.5	-6.1	-1.7	-4.8	82.2
Tobacco		1.7	10.7	10.3	-8.9	2.7	-4.4	98.7
Textiles		1.5	89.3	-14.5	-11.9	-10.0	-13.3	58.7
Wearing apparel		1.7	59.1	-19.4	-11.2	-6.2	-7.6	62.1
Leather and footwear		0.3	26.3	-12.2	-29.0	-2.7	-15.5	51.3
Wood and cork		0.7	81.1	-16.5	-27.0	-23.2	-12.8	40.8
Paper and paper products		2.5	2.7	-5.0	-8.7	2.7	6.6	94.9
Printing and reproduction of recorded media		2.1	13.5	-22.9	-18.7	-5.9	-2.4	57.6
Coke and refined petroleum products		15.1	-4.6	-14.6	23.9	4.2	7.3	118.4
Chemicals and chemical products		6.3	19.8	-2.1	-9.4	2.2	0.9	91.4
Basic pharmaceuticals		4.9	-33.3	-1.2	-5.3	9.8	-4.4	98.3
Rubber and plastic products		4.4	8.9	-5.7	-6.0	-1.8	0.2	87.2
Non-metallic mineral products		7.9	44.4	-34.0	-15.8	-1.9	-0.2	54.4
Basic metals		7.0	21.0	7.2	-5.0	-4.9	5.5	102.1
Metal products		4.5	25.6	-7.1	-7.3	-8.2	-1.3	78.0
Computers, electronics and optical products		0.6	139.9	-25.1	3.6	15.3	10.7	99.1
Electrical equipment		2.7	21.3	-13.5	-5.4	-13.2	-11.1	63.2
Machinery and equipment n.e.c.		1.5	21.7	-5.2	-12.0	1.4	-3.3	81.8
Motor vehicles, trailers and semi-trailers		0.5	37.4	-40.4	4.9	2.2	0.6	64.3
Other transport equipment		1.0	18.5	-22.2	-40.0	26.9	-40.1	35.5
Furniture		1.3	28.9	-22.3	-28.1	-16.5	-2.1	45.7
Other manufacturing activities		0.4	38.9	-9.9	-15.0	1.5	6.8	83.0
Repair and installation of machinery and equipment		3.5	33.0	-6.1	-22.1	-3.1	3.7	73.5
3. Electricity	***20.6***	***100.0***	***5.6***	***4.0***	***1.8***	***-6.9***	***-13.7***	***85.0***
4. Water supply	***3.8***	***100.0***	***-2.9***	***-2.0***	***1.1***	***-2.5***	***-0.2***	***96.4***
Industry	***100.0***		***11.5***	***-5.7***	***-2.0***	***-3.2***	***-2.7***	***87.1***
Main industrial groupings								
Energy	38.7		2.6	-1.8	7.4	-4.2	-5.6	95.4
Intermediate goods	26.0		27.4	-9.5	-8.9	-3.8	1.9	80.8
Capital goods	6.1		39.9	-13.5	-19.2	-0.5	-1.3	68.6
Consumer durables	1.7		28.9	-15.8	-19.0	-12.8	-8.4	54.5
Consumer non-durables	28.0		1.6	-5.3	-5.0	-0.9	-1.8	87.6

Source: ELSTAT.

Table 7 Activity indicators in the services sector (2009-2014)

(annual percentage changes)

	2009	2010	2011	2012	2013	2014 (available period)
A. Services turnover indicators						
1. Trade						
Wholesale trade	-8.9	-5.9	-13.5	-12.1	-12.1	0.6 (Jan.-Sept.)
Retail trade	-10.2	-1.2	-7.2	-11.0	-8.6	-0.8 (Jan.-Nov.)
Motor trade	-15.7	-36.5	-26.5	-29.3	-3.1	19.5 (Jan.-Sept.)
2. Transport						
Land transport	-31.5	-18.2	-1.7	-3.2	-4.1	-3.6 (Jan.-Sept.)
Sea transport	-22.8	-8.5	-2.6	-15.4	-7.4	-9.8 (Jan.-Sept.)
Air transport	-11.7	-7.0	-0.9	-1.1	14.3	3.2 (Jan.-Sept.)
Storage and supporting transport activities	-32.2	-10.8	-7.9	-4.8	-7.0	3.8 (Jan.-Sept.)
3. Hotels and restaurants						
Accommodation and food service activities	-9.1	-8.2	-7.4	-17.2	4.8	11.9 (Jan.-Sept.)
4. Information and communication						
Telecommunications	-8.9	-11.3	-8.9	-5.1	-11.7	-6.2 (Jan.-Sept.)
Film, video, and TV programme production, recordings and music products	1.4	-6.6	-28.4	-4.9	-5.0	9.5 (Jan.-Sept.)
Programming and broadcasting activities	-6.7	-2.0	-27.1	-16.4	-7.9	15.1 (Jan.-Sept.)
5. Professional-scientific-technical activities						
Legal, accounting and management consulting services	-12.4	-7.3	-0.3	4.5	0.9	0.1 (Jan.-Sept.)
Architectural and engineering services	-18.6	-20.4	-19.6	-12.3	-14.0	-24.4 (Jan.-Sept.)
Advertising and market research	-18.4	-23.8	-21.2	-16.7	-20.9	-11.4 (Jan.-Sept.)
Travel agencies and related activities	-9.9	-24.5	-35.2	-27.0	11.3	7.6 (Jan.-Sept.)
B. Passenger traffic						
Athens International Airport	-1.5	-5.0	-6.3	-10.4	-3.2	21.2 (Jan.-Dec.)
Aegean Airlines[1]	9.9	-5.1	4.2	-5.8	44.6	14.1 (Jan.-Sept.)
Piraeus port (OLP)	-3.8	-6.0	-0.8	-17.5	1.0	12.7 (Jan.-Dec.)
C. Services confidence indicator	**-28.3**	**-9.3**	**-2.9**	**-11.2**	**28.4**	**23.9 (Jan.-Dec.)**

Sources: ELSTAT (services turnover), Athens International Airport, Aegean Airlines, Piraeus Port Authority (OLP) and IOBE (services confidence).
1 Including charter flights.

Table 8 Price developments in Greece and the euro area

(annual percentage changes)

	2010	2011	2012	2013	2014
A. Euro area					
Harmonised Index of Consumer Prices (HICP) and its components					
Overall index	**1.6**	**2.7**	**2.5**	**1.4**	**0.4**
Goods	1.8	3.3	3.0	1.3	-0.2
Food	1.1	2.7	3.1	2.7	0.5
Processed food[1]	0.9	3.3	3.1	2.2	1.2
Unprocessed food	1.3	1.8	3.0	3.5	-0.8
Industrial goods	2.2	3.7	3.0	0.6	-0.5
Non-energy industrial goods	0.5	0.8	1.2	0.6	0.1
Energy	7.4	11.9	7.6	0.6	-1.9
Services	1.4	1.8	1.8	1.4	1.2
Industrial producer prices	***2.7***	***5.7***	***2.8***	***-0.2***	***-1.5***
B. Greece					
Harmonised Index of Consumer Prices (HICP) and its components					
Overall index	**4.7**	**3.1**	**1.0**	**-0.9**	**-1.4**
Goods	5.9	4.0	1.9	0.7	-1.0
Food	3.1	4.2	1.3	0.9	-1.0
Processed food[1]	5.0	4.7	1.2	0.7	0.6
Unprocessed food	0.2	3.4	1.4	1.3	-3.5
Industrial goods	7.7	3.9	2.3	0.4	-1.2
Non-energy industrial goods	1.9	-0.2	-0.6	-1.7	-1.0
Energy	30.4	16.7	12.6	6.3	-2.0
Services	3.1	1.9	-0.2	-2.9	-2.0
Industrial producer prices	***6.1***	***7.4***	***4.9***	***-0.7***	***-0.8***

Source: Calculations based on Eurostat and ELSTAT data.
1 Including alcoholic beverages and tobacco.

Table 9 Price indicators

(annual percentage changes)

Year	Consumer Price Index							
	General index	Sub-indices						
		Goods	Services	CPI excluding fuel & fresh fruit and vegetables	CPI excluding food & fuel	Food and non-alcoholic beverages	Fresh fruit and vegetables	Fuel
2010	4.7	5.6	3.6	3.0	3.4	0.1	-4.3	36.2
2011	3.3	4.2	2.3	1.5	1.3	3.1	5.1	18.8
2012	1.5	2.2	0.5	0.3	0.1	1.5	1.5	12.0
2013	-0.9	0.1	-2.2	-1.7	-1.9	0.0	3.0	4.6
2014	-1.3	-1.3	-1.4	-0.7	-0.9	-1.7	-8.6	-4.1

Year	Industrial Producer Price Index						Import price index in industry	
	Domestic market				External market			
	General index	Sub-indices						
		General index excl. energy	Intermediate goods	Consumer goods	General index	General index excl. energy	General index	General index excl. energy
2010	6.1	0.9	2.3	-0.3	8.8	4.0	6.6	1.4
2011	7.4	2.7	4.8	1.1	8.8	3.8	7.6	1.5
2012	4.9	0.8	0.6	1.1	4.1	1.3	4.5	0.6
2013	-0.7	0.0	-1.1	1.1	-1.7	-0.2	-2.7	-0.4
2014	-0.8	-0.5	-1.4	0.2	-2.6	-1.2	-3.7	-0.9

Source: ELSTAT and calculations based on ELSTAT data.

Table 10 Earnings and labour costs (2009-2015)

(annual percentage changes, unless otherwise indicated)

	2009	2010	2011	2012	2013	2014 (estimate)	2015 (forecast)[4]
Average gross earnings (nominal):							
– *total economy*	*4.6*	*-4.6*	*-1.7*	*-6.6*	*-6.5*	*-1.5*	*0.1*
– central government[1]	5.2	-7.7	-0.5	-3.8	-1.2	0.0	0.4
– public utilities	7.7	-5.5	-7.9	-9.5	-10.0	0.0	0.0
– banks	3.7	-1.8	0.1	-7.5	-10.0	-6.3	0.0
– non-bank private sector	2.8	-2.9	-1.7	-9.3	-8.0	-1.4	1.0
Minimum earnings	**5.7**	**1.7**	**0.9**	**-19.6**[3]	**-2.9**[3]	**0.0**	**0.0**
Average gross earnings (real)	**3.3**	**-8.9**	**-4.7**	**-7.6**	**-5.7**	**-0.1**	**1.5-2.0**
Total compensation of employees	**3.2**	**-6.9**	**-8.1**	**-14.0**	**-10.9**	**-1.9**	**0.2**
Compensation per employee	**4.9**	**-4.0**	**-0.7**	**-6.0**	**-6.7**	**-1.6**	**-0.1**
Unit labour costs:							
– total economy	7.8	-1.6	0.8	-7.9	-7.3	-2.7	-1.9
– business sector[2]	5.8	-0.6	-1.6	-12.1	-8.1	-3.1	-1.8

Source: Bank of Greece estimates/forecasts.
1 Outlays for wages and salaries per employee.
2 The business sector comprises private and public enterprises and banks.
3 Average annual change in 2012 and carryover effect for 2013, based on the cut in minimum earnings by 22% (for persons aged 25+) and 32% (for persons under 25) as of 15 February 2012.
4 Data for 2015 are indicative estimates/forecasts assuming unchanged labour market policies (see main text).

Table 11 Average earnings and unit labour costs in total economy: Greece and the euro area (2001-2015)

(annual percentage changes)

	Average earnings		Unit labour costs	
Year	**Greece**	**Euro area**	**Greece**	**Euro area**
2001	4.7	2.7	4.4	1.9
2002	6.6	2.7	5.7	2.6
2003	5.6	2.7	1.6	2.4
2004	7.2	2.3	3.7	0.9
2005	4.4	2.3	4.8	1.6
2006	5.7	2.5	1.9	1.0
2007	5.2	2.7	4.5	1.5
2008	6.2	3.5	8.9	3.8
2009	4.6	1.9	7.8	4.5
2010	-4.6	2.2	-1.6	-0.6
2011	-1.7	2.2	0.8	0.5
2012	-6.6	1.9	-7.9	1.8
2013	-6.5	1.8	-7.3	1.4
2014 (estimate)	-1.5	1.5	-2.7	1.1
2015 (forecast)	0.1	1.6	-1.9	0.9

Sources: For Greece: Bank of Greece estimates based on revised GDP figures (Oct. 2014); for the euro area: European Commission, *Economic Forecast Autumn 2014* and *Statistical Annex of European Economy, Autumn 2014.*

Table 12 Balance of payments

(million euro)

	2012	2013	2014
I CURRENT ACCOUNT (I.A+I.B+I.C+I.D)	**-4,615.0**	**1,088.5**	**1,656.7**
BALANCE OF GOODS AND SERVICES (I.A+I.B)	**-4,480.1**	**-250.5**	**1,820.1**
Receipts	*49,547.0*	*50,494.3*	*54,731.8*
Payments	*54,027.1*	*50,744.8*	*52,911.7*
I.A Trade balance (I.A.1 – I.A.2)	**-19,619.0**	**-17,229.4**	**-17,976.1**
I.A.1 Exports of goods	*22,020.6*	*22,534.8*	*23,647.5*
Oil	7,426.4	7,941.2	8,188.8
Ships (receipts)	737.8	443.0	626.0
Goods excluding oil and ships	13,856.5	14,150.7	14,832.7
I.A.2 Imports of goods	*41,639.7*	*39,764.2*	*41,623.6*
Oil	17,646.3	15,638.7	15,734.8
Ships (payments)	1,780.4	1,926.2	2,799.2
Goods excluding oil and ships	22,213.0	22,199.3	23,089.7
I.B Services balance (I.B.1 – I.B.2)	**15,138.9**	**16,978.9**	**19,796.2**
I.B.1 Receipts	*27,526.4*	*27,959.5*	*31,084.2*
Travel	10,442.5	12,152.2	13,442.5
Transport	13,287.4	12,089.9	13,183.1
Other services	3,796.5	3,717.4	4,458.7
I.B.2 Payments	*12,387.4*	*10,980.6*	*11,288.1*
Travel	1,843.9	1,835.2	2,074.1
Transport	6,328.0	5,553.0	5,252.5
Other services	4,215.5	3,592.4	3,961.4
I.C Income balance (I.C.1 – I.C.2)	**-1,566.4**	**-3,127.2**	**-2,894.2**
I.C.1 Receipts	*3,832.2*	*3,423.0*	*3,414.7*
Wages, salaries	200.8	209.3	209.9
Interest, dividends, profits	3,631.4	3,213.7	3,204.8
I.C.2 Payments	*5,398.6*	*6,550.2*	*6,308.9*
Wages, salaries	468.0	453.0	491.7
Interest, dividends, profits	4,930.7	6,097.1	5,817.2
I.D Current transfers balance (I.D.1–I.D.2)	**1,431.5**	**4,466.2**	**2,730.8**
I.D.1 Receipts	*5,125.6*	*7,687.8*	*5,966.8*
General government (mainly receipts from the EU)	4.060.2	6,410.6	4,857.7
Other sectors (emigrants' remittances. etc.)	1,065.4	1,277.3	1,109.0
I.D.2 Payments	*3,694.1*	*3,221.6*	*3,235.9*
General government (mainly payments to the EU)	2,647.9	2,433.0	2,417.3
Other sectors	1,046.2	788.6	818.7
II CAPITAL ACCOUNT (II.1–II.2)	**2,327.6**	**3,040.8**	**2,510.6**
II.1 Receipts	**2,564.6**	**3,380.6**	**2,866.2**
General government (mainly receipts from the EU)	2,486.0	3,298.9	2,789.8
Other sectors	78.6	81.7	76.4
II.2 Payments	**237.1**	**339.8**	**355.6**
General government (mainly payments to the EU)	13.7	9.7	8.8
Other sectors	223.3	330.1	346.7
CURRENT AND CAPITAL ACCOUNT (I+II)	**-2,287.5**	**4,129.3**	**4,167.3**
III FINANCIAL ACCOUNT (III.A+III.B+III.C+III.D)	**2,658.2**	**-3,299.5**	**-2,268.8**
III.A Direct investment[1]	**827.1**	**2,713.6**	**991.8**
By residents abroad	-527.3	591.5	-645.0
By non-residents in Greece	1,354.3	2,122.2	1,636.8
III.B Portfolio investment[1]	**-99,903.9**	**-6,583.1**	**-6,978.0**
Assets	-58,086.1	1,023.6	-8,910.1
Liabilities	-41,817.8	-7,606.7	1,932.1
III.C Other investment[1]	**101,744.1**	**677.0**	**4,173.5**
Assets	13,863.4	17,491.9	351.7
Liabilities	87,880.7	-16,814.9	3,821.8
(General government borrowing)	109,093.9	30,061.2	4,000.2
III.D Change in reserve assets[2]	**-9.0**	**-107.0**	**-456.0**
IV ERRORS AND OMISSIONS	**-370.8**	**-829.8**	**-1,898.5**
RESERVE ASSETS	**5.500**	**4.172**	**5.117**

Source: Bank of Greece.
1 (+) net inflow, (–) net outflow.
2 (+) decrease, (–) increase.

Table 13 General government and state budget balances

(as a percentage of GDP)

	2009	2010	2011	2012	2013
General government balance[1] *(national accounts data – convergence criterion)*	***-11.1***	***-10.1***	***-8.6***	***-12.2***	***-1.3****
– Central government	-10.6	-9.2	-8.1	-14.5	-
– Social security funds, local government, legal entities in public law	-0.5	-0.9	-0.5	2.3	-
General government deficit adjusted for net support to financial institutions[1]	-11.5	-10.4	-5.9	-1.8	-1.3*
General government primary balance adjusted for net support to financial institutions[1]	-5.6	-3.2	-0.9	2.2	2.9*
General government primary balance (Economic Adjustment Programme)[2]			-1.3	1.2	1.8*
State budget deficit					
Administrative data[2]	***-9.9***	***-11.0***	***-8.1***	***-2.9***	***-2.0***
Cash data[3]	***-10.5***	***-11.1***	***-5.5***[4]	***-7.0***[5]	***-2.3***[6]

Sources: Bank of Greece, Ministry of Finance and ELSTAT.
* Provisional data (State General Accounting Office, Introductory Report on the 2015 Budget).
1 ELSTAT data, as notified to the European Commission (Excessive Deficit Procedure). Figures may not add up due to rounding.
2 State General Accounting Office data (State Budget Execution Bulletins and Introductory Report on the 2015 Budget).
3 Bank of Greece data for the state budget deficit (on a cash basis) excluding movements in the OPEKEPE account.
4 Excluding accrued interest of €4,751 million, paid in the form of EFSF notes, on PSI bonds, as well as interest payments of €519 million due to the debt buyback through EFSF notes.
5 Excluding revenue of €2.0 billion due to transfers of profits on Greek government bond holdings of Eurosystem central banks (Securities Markets Programme – SMP). Including expenditure of around €6,155 million for the payment of arrears.
6 Excluding revenue of 62 million due to transfers of profits on Greek government bond holdings of Eurosystem NCBs (Securities Markets Programme – SMP). Including expenditure of around €1,152 million for the payment of arrears.

Table 14 Decomposition of changes in the general government debt-to-GDP ratio[1]

((percentage points of GDP)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*
General government debt-to-GDP ratio	94.9	106.7	103.4	103.1	109.3	126.8	146.0	171.3	156.9	174.9	177.7
Changes in the general government debt-to-GDP ratio	0.8	11.8	-3.2	-0.3	6.2	17.5	19.2	25.3	-14.4	18.0	2.8
– Primary balance	2.5	0.9	1.6	2.1	5.0	10.2	5.2	2.9	3.6	8.2	-2.9
– Change in GDP and change in interest rates	-2.4	1.6	-4.7	-2.1	1.0	7.2	12.1	20.2	17.0	14.1	7.6
– Deficit-debt adjustment[2]	0.7	9.2	-0.2	-0.4	0.3	0.1	1.9	2.2	-35.0	-4.3	-1.9

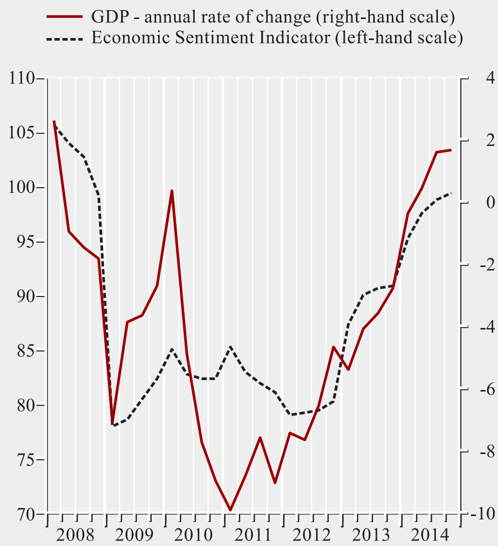
Source: Ministry of Finance, General Directorate of Economic Policy, "Hellas: Macroeconomic Aggregates".
* Provisional data.
1 Changes in the debt ratio have been decomposed using the following formula:

$$\left(\frac{D_t}{Y_t} - \frac{D_{t-1}}{Y_{t-1}}\right) = \frac{PB_t}{Y_t} + \left(\frac{D_{t-1}}{Y_{t-1}} * \frac{i_t - g_t}{1 + g}\right) + \frac{SF_t}{Y_t}$$

where D_t = general government debt
PB_t = primary balance (deficit or surplus)
Y_t = GDP at current prices
g_t = nominal GDP growth rate
i_t = average nominal interest rate on government debt
SF_t = deficit-debt adjustment

2 The deficit-debt adjustment includes expenditure or liability assumption by the general government that does not affect the deficit but increases debt, as well as revenue (e.g. privatisation proceeds) that does not affect the deficit but reduces debt.

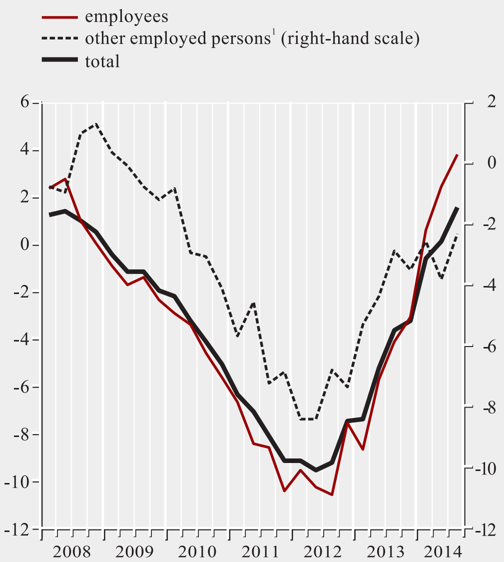
Chart 1 GDP and the Economic Sentiment Indicator (2008-2014)



Sources: ELSTAT, National Accounts (GDP); IOBE-European Commission (Economic Sentiment Indicator).

Chart 2 Employment (2008-2014 Q3)

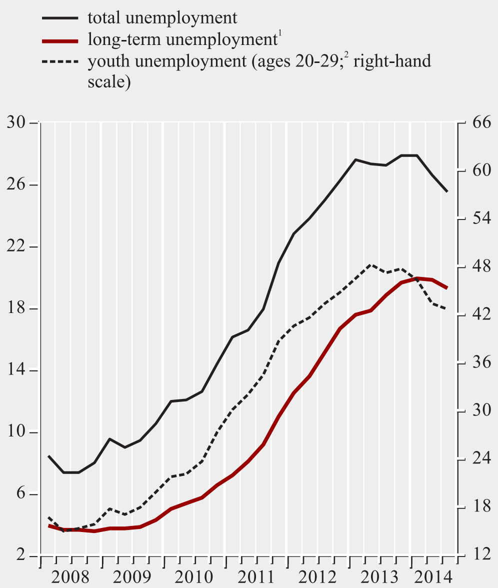
(year-on-year percentage changes; quarterly data)



Source: ELSTAT, Labour Force Surveys.
1 Other employed persons=self-employed with employees (employers) + self-employed without employees + contributing family workers.

Chart 3 Unemployment rates (2008-2014 Q3)

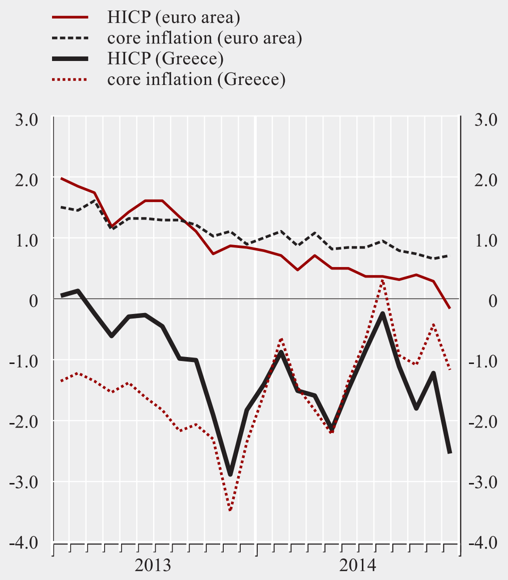
(percentage of labour force)



Source: ELSTAT, Labour Force Surveys.
1 With a duration of twelve months or more.
2 As a percentage of the labour force of the same age group.

Chart 4 Harmonised index of consumer prices (HICP) and core inflation in Greece and the euro area (January 2013-December 2014)

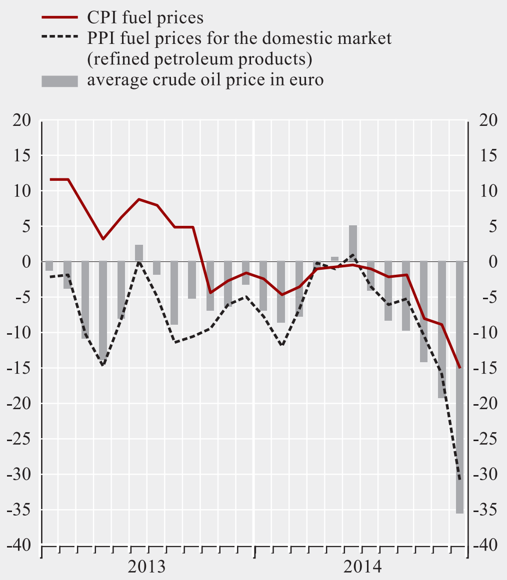
(year-on-year percentage changes; monthly data)



Sources: ELSTAT and Eurostat.

Chart 5 Evolution of CPI/PPI fuel prices and of Brent crude oil prices in euro (January 2013-December 2014)

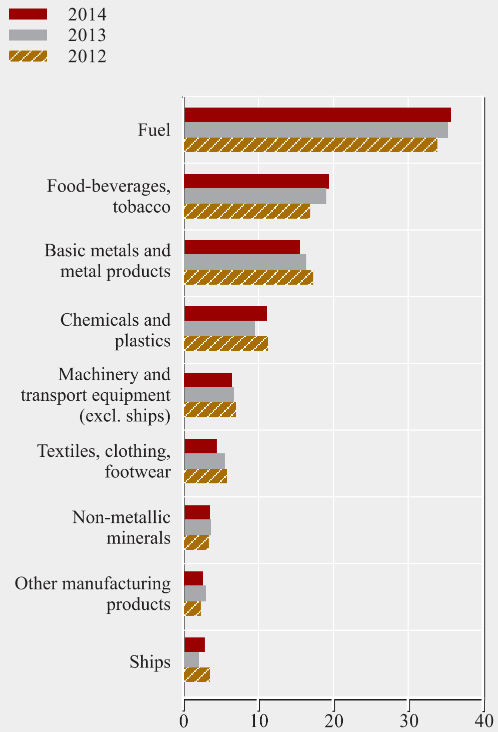
(year-on-year percentage changes; monthly data)



Source: Calculations based on ELSTAT data and, for crude oil prices (UK Brent), on ECB data.

Chart 6 Sectoral breakdown of Greek exports of goods

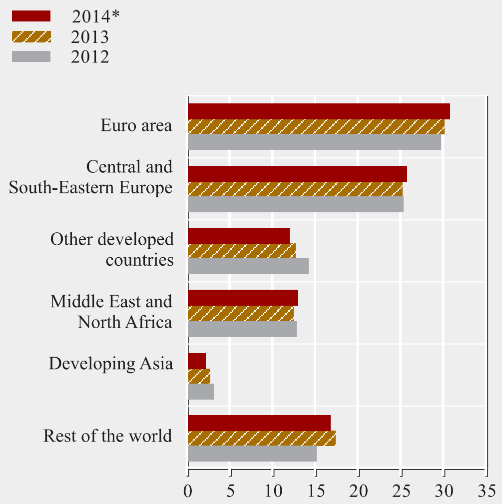
(percentage of total export receipts)



Source: Bank of Greece, Balance of payments statistics.

Chart 7 Greek exports of goods, by destination

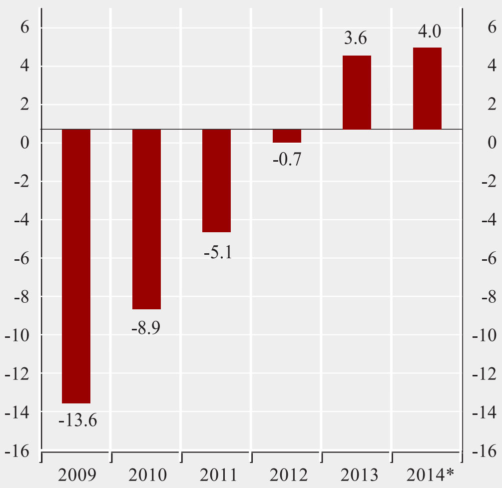
(as a percentage of total export value)



Source: Eurostat, COMEXT database.
* Data for January-September.

Chart 8 Structural primary balance of general government

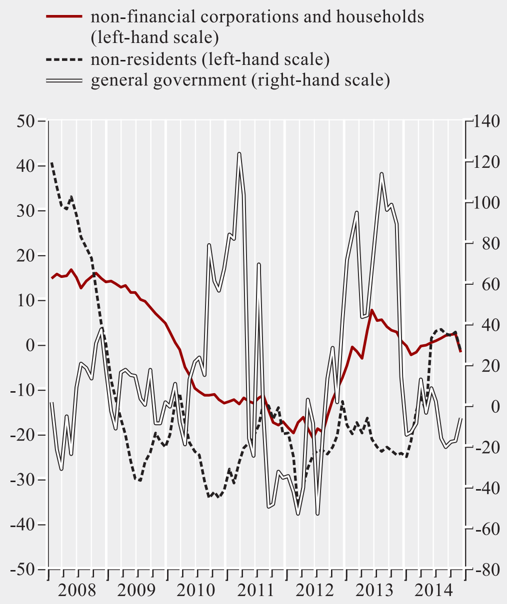
(as a percentage of potential GDP)



Source: Bank of Greece.
* Forecast.
Note: The structural primary balance of general government is calculated according to the Eurosystem methodology.

Chart 9 Sectoral breakdown of deposits with domestic credit institutions (January 2008-December 2014)

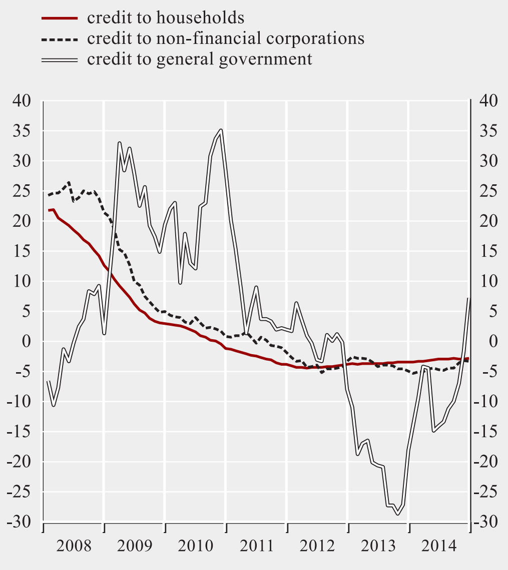
(annual percentage changes)



Source: Bank of Greece.

Chart 10 Evolution of bank credit (January 2008-December 2014)

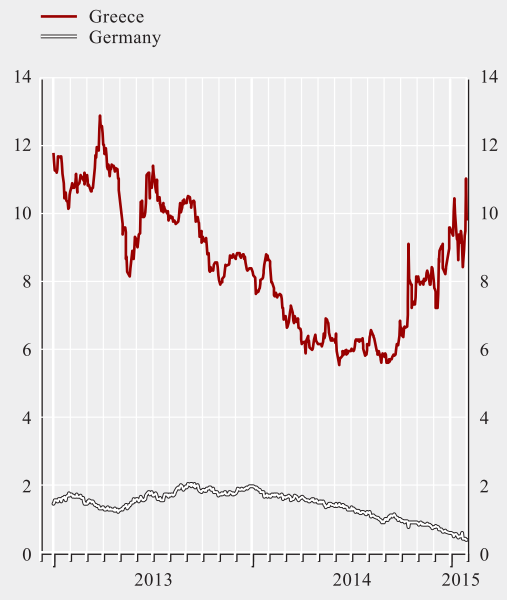
(annual percentage changes)



Source: Bank of Greece.

Chart 11 Yields on 10-year Greek and German government bonds (January 2013-January 2015)

(daily data; yields in percentages per annum)



Source: Bank of Greece.

ANNUAL ACCOUNTS OF THE BANK OF GREECE FOR THE YEAR 2014

BALANCE SHEET AS AT 31 DECEMBER 2014
EIGHTY-SEVENTH YEAR

(in euro)

ASSETS	31.12.2014	31.12.2013
1. Gold and gold receivables	**4,720,522,384**	**4,145,310,521**
2. Claims on non-euro area residents denominated in foreign currency	**1,570,953,046**	**1,059,044,295**
2.1 Receivables from the International Monetary Fund (IMF)	947,944,540	889,700,605
2.2 Balances with banks and security investments, external loans and other external assets	623,008,506	169,343,690
3. Claims on euro area residents denominated in foreign currency	**599,521,200**	**323,744,770**
3.1 General government	288,310,529	269,674,472
3.2 Other claims	311,210,671	54,070,298
4. Claims on non-euro area residents denominated in euro	**23,881**	**23,869**
4.1 Balances with banks, security investments and loans	23,881	23,869
4.2 Claims arising from the credit facility under ERM II	0	0
5. Lending to euro area credit institutions related to monetary policy operations denominated in euro	**56,039,400,000**	**63,225,800,000**
5.1 Main refinancing operations	47,149,400,000	61,780,800,000
5.2 Longer-term refinancing operations	8,890,000,000	1,385,000,000
5.3 Fine-tuning reverse operations	0	0
5.4 Structural reverse operations	0	0
5.5 Marginal lending facility	0	60,000,000
5.6 Credits related to margin calls	0	0
6. Other claims on euro area credit institutions denominated in euro	**1,095,137**	**9,790,608,293**
7. Securities of euro area residents denominated in euro	**31,056,804,080**	**21,363,739,306**
7.1 Securities held for monetary policy purposes	5,786,493,862	6,070,173,067
7.2 Other securities of euro area residents denominated in euro	25,270,310,218	15,293,566,239
8. General government long-term debt denominated in euro	**5,249,170,866**	**5,657,654,356**
9. Intra-Eurosystem claims	**1,773,729,971**	**1,742,834,574**
9.1 Participating interest in the ECB	564,765,496	531,289,922
9.2 Claims equivalent to the transfer of foreign reserves to the ECB	1,178,260,606	1,129,060,170
9.3 Net claims related to the allocation of euro banknotes within the Eurosystem	0	0
9.4 Net claims arising from balances of TARGET2 accounts	0	0
9.5 Other claims within the Eurosystem (net)	30,703,869	82,484,482
10. Items in course of settlement	**0**	**1,592,003**
11. Other assets	**2,144,317,151**	**2,184,699,692**
11.1 Coins	56,067,754	66,350,306
11.2 Tangible and intangible fixed assets	809,329,992	815,306,920
11.3 Other financial assets	89,368,646	83,776,615
11.4 Off-balance-sheet instruments revaluation differences	229,653	241,762
11.5 Accruals and prepaid expenses	614,144,364	645,867,967
11.6 Sundry	575,176,742	573,156,122
TOTAL ASSETS	**103,155,537,716**	**109,495,051,679**

OFF-BALANCE-SHEET ITEMS	31.12.2014	31.12.2013
1. Greek government securities relating to the management of the "Common capital of legal entities in public law and social security funds" according to Law 2469/97	24,816,741,275	20,844,649,345
2. Greek government securities and other debt securities relating to the management and custody of assets of public entities, social security funds and private agents and EFSF securities owned by the Hellenic Financial Stability Fund	16,239,481,356	16,546,729,134
3. Assets eligible as collateral for Eurosystem monetary policy operations and intraday credit	72,152,476,087	84,630,052,242
4. Assets accepted by the Bank of Greece as eligible collateral for emergency liquidity assistance to credit institutions	22,703,376,538	58,286,098,571
5. Other off-balance-sheet items	27,799,898,528	26,495,148,210
TOTAL OFF-BALANCE-SHEET ITEMS	**163,711,973,784**	**206,802,677,502**

(in euro)

LIABILITIES	31.12.2014	31.12.2013
1. Banknotes in circulation	**27,172,060,740**	**24,640,887,450**
2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	**3,076,270,299**	**1,958,581,341**
2.1 Current accounts (covering the minimum reserve system)	2,926,270,299	748,581,341
2.2 Deposit facility	150,000,000	1,150,000,000
2.3 Fixed-term deposits	0	0
2.4 Fine-tuning reverse operations	0	0
2.5 Deposits related to margin calls	0	60,000,000
3. Other liabilities to euro area credit institutions denominated in euro	**0**	**0**
4. Liabilities to other euro area residents denominated in euro	**4,787,669,291**	**7,985,961,670**
4.1 General government	3,520,526,264	6,943,160,210
4.2 Other liabilities	1,267,143,027	1,042,801,460
5. Liabilities to non-euro area residents denominated in euro	**1,028,309,677**	**990,392,122**
6. Liabilities to euro area residents denominated in foreign currency	**15,085,742**	**76,581,690**
7. Liabilities to non-euro area residents denominated in foreign currency	**2,391**	**2,128**
7.1 Deposits and other liabilities	2,391	2,128
7.2 Liabilities arising from the credit facility under ERM II	0	0
8. Counterpart of special drawing rights allocated by the IMF	**932,888,415**	**874,914,774**
9. Intra-Eurosystem liabilities	**54,502,387,704**	**61,955,261,464**
9.1 Liabilities related to promissory notes backing the issuance of ECB debt certificates	0	0
9.2 Net liabilities related to the allocation of euro banknotes within the Eurosystem	5,183,480,790	10,839,345,715
9.3 Net liabilities arising from balances of TARGET2 accounts	49,318,906,914	51,115,915,749
9.4 Other liabilities within the Eurosystem (net)	0	0
10. Items in course of settlement	**2,558,265**	**1,799,852**
11. Other liabilities	**991,563,677**	**1,167,709,485**
11.1 Off-balance-sheet instruments revaluation differences	523,582	1,310
11.2 Accruals and income collected in advance	14,007,249	32,621,588
11.3 Sundry	977,032,846	1,135,086,587
12. Provisions	**6,788,684,202**	**6,651,794,477**
13. Revaluation accounts	**3,042,557,641**	**2,375,664,547**
14. Capital and reserves	**815,499,672**	**815,500,679**
14.1 Capital	111,243,362	111,243,362
14.2 Ordinary reserve	111,243,362	111,243,362
14.3 Extraordinary reserve	84,500,000	84,500,000
14.4 Special reserve from the revaluation of land and buildings	507,247,856	507,247,856
14.5 Other special reserves	1,265,092	1,266,099
TOTAL LIABILITIES	**103,155,537,716**	**109,495,051,679**

Notes:

1 Under Article 54A of the Bank's Statute, the financial statements of the Bank of Greece are drawn up in accordance with the accounting principles and rules established by the European Central Bank (ECB) and applying to all members of the European System of Central Banks (ESCB).

2 The Bank of Greece's Eurosystem key as at 31 December 2014 was 2.90547%.

3 Claims/liabilities denominated in euro or foreign currency are broken down into claims on/liabilities to euro area residents and non-euro area residents.

4 Account balances related to monetary policy operations are disclosed under distinct items.

5 Gold has been valued at the price provided by the ECB as at 31 December 2014: €987.769 per fine oz, compared with €871.220 as at 31 December 2013.

6 Claims/liabilities denominated in foreign currency have been converted to euro using the euro foreign exchange reference rates of the ECB as at 31 December 2014.

7 Securities (other than those held-to-maturity, non-marketable securities and securities held for monetary policy purposes) are valued at the mid-market prices of 31 December 2014. Marketable securities classified as held-to-maturity, non-marketable securities and securities held for monetary policy purposes are valued at amortised cost subject to impairment. In financial year 2014 no impairment losses were incurred.

8 "Other off-balance-sheet items" include the promissory note issued by the Greek government in favour of the IMF for the outstanding part of the loans received. At 31.12.2014 the value of the promissory note was SDR 20 billion, equivalent to €23.9 billion.

9 Certain balance sheet items and the profit and loss account for the year 2013 have been reclassified to ensure comparability with the respective items of the year 2014.

PROFIT AND LOSS ACCOUNT FOR THE YEAR 2014

(in euro)

	2014	2013
1. Net interest income	**957,672,264**	**1,394,949,966**
1.1 Interest income	1,049,114,258	1,872,304,110
1.2 Interest expense	-91,441,994	-477,354,144
2. Net result of financial operations, write-downs and risk provisions	**39,587,522**	**26,741,117**
2.1 Realised gains arising from financial operations	39,587,522	26,806,573
2.2 Write-downs on financial assets and positions	-1,740,761	-10,143,337
2.3 Transfer from provisions for foreign exchange rate, interest rate, credit and gold price risks	1,740,761	10,077,881
3. Net income from fees and commissions	**73,515,465**	**70,215,064**
3.1 Fees and commissions income	74,854,516	72,870,971
3.2 Fees and commissions expense	-1,339,051	-2,655,907
4. Income from equity shares and participating interests	**29,004,290**	**54,181,615**
5. Net result of pooling of monetary income	**6,276,926**	**52,200,784**
6. Other income	**12,134,922**	**12,567,782**
Total net income	**1,118,191,389**	**1,610,856,328**
7. Staff costs and pension benefit expenses	**-258,748,290**	**-255,222,508**
8. Other administrative expenses	**-46,964,051**	**-36,953,947**
9. Depreciation of tangible and intangible fixed assets	**-13,918,569**	**-14,477,256**
10. Consultancy fees for the auditing of the banking system	**-13,956,549**	**-4,260,362**
11. Provisions	**-130,054,727**	**-468,793,052**
Total expenses	**-463,642,186**	**-779,707,125**
PROFIT FOR THE YEAR	**654,549,203**	**831,149,203**

DISTRIBUTION OF PROFIT

(Article 71 of the Statute)

(in euro)

	2014	2013
Dividend to be distributed: €0.49728 per share for 19,864,886 shares	9,878,410	9,878,410
Tax on dividends (tax rate 26%, Articles 47 and 58, Law 4172/2013)	3,470,793	3,470,793
To the Government	641,200,000	817,800,000
	654,549,203	**831,149,203**

Note: *The gross dividend for financial year 2014 amounts to €0.6720 per share. Dividend to be distributed (€0.49728 per share) is subject to withholding tax at a rate of 10% in accordance with Law 4172/2013, Article 64 paragraph 1.*

Athens, 19 January 2015

THE GOVERNOR

YANNIS STOURNARAS

THE DIRECTOR OF THE ACCOUNTING DEPARTMENT

MARIA PAGONI

To the Shareholders of BANK OF GREECE A.E.

Report on the Financial Statements

We have audited the accompanying financial statements of the BANK OF GREECE A.E. (the "Bank") which comprise the balance sheet as of 31 December 2014 and the statement of income, the appropriation account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles prescribed by the European Central Bank (ECB) as adopted by the Bank in Article 54A of its Statute and the accounting standards prescribed by Greek Law, where the Guideline of the ECB does not provide specific direction, as well as, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank of Greece as at 31 December 2014 and of its financial performance for the year then ended in accordance with the accounting principles prescribed by the ECB as adopted by the Bank in Article 54A of its Statute and the accounting standards prescribed by Greek Law, where the Guideline of the ECB does not provide specific direction.

Report on Other Legal and Regulatory Requirements

We verified that the contents of the Report of the Governor relating to the statement of income for 2014 are consistent and corresponds with the accompanying financial statements within the scope set by Articles 37 and 43A of C.L. 2190/1920.

Athens, 19 January 2015

KPMG Certified Auditors A.E.
AM SOEL 114

Marios T. Kyriacou Certified Auditor Accountant AM SOEL 11121	Nikolaos Vouniseas Certified Auditor Accountant AM SOEL 18701

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