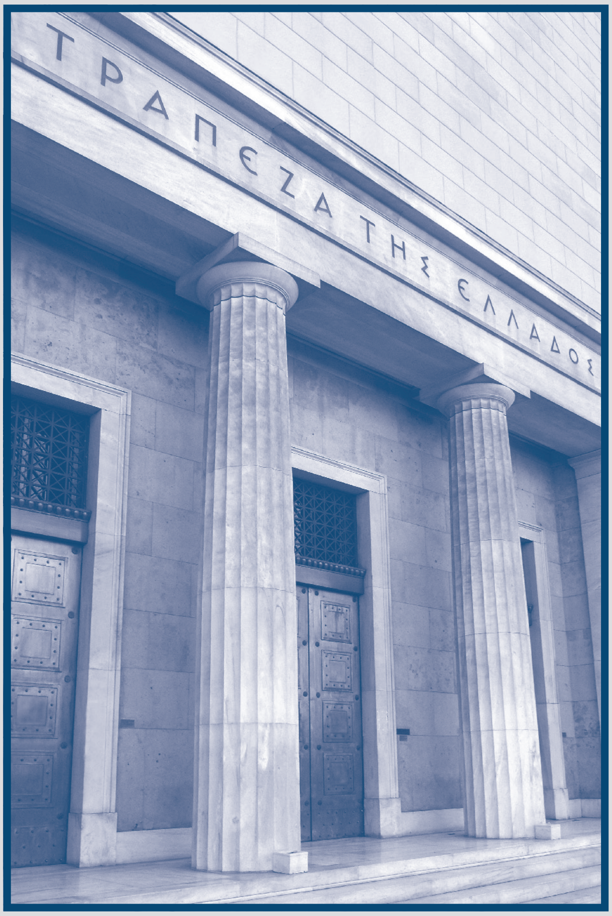
SUMMARY OF THE ANNUAL REPORT
2015

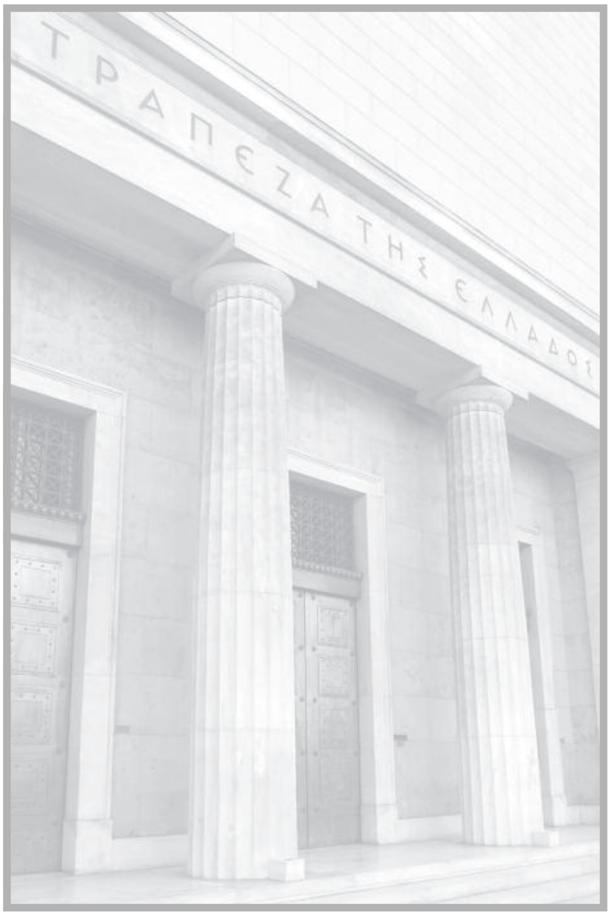


FEBRUARY 2016

BANK OF GREECE
EUROSYSTEM

SUMMARY OF THE ANNUAL REPORT
2015

Presented to the General Meeting of Shareholders
by Governor Yannis Stournaras



FEBRUARY 2016

BANK OF GREECE
EUROSYSTEM

BANK OF GREECE

Address
21, E. Venizelos Avenue
GR-102 50 Athens

Website
http://www.bankofgreece.gr

Telephone
+30 210 320.2393

Fax
+30 210 323.3025

Printed in Athens, Greece
at the Bank of Greece Printing Works

ISSN 1105 - 0527

CONTENTS

THE COMPLETION OF THE REVIEW IS ESSENTIAL FOR AN EXIT FROM THE CRISIS

1 2016: A YEAR OF PRAGMATISM AND ADJUSTMENT

According to Bank of Greece estimates included in the present report, the conditions shaping the path of the Greek economy in 2016 appear to be more favourable than they did a year ago. It is therefore reasonable to anticipate that the recession will bottom out and that the economy will see a slight recovery during the second half of this year, provided that political stability is maintained and uncertainty, which hurts investor confidence, is eliminated.

This outlook is subject to strong uncertainties and high risks, associated both with international developments and with the pace at which the Greek economy will return to normality and adjust to the new conditions.

Risks from the international environment relate to: the refugee crisis and the manner in which the European Union (EU) as a whole will address it; the possibility of a British exit from the EU; the rise in terrorist attacks; a slowdown in global economic growth; and perhaps a new Asian crisis. These international developments could reinforce centrifugal trends in the EU and undermine European cohesion.

On the domestic front, the prospect of recovery hinges crucially upon a number of prerequisites, including reaching an agreement on the first review of the programme, credible commitment to implementing the programme, and action to restore political and economic stability and foster a return to normality. In order to respond and adjust to the fast changing global environment, the Greek economy, integrated into a globalised economy and exposed as it is to international competition, must first of all consolidate its position by effectively addressing its own problems. Any country that fails to keep up with European developments and lags behind is bound to be the one hardest hit in the event that the global environment should take a turn for the worse.

2 2015 SAW RISKS OF DEFAULT AND EXIT FROM THE EURO AREA, AVERTED IN THE END

The conditions prevailing at the start of 2015 augured poorly for economic developments. Economic uncertainty, already widespread since end-2014, increased further and peaked with the proclamation of the referendum, the launching of the bank holiday and the imposition of capital controls in late June. By that time, the risk of a devastating downslide had come into view, confirming the repeated warnings from the Bank of Greece, international organisations and the global community.

The worst was avoided with the agreement reached at the Euro Summit of 12 July 2015, with the Greek authorities committing to a set of measures as prior actions for negotiating a new programme with the European Stability Mechanism (ESM). The agreement confirmed the country's will to remain on its European path. At a political level, this will was expressed through two major developments. First, in signing the agreement, the government signalled that it was opting for a path of cooperation and mutual understanding over one of confrontation with our partners. Second, the agreement was backed by the overwhelming majority of the opposition. This effective alignment on the common goal of keeping Greece in the euro area and the EU is unprecedented in Greece's recent political history, so often riven by acute confrontation and sharp division. If this broad alignment can be maintained despite the differences in approaches and views between the political parties, it could guarantee the political stability that Greece so drastically needs in order to break free of the crisis, return to normality and implement growth-conducive reforms.

Macroeconomic developments in 2015

Between 2008 and the end of 2013, the Greek economy lost a cumulative 26% of its Gross Domestic Product (GDP). After a short-lived rebound in 2014, it fell back into recession in the third quarter of 2015 (-1.9%). The rate of change in GDP remained negative (-1.9%) in the fourth quarter, coming to -0.7% for 2015 as a whole. Underlying this new downturn were political instability from the end of 2014 onwards, the protracted negotiations with our creditors in the first half of 2015, the bank holiday and the imposition of capital controls, as well as the new fiscal adjustment measures under the new Financial Assistance Facility Agreement, considered necessary to achieve the revised fiscal targets. The strengths of the Greek economy and of the domestic banking system were put to the test. However, the economy showed remarkable resilience, with the negative impact proving more moderate and shorter-lived than initially expected.

This resilience is associated with the implementation of the adjustment programmes since 2010, which —in spite of several delays and missteps— have succeeded in sharply reducing the major macroeconomic and fiscal imbalances. More specifically, the high fiscal deficit has been reduced, covering three quarters of the adjustment path towards the ultimate fiscal target (for a primary surplus of 3.5% of GDP by 2018, compared with a primary deficit of 10.1% of GDP in 2009).

The current account deficit and the loss of competitiveness have been addressed, while labour market rigidities and constraints have been reduced, leading to an increase in exports. There have also been signs of sectoral reallocation towards tradable goods and services and, more generally, towards the more productive businesses across all economic sectors.

As opposed to the substantial progress made in recent years with fiscal adjustment, there have been delays with privatisations and the implementation of growth-enhancing reforms in the area of public sector functioning and in the products and services markets. As a result, the beneficial effects on growth and employment were also slow in making themselves felt and only emerged in the course of 2014, with GDP growth returning to positive territory for the year as a whole (+0.7%) and in the first two quarters of 2015. The recovery would have gained traction and the overall outcome for 2015 and 2016 would have undoubtedly been positive and stronger, in line with the projections, if it had not been undercut by heightened uncertainty from the last months of 2014 until a new agreement was reached with our partners at the Euro Summit of 12 July 2015.

After a primary surplus of 1.2% of GDP in 2013, well above the target for a balanced primary budget, Greece's fiscal position deteriorated in 2014, on the back of political and economic uncertainty in the late part of the year, even though the primary balance remained positive, albeit small and falling considerably short of the targeted 1.5% of GDP. In the course of 2015, fiscal aggregates showed strong fluctuations, reflecting developments in tax revenue, public investment expenditure and government arrears. Following a downward revision of the primary balance target to a deficit of 0.25% of GDP (from an earlier target for a 3.0% surplus) and the adoption of additional fiscal measures, the primary budget in 2015 is expected to have been balanced or slightly in surplus.

Moderate GDP growth in the first half of 2015, back into recession in the second half

The performance of the Greek economy in the first half of last year was driven mainly by a rise in private consumption and an improvement in the external sector with an increase in goods exports and tourism and a decline in imports. By contrast, investment demand dropped further amid a worsening economic and financial environment. Meanwhile, employment rose reflecting sustained positive growth in certain sectors of the economy and buoyant tourism. Other factors that supported job creation were the restructuring of the labour market towards more flexible forms of employment and the maintenance of unit labour costs at low levels. As a result of the above, the unemployment rate fell to 24.6% in November 2015, still the highest in the EU.

Inflation, at -1.1%, remained in negative territory for the third consecutive year, although the general level of prices has been showing positive changes since December 2015 for the first time in 33 months, mainly on account of the increase in VAT rates.

Positive growth in the first half of 2015 can be attributed to continued momentum from the 2014 rebound. However, the adverse developments that unfolded in the first half of the year fuelled conditions of extreme economic uncertainty, putting Greece's growth course on hold and sending the economy back into recession from the third quarter onwards.

Nevertheless, the growth prospects for Greece remain positive. Key macroeconomic indicators tracking the economy's fundamentals suggest that the output losses, mainly arising from the negative impact of economic instability prevailing last year, may have been smaller than initially expected.

3 THE MAJOR CHALLENGE OF 2015: SAFEGUARDING FINANCIAL STABILITY

Against the background of uncertainty that prevailed in the first half of 2015, it became crucially important to safeguard financial stability under threat from a pick-up in deposit outflows, a spike in non-performing loans (reversing the picture that had begun to emerge in the course of 2014), the non-eligibility of Greek securities as collateral in Eurosystem monetary policy operations and, above all, the heated debate over a possible Greek exit from the euro area.

At these most difficult of times, the Bank of Greece fulfilled its primary duty arising from its participation in the Eurosystem and from its Statute, namely to safeguard monetary stability and support liquidity in the domestic banking system. To this end, the Bank provided funding to the banking system through the emergency liquidity assistance (ELA) mechanism. The bank holiday and the capital controls succeeded in containing the deposit outflows and the capital flight, but not without creating new problems. The ensuing distortions in the capital market, as well as in the goods and services markets, have had indirect repercussions that cannot be gauged as yet. On a positive note, however, the capital controls have encouraged the use of electronic money. There is already strong evidence that the widespread use of e-money has supported private consumption and tax revenue, by reducing the informal economy. Thus, one first policy implication is that the use of e-money needs to be strengthened further, through appropriate incentives, mainly tax-related.

Once the agreement was reached on 12 July, steps were taken to relax the capital controls as soon as possible and decentralise decisions, in an aim to minimise the inevitable impact on the real economy. Meanwhile, the Bank of Greece contributed decisively to the successful recapitalisation of banks, necessary after the new challenges posed by the mass deposit withdrawals and rising non-performing loans.

In these dire circumstances, the Bank of Greece took a number of additional actions aimed foremost at safeguarding financial stability. More specifically, the Bank (i) ensured the unobstructed and prompt supply of banknotes to the banking system in response to the marked increase in cash withdrawals in the first half of 2015; (ii) has participated in and housed the Committee for the Approval of Bank Transactions, staffed mostly with Bank of Greece personnel, and continues to work closely with the European Central Bank and the relevant ministries on the gradual lifting of the capital controls; (iii) conducted stress tests on those banks that are outside the scope of the Single Supervisory Mechanism (SSM); (iv) imposed stricter reporting requirements on banks with regard to non-performing loans and activated the Code of Conduct for the management of such loans; (v) remained a source of reliable information for international investors, thereby contributing to the successful recapitalisation of banks. Furthermore, the Bank of Greece assisted private insurance companies with preparations ahead of the entry into force of the Solvency II framework as from January 2016.

With regard to the formulation and implementation of macroprudential policy, the Bank of Greece defined a policy strategy for the exercise of its macroprudential tasks. The objective of this strategy is to enable the timely identification of systemic risks and the use of appropriate macroprudential instruments for their prevention and mitigation. In this context, the Bank of Greece developed a methodology to define the capital buffer rate for Greece. This macroprudential instrument needs to be countercyclical, i.e. it should help to smooth out the business cycle, so as to mitigate the risks from excessive credit growth, typically observed during upturns, and encourage lending during downturns.

4 THE INTERNATIONAL AND EUROPEAN ENVIRONMENT

Despite maintaining its growth momentum, the world economy recorded a weaker performance in 2015 relative to the previous year and to initial projections. This modest performance stemmed mainly from a slowdown in emerging market economies and notably China. Growth in the advanced economies as a whole picked up, driven by higher real disposable income of households and private consumption, as well as by lower unemployment. The continued downward trend in international oil prices also had a positive impact on world economic growth, by drastically containing energy costs. Inflation in the advanced economies declined significantly to nearly zero (0.3%). The existence of a sizeable output gap at the global level and the drop in oil prices were the main factors behind very low inflation.

The economic recovery in the euro area picked up pace in 2015. For the third consecutive year, GDP growth in the euro area was positive (1.5%) and significantly higher than in 2014 (0.9%). The recovery was supported by a strengthening in private consumption and an increase, albeit small, in investment. These favourable developments are attributable to continued monetary policy accommodation from the ECB and to the launch of a quantitative easing programme in March 2015, designed to steer inflation closer to 2% in the medium term and to boost economic growth in the euro area, as well as to the ensuing weakening of the euro.

The outlook for 2016 is positive on the whole, although subject to significant risks. Economic activity is expected to pick up slightly in both the advanced and the emerging market economies, while world trade is projected to increase on the back of progress with further trade liberalisation. More optimistic are the growth forecasts for the US and euro area economies. However, increasing income inequalities in advanced economies remain a source of concern.

On the other hand, considerable uncertainties arise from macroeconomic and financial interactions, the potential negative economic repercussions of the refugee-migrant flows to Europe, the possibility of a British exit from the EU, the risk of a greater slowdown of the Chinese economy and an escalation of geopolitical tensions among the Asian oil-producing countries, a surge in global terrorist attacks and a gradual tightening of monetary policy in the US, although the latest indications suggest that this is likely to be pushed back.

5 THE SINGLE MONETARY POLICY

In 2015, the Eurosystem's asset purchase programme was expanded to include bonds issued by euro area central governments, agencies and European institutions. Through this shift to a more accommodative stance, the single monetary policy had a favourable impact on monetary and credit dynamics, inflation expectations and inflation.

During the first months of the programme's implementation, the downward trend of medium to long-term inflation expectations was halted, bank interest rates and the exchange rate of the euro fell, money and credit growth strengthened further and inflation returned to positive territory.

More specifically, the implementation of the expanded asset purchase programme as of March 2015 served to contain the cost of borrowing from banks and relax the non-interest rate terms and conditions applicable to loans. Differences in bank financing costs across euro area Member States narrowed, and the availability of bank credit to businesses and households increased.

Furthermore, the downward trend of inflation expectations in the euro area was halted. Market-based measures of medium to long-term inflation expectations followed a slightly upward path through almost all of 2015.

In December 2015, the Governing Council of the ECB, seeing that the return of inflation to levels consistent with price stability in the medium term had slowed, decided to increase the degree of monetary accommodation. In this context, the duration of the expanded asset purchase programme (APP) was extended until the end of March 2017 or beyond, in conjunction with the decision to reinvest the principal payments on the securities purchased under the APP, and the interest rate on the deposit facility, already in negative territory, was further lowered.

6 THE FINANCIAL SYSTEM

Capital markets

During the first half of 2015, developments in Greek government bond yields reflected the dragging-on of the government's negotiations with our international creditors. The surrounding uncertainty drove Greek government bond yields sharply upward, especially in shorter maturities, despite the favourable European environment arising from the adoption by the Eurosystem of a quantitative easing policy. With the agreement of 12 July 2015, uncertainty receded and the yields on Greek government bonds gradually fell back to the levels prevailing at end-2014.

Corporate bond yields also trended sharply upwards in the first half of the year, more a reflection of the climate of uncertainty than of a worsening of issuers' fundamentals. Once the agreement was reached, corporate bond yields declined in the second half of 2015, but still remain high. Stock valuations were particularly volatile, especially in the banking sector while the stocks of manufacturing firms showed resilience.

However, the situation started to deteriorate at the beginning of the current year. The delays in reaching a completion of the first review of the stabilisation programme triggered a new bout of investor uncertainty, as reflected in sharp drops in valuations both for shares, especially those of banks, and government bonds, whose yield spread once again widened to over 1,000 basis points.

A stronger banking system in the wake of recapitalisation

The main developments in the banking system in 2015 were the strengthening of banks' capital base through capital increases with a strong private investor uptake, the bank holiday and the imposition of restrictions on cash withdrawals, cross-border payments and capital movements and other bank transactions, and the smaller-than-anticipated impact of these restrictions on bank aggregates.

The recapitalisation of Greek banks was successfully completed in December 2015, with a substantial participation of private investors. Greece's four significant banks managed to cover the capital needs identified by the ECB's stress tests. The necessary funds came from: (a) foreign investors, who placed around €5.3 billion; (b) capital mitigating actions amounting to €0.6 billion; and (c) liability management exercises (voluntary bond swap offers to bank bondholders) that yielded about €2.7 billion.

For the two banks that did not fully cover their capital needs, based on the adverse scenario, from private sources (totalling about €5.4 billion), the necessary additional funds were drawn from the HFSF. Thus, the public resources used proved to be far less than the amount of €25 billion foreseen by the Eurogroup in August 2015.

Moreover, banks' reliance on ELA has decreased, and the ceiling has been reduced by about €18.5 billion since end-August. The lower ceiling reflects the improved liquidity situation of Greek banks amid easing uncertainty and a stabilisation of private sector deposit flows, as well as, to a large extent, progress with the recapitalisation of Greek banks.

The gradual restoration of confidence resulted in an, albeit small, return of deposits. More than €2.5 billion returned to the banking system from 20 July 2015 onward, date on which banks reopened, with the restrictions on the banking system and on capital movements remaining in force to this day.

An effective management of non-performing loans is urgently needed

2015 saw a halt in the decline of new NPL formation. Non-performing exposures as a percentage of total exposures (NPE ratio) rose to 43.6% by end-September 2015 (December 2014: 39.9%). This deterioration was visible and similar in size (roughly 4 percentage points) across all loan categories. In particular, the NPE ratio reached 55.4% for consumer exposures, 43.3% for business exposures and 39.8% for housing exposures. This can in part be attributed to the postponement of the implementation of the Code of Conduct on the management of NPLs and to the less active loan portfolio management on the part of banks, which seemed to focus mostly on short-term solutions. However, from the third quarter onwards, especially after recapitalisation, banks appeared to step up their efforts towards more active NPL management. The effort towards long-term solutions to this major problem, tailored to the profile of borrowers, should benefit from the high-level operational targets for NPL resolution to be set by the Bank of Greece, in consultation with banks, applicable as from June 2016 and subject to monitoring on a quarterly basis. The requirement on banks to achieve these targets, coupled with the newly enacted legal and institutional framework, concerning, among other things, the establishment of a secondary market for NPLs, the speeding-up of judicial proceedings and the streamlining of the real estate collateral liquidation process, is expected to contribute to a gradual decline in the NPL ratio. In any event, the banks need to continue to pursue prudent provisioning policies and maintain capital adequacy ratios safely above the regulatory minimums.

Turning to the private insurance market, 2015 was marked by efforts from companies to adjust their governance systems and infrastructures to the requirements of the operational and supervisory framework for insurance and reinsurance undertakings, known as Solvency II, applicable as from 1 January 2016.

7 THE OUTLOOK FOR 2016

The completion of the first review will enhance the prospect of recovery

Contrary to 2015, 2016 could mark the beginning of a way out of the crisis and onto a path of sustainable growth. As mentioned previously, however, there are a number of major challenges, arising not only from unpredictable developments in the international environment but also, more importantly, from potential risks to the domestic macroeconomy, such as delays in the completion of the first review of the new stabilisation programme or failure to implement the programme's actions.

Real GDP growth is expected to be negative, at least during the first half of 2016, largely reflecting a carry-over effect from 2015. However, as already mentioned, the objective conditions are in place for Greece to exit recession and come closer to positive growth from the second half of the year. This is also conditional on a number of steps that will help to avert risks and strengthen the prospect of recovery.

The first step, and the one with the most crucial bearing on future developments, is the successful completion of the first review of the programme, currently in progress. This, in an initial phase, will require the completion of the social security reform and the alignment of farmer income taxation. These are not just prior actions for the review of the programme. They are necessary to ensure the sustainability of the social security system and of public debt and to restore social and tax equity both across generations and across taxpayer groups.

A positive review would boost the real economy and open the way for discussions on debt relief

A positive completion of the review would benefit the real economy in a number of ways:

– by bringing about a major improvement in confidence, thereby contributing to a faster return of deposits to the Greek banking system;

– by enabling a decision to reinstate Greek securities as eligible collateral in Eurosystem monetary policy operations, providing Greek banks with access to lower-cost funding from the ECB;

– by allowing Greek government bonds to be included in the ECB's quantitative easing programme;

– by bringing forward the further relaxation and ultimate lifting of capital controls.

All of the above, coupled with the successful recapitalisation of banks and the more efficient management of non-performing loans, will restore normality to the banking system. The banks' higher funding capacity will in turn boost their capacity to lend to the real economy, translating into lower borrowing costs for businesses and households. These more favourable financing conditions will bolster growth.

Over the medium term, the successful completion of the first review will prove to be decisive, in that it will open the way for discussions with our partners on further debt relief measures. Such measures would ensure the sustainability of public debt in a manner that contains the government's annual financing needs at manageable levels. Among other beneficial effects, this would directly ensue in a relaxation of the ultimate fiscal target and free up funds for channelling into investment, thereby supporting output and employment.

For the first time in 33 months, the change in the general level of prices turned positive (0.4%) in December 2015, mainly on account of increases in indirect taxes, in particular VAT rates. These recent increases are expected to cause prices to rise in 2016 as well, owing mainly to a carry-over effect from 2015. On the other hand, the anticipated downturn in the first half of this year and, more importantly, the continuous drop in international oil prices should largely offset these increases. For 2016 as a whole, inflation is projected to turn out at positive levels, assuming that international oil prices partially recover.

Risks and uncertainties

The forecast of a recovery in the second half of this year is, at present, clouded by considerable uncertainty, which on the domestic front relates to the outcome of the long-pending first review. Any setback or extensive further delay in this area would weaken and, in a worst case scenario, even ruin the prospects outlined above. This would trigger a new cycle of economic destabilisation, financing constraints, even deeper recession and serious impasses, similar to the ones experienced in the summer of 2015.

A second set of uncertainties and risks relates to the refugee-migrant inflows and the manner in which this serious problem will be addressed not only by Greece, but more importantly by the EU as whole. Should we, as a nation, fail to stay in sync with European policy choices and to promptly deliver on our commitments, there is no telling what the European reaction might be. Nor, for that matter, can we forecast what the stance of the EU Member States will be, even if Greece fully delivers on its commitments. In any event, the possibility of restrictions being imposed on the free movement of persons and goods cannot be ruled out, with the following serious implications for the Greek economy:

– For one, Greek tourism would be the first sector to suffer from a delay or, worse yet, failure to effectively manage the refugee crisis, with the refugee flows expected to continue and even intensify in the months ahead.

– Second, the possibility that large numbers of refugees could end up stranded on Greek soil calls for timely planning and preparations, in order to among other things address any social cohesion concerns. Furthermore, public expenditure would need to be increased to cover the costs of healthcare and provisional or more permanent housing for an increasing number of refugees and migrants.

– Third, moving goods from Greece would become much more costly, thereby hurting the country's international competitiveness.

– Fourth, foreign investors could be deterred from choosing Greece as a gateway for their goods into Europe.

The presence of these risks is all the more reason for the first review to be rapidly completed and for implementation of the programme to continue unobstructed.

8 PRECONDITIONS FOR AN EXIT FROM THE CRISIS AND FOR SUSTAINABLE GROWTH

An end to the recession and recovery from the second half of 2016 are within reach, provided that the problems and risks outlined above are effectively addressed. However, moving further along from recovery to sustainable growth will require long-term policies and strong commitment to implementing the new financial assistance agreement. The factors that will ultimately determine success are: acceptance and ownership of the programme; perseverance and consistency in implementing the necessary actions; open dialogue; and political and social consensus.

Over the past years, the Greek economy has been following an arduous road of adjustment, at great social cost, but also with tangible results. Little remains to be done, compared to the bulk of the effort already made. In order to cover the remaining ground, the following steps need to be taken:

- **Acceleration of reforms**

The programmes implemented over the past years were focused on fiscal adjustment and succeeded in sharply reducing the twin deficits. However, there were delays in the implementation of reforms, which, if made outright, would have reduced the extent and severity of the recession. This is the area on which we now need to focus. Specifically, the reforms needed in the services sector (transport, energy, telecommunications, trade) involve lifting restrictive regulations that stifle competition. In the labour market, as envisaged in the agreement, the reforms involve bringing the collective dismissal and industrial action frameworks and collective bargaining into line with best practices internationally and in the EU. They also involve legislating a modern quality framework for vocational education and training (VET)/Apprenticeships, tackling undeclared work and streamlining existing labour laws and consolidating them into a Labour Law Code. Finally, in the field of public administration, a reform programme needs to be implemented, geared towards capacity-building and de-politicisation. Concrete steps need to be taken towards simplifying administrative processes, overhauling structures, expanding modern technology usage, optimising human resources, and strengthening transparency and accountability.

- **Further strengthening of the banking system**

The completion of the recapitalisation of Greek banks with a strong participation of private investors was successful. As mentioned previously, the banks only used €5.4 billion of public funds, compared with an initially estimated €25 billion. Meanwhile, banks' reliance on Emergency Liquidity Assistance (ELA) decreased in the second half of 2015. Looking forward, a return to financial normality would help restore public confidence in the domestic banking system, thereby leading to a gradual return of deposits. Moreover, the new institutional framework for the management of non-performing loans (NPLs) will help banks to consolidate their assets, thereby enabling them to finance the real economy and contribute to a shift to a growth model that favours competitive and outward-oriented businesses. Furthermore, steps have been taken to clearly define the terms and conditions for the protection of primary residence, to streamline bankruptcy and insolvency procedures and to restore honest relations between creditors and debtors. All of the above have already been enacted, but need to be implemented without any faltering, wavering or parallel decisions that would undermine their effectiveness.

- **Privatisations and utilisation of public real estate**

The scaling-up and successful implementation of the privatisations and public real estate utilisation programme will have a multiplier effect, with long-lasting gains for the domestic economy. First, privatisation proceeds can be used to gradually pay off public debt, supporting fiscal adjustment. Furthermore, when accompanied by a strong commitment to future investment, privatisations enhance the inflow of funds for productive investments that stimulate employment and aggregate active demand.

In the field of privatisations, some progress has been made, but a number of decisions, still pending, need to be made without further delay. As estimated by the Bank of Greece, privatisations hold a huge potential, which, if properly exploited, could yield far more revenue than the quantitative targets. This points to the need for a strategic plan that will map out the targets, uses and forms of the desired investments and provide a stable and comprehensible framework for prospective investors. The development of this plan will be assigned to the Hellenic Republic Assets Development Fund, which according to the agreement must have been established by mid-2016. This is a commitment that must be adhered to, and, in this context, the objectives of this fund, which will be reorganising the privatisations and public real estate utilisation programme, need to be clearly outlined.

- **Continued fiscal consolidation through a redefined fiscal policy mix**

The revision of the primary surplus targets frees up resources for channelling into the real economy. However, the current policy mix remains a serious drag on growth. Without relaxing the efforts towards budgetary discipline, the focus of fiscal policy needs to be growth-friendly, i.e. cut taxes, reduce the consumption expenditure of the public sector and increase public investment expenditure. The lopsided focus, so far, on increasing labour and business income tax rates, as well as social security contributions, provides incentives for tax and contribution evasion and encourages undeclared work, erodes the competitive advantages of Greek firms and discourages job creation. As a result, any improvement in the fiscal balance is only temporary and self-reversing, preventing a lasting reduction of the debt-to-GDP ratio. Instead, rationalising public administration and cutting non-productive operating costs would prove to be more effective fiscal consolidation tools.

• Encouraging business investment and protecting private investors

Greece has been plagued by serious investment inertia. Between 2007 and 2014, total investment expenditure as a percentage of GDP fell by half. Underlying this disinvestment are anaemic demand, political and economic uncertainty, as well as financing constraints. The prompt rebound of business investment expenditure is key to sustainable growth. The restoration of economic and political stability that would strengthen investor confidence and encourage aggressive business investment plans, a rapid shift of the domestic production model from non-tradable to tradable goods and services and an easing of financing constraints would be instrumental in stimulating business investment expenditure. Actions such as the enactment of a new development law with clear growth incentives, and initiatives from the financial system to ease financing constraints are deemed necessary. Furthermore, the Greek State must help restore investor confidence and protect private investors by ensuring a stable, business-friendly economic environment. This can be achieved through the establishment of a simple, clear-cut and stable tax and legal regime fostering healthy entrepreneurship.

• Improving competitiveness – increasing exports

The competitiveness gains achieved by the Greek economy at considerable social cost do not seem to have been fully exploited. These gains, together with improved labour market flexibility, are strong incentives for investment initiatives. Despite the recouping of losses in international competitiveness, mainly in unit labour cost terms, exports have yet to record the anticipated upward dynamics. This can in part be explained by the lack of financing, comparatively higher long-term borrowing costs, as well as the higher tax burden, which slows or even halts progress towards recovering overall competitiveness. However, it is also due in part to a number of inherent structural weaknesses that hamper the international market penetration of Greek products and involve non-cost aspects such as product quality, protected designation of origin and branding, red tape, etc.

• Combatting high unemployment

The gradual decline observed in unemployment and the continued recovery of the employment rate have been supported by the active employment policies implemented through programmes and actions using resources from the National Strategic Reference Framework (2014-2020).

In order to fight high unemployment, in particular long-term and youth unemployment, the active employment policies and the vocational training programmes in place need to be constantly improved and expanded; their effectiveness also needs to be increased, with results-based review procedures and monitoring. Moreover, the enhancement of employment support schemes should go hand in hand with action against undeclared and uninsured work.

• Education reform

The road to growth entails knowledge, research, innovation and lifelong learning. The exit of Greek society from the crisis can only be achieved through its transformation into a society of creative citizens, capable of preserving and expanding its human capital stock. In this context, the education reform currently being debated, which forms an integral part of the national growth strategy, must be based on five pillars: (a) evaluation of the Greek education system at all levels with a view to enhancing innovation and entrepreneurship; (b) rationalisation of curricula across all educational levels, as well as of the functioning and governance of higher education institutions, while enhancing the efficiency and autonomy of public educational units; (c) breaking the hold of corporatist interests on the education system; (d) increasing funding, which still remains low; and (e) transparency at all levels.

- **Halting the brain and human resource drain**

Soaring unemployment and the deep economic recession have caused part of Greece's human resources to migrate abroad, with alarming implications for the country's demographics, public finances, pension system and, to the extent that those who leave are highly-skilled, the quality of the remaining labour force. In order to reverse this brain drain, the Greek State must take measures to: (a) redefine the types and forms of academic and vocational specialisation needed to improve skill matching for the young generations; (b) support business start-ups; (c) combat mediocracy, the lack of transparency and nepotism; (d) promote excellence; (e) expand apprenticeship and internship schemes; and (f) foster a business-friendly environment.

- **Supporting social cohesion and tackling poverty**

Sustainable growth hinges upon social cohesion, under threat at present from rising poverty, income inequality and social exclusion. Although based on the results of the latest EU-SILC survey (2014), both indices, namely the poverty gap and the relative risk of poverty in Greece, decreased somewhat, the relative risk of poverty is still the third highest in the EU-28. Moreover, the number of households living below the poverty line has increased. Public debate should therefore focus on the need to redesign both the policy of social transfers, in order to increase their effectiveness in tackling poverty, and the education system, to ensure that it provides equal learning opportunities at all levels of education to those facing social exclusion. Under the agreement with our partners, Greece has committed to improving the planning of its social welfare system, to launching a complete revision of the existing system with support from the World Bank, in order to set up a genuine social safety net. This will include the gradual national roll-out of a Guaranteed Minimum Income (GMI) as of 1 April 2016.

* * *

The Greek economy has already come a long way, and there is only a short distance from here to an exit from the crisis. In order to avert any setbacks and obstacles on the path towards growth, all existing potential must be fully exploited, avoiding past mistakes that only led to vicious circles and impasses.

Today, the exit from the crisis is within sight, but remains subject to prerequisites. In order to get there, we must remain committed to honouring the terms of the agreement, which must not be seen as imposed on us by our creditors, but as fundamental and necessary reforms that should have been implemented years ago. The Greek side must take ownership of the programme as a necessary means towards adjustment and reform. In addition, however, the changes which must be incorporated into a national growth plan, are geared towards supporting (a) output; (b) investment; (c) the "knowledge triangle" (education, research, innovation); and (d) the new generation. This national plan must be both a new growth and a social pact for the creation and mobilisation of resources to support productivity, new businesses and jobs. These are the orientations that will enable the Greek economy to exit the crisis once and for all and return to a virtuous circle of growth and employment.

APPENDIX

TABLES AND CHARTS

TABLES

CHARTS

Table 1 Demand and GDP

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

	2010	2011	2012	2013	2014	2015 Jan.-Sept.
Private consumption	-6.4 (-4.4)	-9.9 (-6.8)	-7.9 (-5.5)	-2.5 (-1.7)	0.7 (0.5)	0.9 (0.6)
Public consumption	-4.2 (-0.9)	-7.0 (-1.6)	-7.2 (-1.6)	-5.5 (-1.2)	-2.4 (-0.5)	-0.2 (-0.1)
Gross fixed capital formation	-19.3 (-4.0)	-20.7 (-3.6)	-23.4 (-3.6)	-9.3 (-1.2)	-2.6 (-0.3)	-1.4 (-0.1)
Residential investment	*-26.3* *(-1.7)*	*-14.4* *(-0.7)*	*-38.2* *(-1.8)*	*-30.7* *(-1.0)*	*-52.3* *(-1.2)*	*-25.1* *(-0.3)*
Domestic final demand[1]	-8.3 (-9.3)	-11.0 (-12.0)	-10.0 (-10.7)	-4.0 (-4.1)	-0.4 (-0.4)	0.4 (0.4)
Change in inventories and statistical discrepancy (% of GDP)	-0.5%	-0.7%	-0.6%	-0.8%	0.6%	-0.7%
Domestic demand	-5.3 (-7.4)	-9.7 (-11.9)	-8.8 (-10.4)	-3.2 (-4.4)	3.3 (1.0)	-2.5 (-0.8)
Exports of goods and services	4.4 (0.9)	0.8 (0.2)	1.1 (0.3)	1.7 (0.4)	7.4 (2.1)	-2.5 (-0.7)
Imports of goods and services	-3.4 (1.0)	-8.2 (2.5)	-9.4 (2.9)	-2.9 (0.9)	7.8 (-2.4)	-5.0 (1.6)
Foreign demand	... (1.9)	... (2.7)	... (3.2)	... (1.3)	... (-0.3)	... (0.9)
Gross domestic product at market prices[2]	-5.5	-9.2	-7.3	-3.1	0.7	0.1

Source: ELSTAT, Quarterly National Accounts, November 2015, seasonally adjusted data.
Note: Within parentheses, contributions to GDP in percentage points.
1 Excluding inventories and statistical discrepancy.
2 ELSTAT preliminary estimate of 12.2.2016 has not been included.

Table 2 Indicators of consumer demand (2010-2016)

(annual percentage changes)[1]

	2010	2011	2012	2013	2014	2015-2016 (available period)
Volume of retail trade (overall index)	-6.2	-10.2	-12.2	-8.1	-0.4	-1.7 (Jan.-Nov.)
Volume of retail trade (excluding fuel and lubricants)	-6.9	-8.7	-11.8	-8.4	-0.7	-0.6 (Jan.-Nov.)
Food-beverages-tobacco[2]	-5.5	-6.0	-9.0	-9.1	0.5	-1.9 (Jan.-Nov.)
Clothing-footwear	-11.4	-18.8	-20.6	-2.2	5.4	7.2 (Jan.-Nov.)
Furniture-electrical appliances-household equipment	-12.7	-15.7	-16.3	-6.2	-1.4	-4.0 (Jan.-Nov.)
Books-stationery-other	-4.3	-5.2	-12.1	-0.1	7.0	6.2 (Jan.-Nov.)
Revenue from VAT (at constant prices)	0.1	-5.9	-12.8	-6.5	-0.4	0.8 (Jan.-Nov.)
Retail trade confidence indicator	-26.4	-0.5	-3.1	22.9	27.1	2.8 (Jan. 2016)
Consumer confidence index	-63.4	-74.1	-74.8	-69.4	-54.0	-64 (Jan. 2016)
New private passenger car registrations	-37.2	-29.8	-41.7	3.1	30.1	4.9 (Jan. 2016)
Tax revenue from mobile telephony[3]	37.1	-16.8	-7.9	-12.8	-10.4	-6.4 (Jan.-Dec.)
Credit for consumption[4]	-4.2 (Dec.)	-6.4 (Dec.)	-5.1 (Dec.)	-3.9 (Dec.)	-2.8 (Dec.)	-2.3 (Dec.)

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, in 2009, the transfer of loans by one credit institution to a domestic subsidiary.

Table 3 Indicators of investment demand (2010-2015)

(annual percentage changes)[1]

	2010	2011	2012	2013	2014	2015 (available period)
Capital goods output	-22.1	-13.5	-19.2	-0.5	-2.2	-6.6 (Jan.-Nov.)
Capacity utilisation in the capital goods industry	66.1	62.7	58.2	61.4	64.7	62.1
Credit to corporations[2]	1.1 (Dec.)	-2.0 (Dec.)	-4.4 (Dec.)	-4.9 (Dec.)	-3.7 (Dec.)	-0.9 (Dec.)
Disbursements under the Public Investment Programme[3]	-11.3	...	-10.5	14.5	-0.9	-2.8
Production index in construction (at constant prices)	-29.2	-41.3	-33.4	-8.2	15.5	1.1 (Jan.-Sept.)
Volume of private construction activity (on the basis of permits issued)	-23.3	-37.7	-30.6	-25.6	-5.8	-6.3 (Jan.-Nov.)
Cement production	-14.3	-37.8	-12.8	3.4	-3.4	3.6
Construction confidence indicator	-27.4	-27.8	26.1	50.6	23.7	-29.9
Lending for house purchase[4]	-0.3 (Dec.)	-2.9 (Dec.)	-3.4 (Dec.)	-3.3 (Dec.)	-3.0 (Dec.)	-3.5 (Dec.)

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 corporate bonds and loans transferred by credit institutions to foreign subsidiaries and, in 2009 the transfer of loans by one credit institution to a domestic subsidiary.
3 As of January 2012 actual cash payments and not appropriations under the public investment budget.
4 Comprising loans and securitised loans. The rates of change are adjusted for loan reclassifications, loan write-offs/write-downs, foreign exchange valuation differences and, in 2009, the transfer of loans by one credit institution to a domestic subsidiary.

Table 4 Gross value added at basic prices (2010-2015)

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

	Annual percentage changes					
	2010	2011	2012	2013	2014	2015 Jan.-Sept.
1. Agriculture, forestry and fishing	**5.1 (0.1)**	**-1.5 (-0.1)**	**9.1 (0.3)**	**-2.3 (-0.1)**	**10.2 (0.4)**	**-1.0 (0.0)**
2. Secondary sector	**-13.3 (-2.3)**	**-10.8 (-1.7)**	**-6.8 (-1.0)**	**-7.4 (-1.1)**	**-8.9 (-1.3)**	**-4.0 (-0.5)**
2.1 Industry including energy	-14.9 (-1.9)	-4.7 (-0.5)	-6.3 (-0.7)	-2.8 (-0.3)	-10.0 (-1.2)	-0.2 (0.0)
2.2 Construction	-8.9 (-0.4)	-26.1 (-1.2)	-8.3 (-0.3)	-22.9 (-0.8)	-4.3 (-0.1)	-18.6 (-0.5)
3. Tertiary sector	**-4.2 (-3.4)**	**-9.3 (-7.5)**	**-7.2 (-5.8)**	**-1.9 (-1.5)**	**1.9 (1.5)**	**1.5 (1.2)**
3.1 Trade, hotels and restaurants, transport and communication	-4.2 (-1.0)	-12.2 (-3.0)	-15.6 (-3.7)	-0.9 (-0.2)	7.4 (1.6)	2.6 (0.6)
3.2 Information and communication	-12.8 (-0.5)	-18.8 (-0.7)	-11.9 (-0.4)	-5.4 (-0.2)	-4.1 (-0.1)	-4.0 (-0.1)
3.3 Financial and insurance activities	-7.8 (-0.4)	-14.1 (-0.7)	-5.1 (-0.2)	-6.1 (-0.3)	-4.3 (-0.2)	-1.6 (-0.1)
3.4 Real estate activities	10.8 (1.5)	-7.1 (-1.2)	5.4 (0.9)	-0.5 (-0.1)	1.6 (0.3)	0.2 (0.0)
3.5 Professional, scientific and technical activities	-21.7 (-1.4)	-10.8 (-0.6)	-8.3 (-0.4)	-7.6 (-0.4)	-1.7 (-0.1)	7.5 (0.4)
3.6 Public administration and defence	-2.3 (-0.5)	-3.5 (-0.8)	-9.1 (-2.1)	-2.1 (-0.5)	-0.4 (-0.1)	2.2 (0.5)
3.7 Arts, entertainment and recreation	-23.2 (-1.1)	-14.1 (-0.5)	3.4 (0.1)	1.3 (0.1)	1.1 (0.0)	-1.8 (-0.1)
4. Gross value added at basic prices	**-5.6**	**-9.1**	**-6.5**	**-2.6**	**0.4**	**0.6**

Source: ELSTAT, Quarterly National Accounts, November 2015, seasonally adjusted data.
Note: Within parentheses, contributions in percentage points.

Table 5 Industrial production

(2010=100)

	Weights 2010		Average annual percentage changes 2010	2011	2012	2013	2014	2015	Level 2015 (2010=100)
Industry	**100.0**		**-5.9**	**-5.7**	**-2.0**	**-3.2**	**-1.9**	**0.6**	**88.3**
1. Mining and quarrying	***6.1***	***100.0***	***-6.5***	***-2.0***	***-0.9***	***-11.5***	***-0.3***	***-6.9***	***79.8***
Mining of coal and lignite		56.6	-13.1	3.8	6.7	-14.4	-6.7	-8.6	80.8
Extraction of crude petroleum and natural gas		1.9	42.5	-24.3	-2.2	-7.9	-15.5	3.5	59.6
Mining of metal ores		9.1	16.2	11.2	-12.3	-15.3	2.9	-7.0	79.0
Other mining and quarrying		32.4	-0.1	-17.9	-16.1	0.8	19.2	-3.6	79.8
2. Manufacturing	***69.5***	***100.0***	***-5.1***	***-9.1***	***-3.5***	***-1.1***	***1.8***	***1.2***	***89.3***
Food		19.9	-4.0	-3.6	-2.0	-3.7	3.1	-0.2	93.6
Beverages		8.0	-7.6	-6.5	-6.1	-1.7	-0.6	3.0	88.4
Tobacco		1.7	-17.5	10.3	-8.9	2.7	-4.4	18.8	117.2
Textiles		1.5	-20.6	-14.5	-11.9	-10.0	-10.5	1.8	61.7
Wearing apparel		1.7	-23.1	-19.4	-11.2	-6.2	-6.7	-13.7	54.1
Leather and footwear		0.3	-36.9	-12.2	-29.0	-2.7	-12.8	-13.5	45.8
Wood and cork		0.7	9.4	-16.5	-27.0	-23.2	-10.3	-7.1	39.0
Paper and paper products		2.5	-3.4	-5.0	-8.7	2.7	8.3	2.0	98.4
Printing and reproduction of recorded media		2.1	-14.1	-22.9	-18.7	-5.9	-2.5	-6.5	53.8
Coke and refined petroleum products		15.1	5.7	-14.6	23.9	4.2	7.3	1.2	119.9
Chemicals and chemical products		6.3	1.5	-2.1	-9.4	2.2	1.2	2.5	94.0
Basic pharmaceuticals		4.9	2.4	-1.2	-5.3	9.8	-4.2	6.4	104.8
Rubber and plastic products		4.4	-7.0	-5.7	-6.0	-1.8	1.7	3.5	91.6
Non-metallic mineral products		7.9	-14.2	-34.0	-15.8	-1.9	2.0	-0.4	55.4
Basic metals		7.0	12.0	7.2	-5.0	-4.9	5.2	4.1	106.1
Metal products		4.5	0.2	-7.1	-7.3	-8.2	-1.4	-3.5	75.2
Computers, electronics and optical products		0.6	-26.6	-25.1	3.6	15.3	10.8	28.3	127.3
Electrical equipment		2.7	-4.1	-13.5	-5.4	-13.2	-10.7	5.4	66.9
Machinery and equipment n.e.c.		1.5	-21.0	-5.2	-12.0	1.4	0.0	0.6	85.1
Motor vehicles, trailers and semi-trailers		0.5	-1.6	-40.4	4.9	2.2	2.8	-11.5	58.1
Other transport equipment		1.0	-35.1	-22.2	-40.0	26.9	-51.9	7.2	30.6
Furniture		1.3	-19.0	-22.3	-28.1	-16.5	2.2	0.3	47.9
Other manufacturing activities		0.4	-10.5	-9.9	-15.0	1.5	4.7	8.2	88.1
Repair and installation of machinery and equipment		3.5	-22.8	-6.1	-22.1	-3.1	2.9	-17.8	60.0
3. Electricity	***20.6***	***100.0***	***-9.2***	***4.0***	***1.8***	***-6.9***	***-13.6***	***0.3***	***85.4***
4. Water supply	***3.8***	***100.0***	***0.7***	***-2.0***	***1.1***	***-2.5***	***-0.5***	***1.8***	***97.8***
Industry	**100.0**		**-5.9**	**-5.7**	**-2.0**	**-3.2**	**-1.9**	**0.6**	**88.3**
Main industrial groupings									
Energy	38.7		-4.9	-1.8	7.4	-4.2	-5.6	0.0	95.4
Intermediate goods	26.0		-0.9	-9.5	-8.9	-3.8	2.6	1.2	82.3
Capital goods	6.1		-22.1	-13.5	-19.2	-0.5	-2.2	-6.4	63.7
Consumer durables	1.7		-13.4	-15.8	-19.0	-12.8	-6.8	2.7	57.0
Consumer non-durables	28.0		-7.2	-5.3	-5.0	-0.9	0.3	2.0	91.2

Source: ELSTAT.

Table 6 Activity indicators in the services sector (2009-2015)

(annual percentage changes)

	2009	2010	2011	2012	2013	2014	2015 (available period)
A. Services turnover indices							
1. Trade							
Wholesale trade	-8.9	-5.9	-13.5	-12.1	-12.1	0.2	-5.2 (Jan.-Sept.)
Retail trade	-10.2	-1.2	-7.2	-11.0	-8.6	-1.1	-3.2 (Jan.-Nov.)
Motor trade	-15.7	-36.5	-26.5	-29.3	-3.1	18.6	7.3 (Jan.-Sept.)
2. Transport							
Land transport	-31.5	-18.2	-1.7	-3.2	-4.1	-4.4	-5.4 (Jan.-Sept.)
Sea transport	-22.8	-8.5	-2.6	-15.4	-7.4	-8.1	-3.9 (Jan.-Sept.)
Air transport	-11.7	-7.0	-0.9	-1.1	3.9	7.1	7.6 (Jan.-Sept.)
Storage and supporting transport activities	-32.2	-10.8	-7.9	-4.8	-7.0	5.5	3.2 (Jan.-Sept.)
3. Hotels and restaurants							
Accommodation and food service activities	-9.1	-8.2	-7.4	-17.2	4.8	13.7	10.4 (Jan.-Sept.)
4. Information and communication							
Telecommunications	-8.9	-11.3	-8.9	-5.1	-11.7	-4.3	-0.8 (Jan.-Sept.)
Film, video, and TV programme production, recordings and music products	1.4	-6.6	-28.4	-4.9	-5.0	-0.8	-19.3 (Jan.-Sept.)
Programming and broadcasting activities	-6.7	-2.0	-27.1	-16.4	-7.9	12.6	-18.9 (Jan.-Sept.)
5. Professional-scientific-technical activities							
Legal, accounting and management consulting services	-12.4	-7.3	-0.3	4.5	0.9	2.5	-6.4 (Jan.-Sept.)
Architectural and engineering services	-18.6	-20.4	-19.6	-12.3	-14.0	-15.0	12.1 (Jan.-Sept.)
Advertising and market research	-18.4	-23.8	-21.2	-16.7	-20.9	-7.0	-8.1 (Jan.-Sept.)
Travel agencies and related activities	-9.9	-24.5	-35.2	-27.0	11.3	6.4	-0.6 (Jan.-Sept.)
B. Passenger traffic							
Athens International Airport	-1.5	-5.0	-6.3	-10.4	-3.2	21.2	19.0
Aegean Airlines[1]	9.9	-5.1	4.2	-5.8	44.6	14.4	16.8 (Jan.-Sept.)
Piraeus port (OLP)	-3.8	-6.0	-0.8	-17.5	1.0	12.7	-9.7
C. Services confidence indicator	**-28.3**	**-9.3**	**-2.9**	**-11.2**	**28.4**	**23.9**	**-19.0**

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

Table 7 Price developments in Greece and the euro area

(annual percentage changes)

	2011	2012	2013	2014	2015
A. Euro area					
Harmonised Index of Consumer Prices (HICP) and its components					
Overall index	**2.7**	**2.5**	**1.4**	**0.4**	**0.0**
Goods	3.3	3.0	1.3	-0.2	-0.8
Food	2.7	3.1	2.7	0.5	1.0
Processed food[1]	3.3	3.1	2.2	1.2	0.6
Unprocessed food	1.8	3.0	3.5	-0.8	1.6
Industrial goods	3.7	3.0	0.6	-0.5	-1.8
Non-energy industrial goods	0.8	1.2	0.6	0.1	0.3
Energy	11.9	7.6	0.6	-1.9	-6.8
Services	1.8	1.8	1.4	1.2	1.2
Industrial producer prices	***5.7***	***2.8***	***-0.2***	***-1.5***	***-2.7***
B. Greece					
Harmonised Index of Consumer Prices (HICP) and its components					
Overall index	**3.1**	**1.0**	**-0.9**	**-1.4**	**-1.1**
Goods	4.0	1.9	0.7	-1.0	-2.0
Food	4.2	1.3	0.9	-1.0	1.7
Processed food[1]	4.7	1.2	0.7	0.6	1.8
Unprocessed food	3.4	1.4	1.3	-3.5	1.7
Industrial goods	3.9	2.3	0.4	-1.2	-5.3
Non-energy industrial goods	-0.2	-0.6	-1.7	-1.0	-1.8
Energy	16.7	12.6	6.3	-2.0	-11.1
Services	1.9	-0.2	-2.9	-2.0	0.0
Industrial producer prices	***7.4***	***4.9***	***-0.7***	***-0.8***	***-5.8***

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

Table 8 Price indices

(annual percentage changes)

Year	Consumer Price Index							
		Sub-indices						
	Overall index	Goods	Services	CPI excluding fuel & fresh fruit and vegetables	CPI excluding food & fuel	Food and non-alcoholic beverages	Fresh fruit and vegetables	Fuel
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
2015	-1.7	-2.5	-0.7	-0.5	-0.9	1.8	6.5	-13.9

Year	Industrial Producer Price Index						Import price index in industry	
	Domestic market				External market			
		Sub-indices						
	Overall index	Overall index excl. energy	Intermediate goods	Consumer goods	Overall index	Overall index excl. energy	Overall index	Overall index excl. energy
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	-2.7	-1.2	-3.7	-0.9
2015	-5.8	0.0	0.0	0.0	-11.4	0.0	-10.5	0.0

Source: ELSTAT and calculations based on ELSTAT data.

Table 9 Compensation of employees and labour cost (2012-2016)

(annual percentage changes)

	2012	2013	2014	2015 Jan.-Sept.*	2015 (estimate)	2016 (forecast)
Total compensation of employees	-9.8	-10.2	-2.0	-1.1	-1.3	1.4
Compensation per employee	-3.0	-7.0	-2.1	-3.6	-2.7	0.9
Labour productivity (GDP/total employment)	-1.1	0.4	0.5	-1.5	-1.1	-0.6
Unit labour cost (total economy)	-2.0	-7.4	-2.6	-2.1	-1.1	1.5

Source: For 2012-2014 and for January-September 2015: ELSTAT, National Accounts data for all aggregates. For 2015 and 2016: Bank of Greece estimates/forecasts.
* Seasonally adjusted data.

Table 10 Balance of payments

(million euro)

	2013	2014	2015
I CURRENT ACCOUNT (I.A+I.B+I.C+I.D)	**-3,691.9**	**-3,767.4**	**-7.5**
BALANCE OF GOODS AND SERVICES (I.A+I.B)	**-5,030.9**	**-4,006.3**	**-234.6**
Receipts	*54,941.4*	*57,839.3*	*52,774.9*
Payments	*59,972.3*	*61,845.5*	*53,009.5*
I.A Trade balance (I.A.1 – I.A.2)	**-20,780.3**	**-22,279.4**	**-17,247.8**
I.A.1 Exports of goods	*26,895.6*	*26,788.0*	*24,787.2*
Oil	9,485.1	9,049.8	6,713.7
Ships (receipts)	443.0	626.0	175.5
Goods excluding oil and ships	16,967.6	17,112.1	17,898.0
I.A.2 Imports of goods	*47,675.9*	*49,067.4*	*42,035.0*
Oil	16,398.5	15,384.2	10,921.8
Ships (payments)	1,926.2	2,799.2	623.2
Goods excluding oil and ships	29,351.1	30,884.1	30,489.9
I.B Services balance (I.B.1 – I.B.2)	**15,749.4**	**18,273.2**	**17,013.2**
I.B.1 Receipts	*28,045.8*	*31,051.3*	*27,987.7*
Travel	12,152.2	13,393.1	14,194.4
Transport	12,060.9	13,130.8	9,968.3
Other services	3,832.7	4,527.4	3,825.0
I.B.2 Payments	*12,296.4*	*12,778.1*	*10,974.5*
Travel	1,835.2	2,076.4	2,025.1
Transport	6,492.2	6,258.6	5,430.0
Other services	3,969.1	4,443.1	3,519.4
I.C Income balance (I.C.1 – I.C.2)	**-457.0**	**573.6**	**739.3**
I.C.1 Receipts	*6,458.1*	*6,867.4*	*5,942.8*
Wages, salaries	209.3	209.9	153.8
Interest, dividends, profits	3,213.7	3,241.5	2,624.4
Other primary income	3,035.1	3,416.1	3,164.6
I.C.2 Payments	*6,915.1*	*6,293.8*	*5,203.5*
Wages, salaries	453.0	491.7	379.4
Interest, dividends, profits	6,097.1	5,439.6	4,525.0
Other primary income	365.0	362.6	299.1
I.D Current transfers balance (I.D.1–I.D.2)	**1,796.1**	**-334.7**	**-512.2**
I.D.1 Receipts	*4,652.8*	*2,550.7*	*1,908.7*
General government	3,375.5	1,441.7	1,054.9
Other sectors	1,277.3	1,109.0	854.9
I.D.2 Payments	*2,856.7*	*2,885.5*	*2,421.9*
General government	2,068.1	2,054.7	1,695.0
Other sectors	788.6	830.8	726.9
II CAPITAL ACCOUNT (II.1–II.2)	**3,040.8**	**2,510.6**	**1,988.6**
II.1 Receipts	**3,380.6**	**2,866.2**	**2,369.5**
General government	3,298.9	2,789.8	2,319.3
Other sectors	81.7	76.4	50.2
II.2 Payments	**339.8**	**355.6**	**380.9**
General government	9.7	8.8	4.1
Other sectors	330.1	346.7	376.8
CURRENT AND CAPITAL ACCOUNT (I+II)	**-651.1**	**-1,256.8**	**1,981.1**
III FINANCIAL ACCOUNT (III.A+III.B+III.C+III.D)	**2,562.5**	**634.1**	**3,143.5**
III.A Direct investment[1]	**-2,713.6**	**-577.4**	**602.9**
Assets	-534.2	685.0	345.4
Liabilities	2,179.4	1,262.5	-257.6
III.B Portfolio investment[1]	**6,583.1**	**6,978.0**	**8,348.3**
Assets	-1,023.6	8,910.1	6,996.0
Liabilities	-7,606.7	1,932.1	-1,352.4
III.C Other investment[1]	**-1,414.0**	**-6,222.5**	**-6,162.2**
Assets	-21,187.9	-6,888.7	16,699.8
Liabilities	-19,773.9	-666.2	22,861.9
(General government borrowing)	30,061.2	4,000.2	11,921.6
III.D Change in reserve assets[2]	**107.0**	**456.0**	**354.4**
IV ERRORS AND OMISSIONS (I + II - III + IV=0)	**3,213.6**	**1,890.9**	**1,162.3**
RESERVE ASSETS	**4,172**	**5,117**	**5,535**

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

Table 11 General government and state budget balances

(as a percentage of GDP)

	2011	2012	2013	2014	2015
General government balance[1] *(national accounts data – convergence criterion)*	***-10.2***	***-8.8***	***-12.4***	***-3.6***	***-3.2******
– Central government	-9.3	-8.3	-14.7	-4.3	-
– Social security funds, local government, legal entities in public law	-0.9	-0.5	2.3	0.7	-
General government balance adjusted for net support to financial institutions[1]	-10.5	-6.1	-1.8	-3.6	-3.2*
General government primary balance adjusted for net support to financial institutions[1]	-3.3	-1.0	2.2	0.4	0.7*
General government primary balance (Financial Assistance Facility Agreement)[2]		-1.3	1.2	0.3	-0.2*
State budget balance					
Administrative data[2]	***-11.0***	***-8.2***	***-3.0***	***-2.1***	***-2.0***
Cash data[3]	***-11.1***	***-5.6***[4]	***-7.1***[5]	***-2.4***[6]	***-1.9***[7]

Sources: Bank of Greece, Ministry of Finance and ELSTAT.
* Provisional data (State General Accounting Office, Introductory Report on the 2016 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 2016 Budget).
3 Bank of Greece data. These data refer only to the state budget 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 as a result of the debt buyback through EFSF notes.
5 Excluding revenue of €2.0 billion from the transfer 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 from the transfer of profits on Greek government bond holdings of Eurosystem central banks (Securities Markets Programme – SMP). Including expenditure of around €1,152 million for the payment of arrears.
7 Excluding revenue of €55 million from the transfer of profits on Greek government bond holdings of Eurosystem central banks (Securities Markets Programme – SMP).

Table 12 Decomposition of changes in the general government debt-to-GDP ratio[1]

(percentage points of GDP)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
General government debt-to-GDP ratio	107.3	103.5	103.1	109.4	126.7	146.2	172.0	159.4	177.0	178.6	180.2
Changes in the general government debt-to-GDP ratio	4.6	-3.8	-0.5	6.3	17.3	19.5	25.8	-12.5	17.5	1.6	1.6
– Primary balance	1.5	1.5	2.2	5.4	10.1	5.4	3.0	3.7	8.4	-0.4	-0.7
– Change in GDP and change in interest rates	1.8	-4.8	-2.1	0.9	7.1	12.3	20.7	19.3	13.6	6.8	5.9
– Deficit-debt adjustment[2]	1.3	-0.6	-0.6	0.1	0.1	1.8	2.1	-35.6	-4.5	-4.8	-3.5

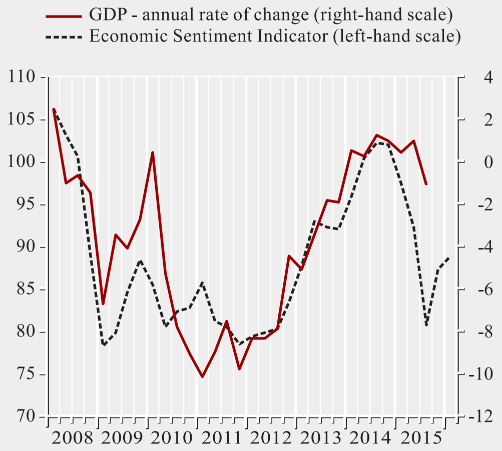
Source: Ministry of Finance, General Directorate of Economic Policy, "Hellas: Macroeconomic Aggregates".
* Provisional data.
1 Changes in the debt ratio have been decomposed using the following formula:

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

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 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.

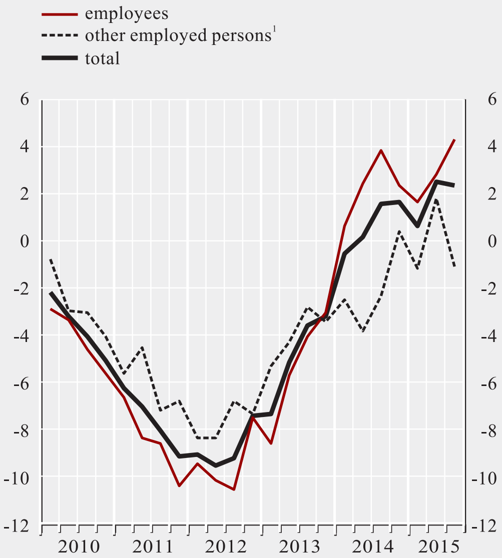
Chart 1 GDP (2008-2015[1]) and the Economic Sentiment Indicator[2]



Sources: ELSTAT and European Commission/IOBE.
1 GDP (ELSTAT preliminary estimate of 12.2.2016).
2 Three-month moving average.

Chart 2 Employment (2010-Q3 2015)

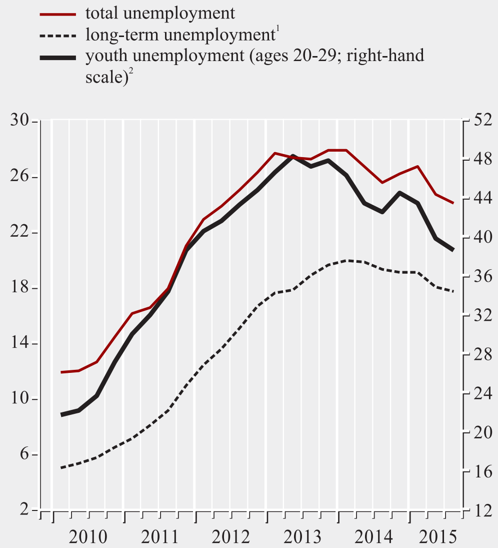
(year-on-year percentage changes; quarterly data)



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 (2010-Q3 2015)

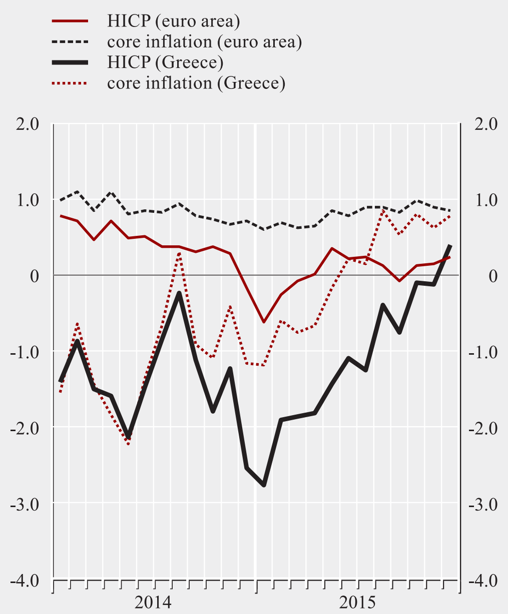
(percentage of labour force)



Source: ELSTAT, Labour Force Surveys.
1 For twelve months or more.
2 As a percentage of the labour force of this group.

Chart 4 Harmonised index of consumer prices (HICP) and core inflation in Greece and the euro area (January 2014-December 2015)

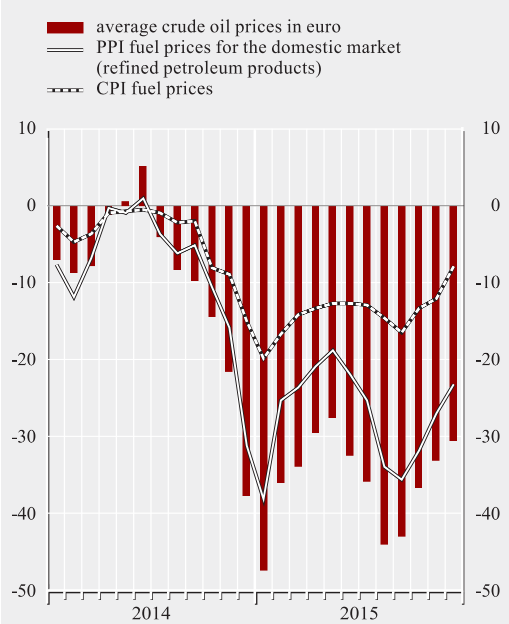
(year-on-year percentage changes; monthly data)



Sources: ELSTAT and Eurostat.

Chart 5 Evolution of CPI/PPI fuel prices and of Brent crude oil prices in euro (January 2014-December 2015)

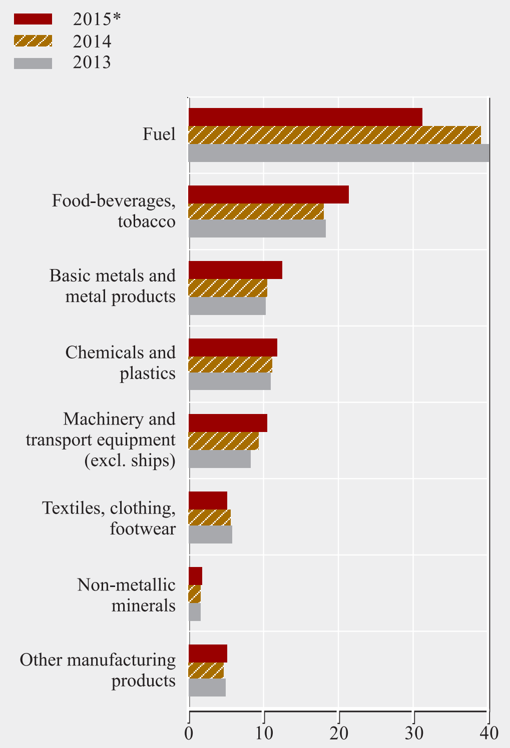
(year-on-year percentage changes; monthly data)



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

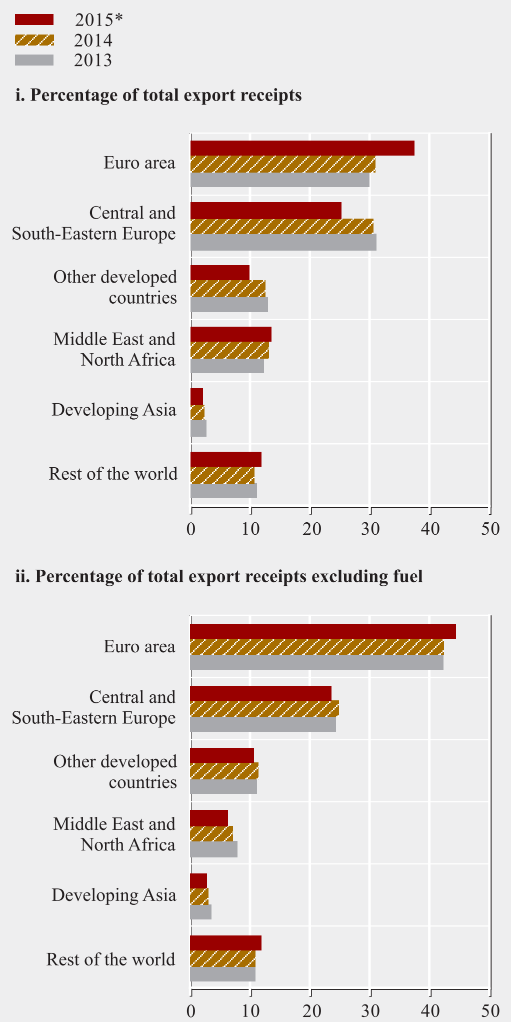
Chart 6 Sectoral breakdown of Greek exports of goods

(percentage of total export receipts)



Source: Eurostat, COMEXT database.
*Data for January-September 2015.

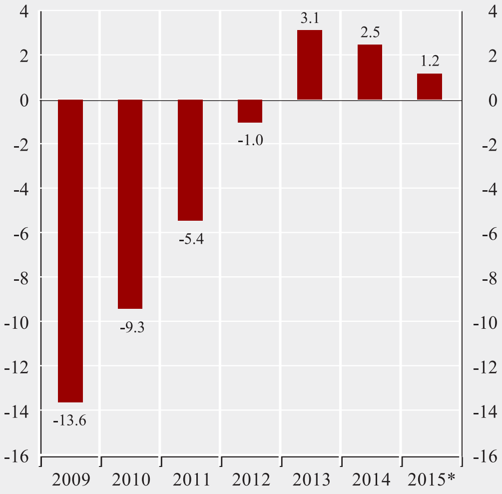
Chart 7 Greek exports of goods, by destination



Source: Eurostat, COMEXT database.
*Data for January-September 2015.

Chart 8 Structural primary balance of general government

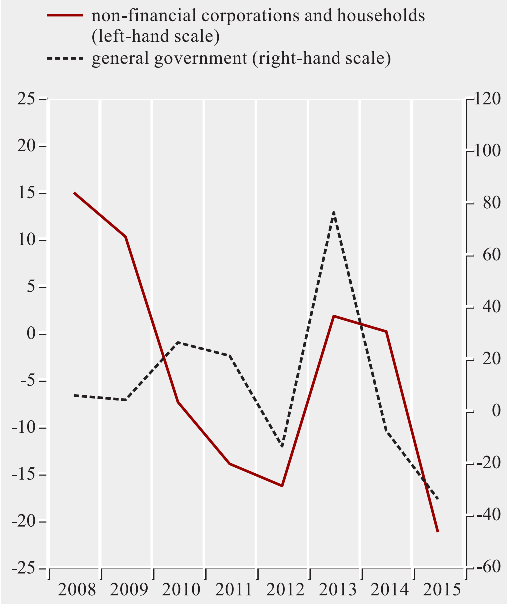
(as a percentage of potential GDP)



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 (2008-2015)

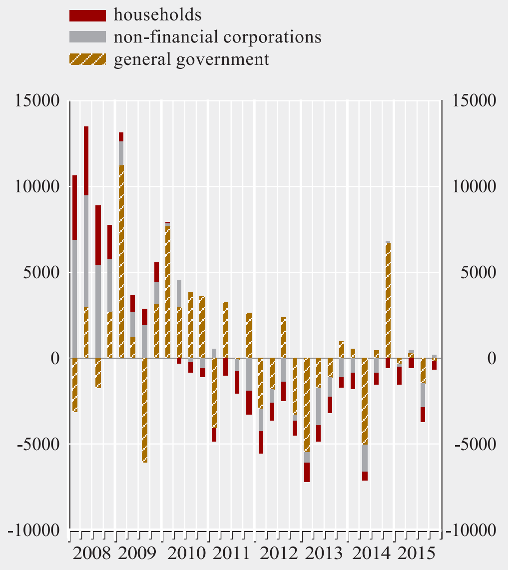
(annual percentage change, annual average)



Source: Bank of Greece.

Chart 10 Bank credit to the private sector and general government (2008-2015)

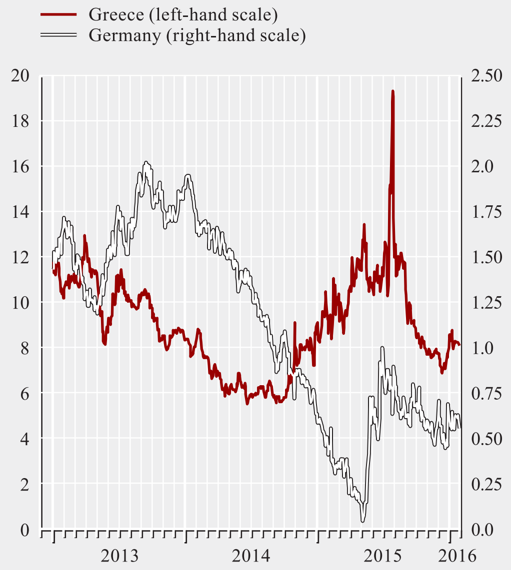
(three-month cumulative net flow, in million euro)



Source: Bank of Greece.

Chart 11 Yields on 10-year Greek and German government bonds (January 2013-January 2016)

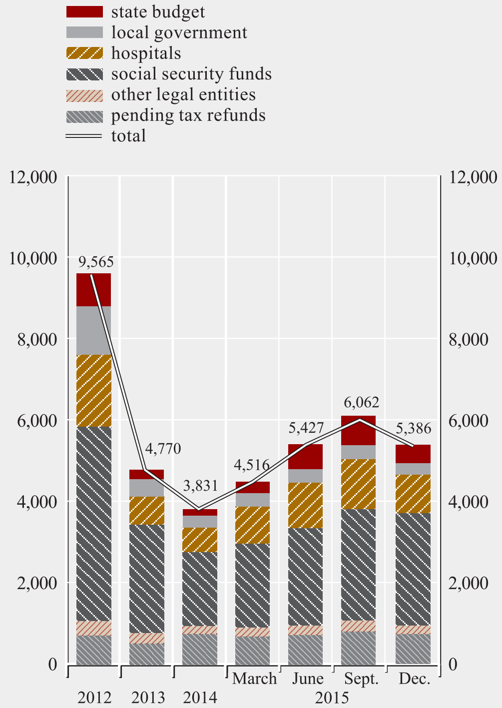
(daily data, yields in percentages)



Source: Bank of Greece.

Chart 12 General government arrears to suppliers

(million euro)



Source: Ministry of Finance, State General Accounting Office.

ANNUAL ACCOUNTS OF THE BANK OF GREECE FOR THE YEAR 2015

To the Shareholders of BANK OF GREECE A.E

Report on the Financial Statements

We have audited the accompanying financial statements of BANK OF GREECE A.E. (the "Bank") which comprise the balance sheet as of 31 December 2015 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 Greek accounting principles, 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 BANK OF GREECE A.E. as at 31 December 2015 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 Greek accounting principles, 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 General Council relating to the statement of income for 2015 to the Annual Shareholders Meeting are consistent and correspond with the accompanying financial statements within the scope set by the provisions of C.L. 2190/1920.

Athens, 18 January 2016

KPMG Certified Auditors A.E.
AM SOEL 114

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

BALANCE SHEET AS AT 31 DECEMBER 2015
EIGHTY-EIGHTH YEAR

(in euro)

ASSETS	31.12.2015	31.12.2014
1. Gold and gold receivables	**4,655,876,333**	**4,720,522,384**
2. Claims on non-euro area residents denominated in foreign currency	**2,046,275,257**	**1,570,953,046**
2.1 Receivables from the International Monetary Fund (IMF)	635,957,699	947,944,540
2.2 Balances with banks and security investments, external loans and other external assets	1,410,317,558	623,008,506
3. Claims on euro area residents denominated in foreign currency	**613,387,274**	**599,521,200**
3.1 General government	306,522,843	288,310,529
3.2 Other claims	306,864,431	311,210,671
4. Claims on non-euro area residents denominated in euro	**23,881**	**23,881**
4.1 Balances with banks, security investments and loans	23,881	23,881
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	**38,599,000,000**	**56,039,400,000**
5.1 Main refinancing operations	26,570,000,000	47,149,400,000
5.2 Longer-term refinancing operations	12,000,000,000	8,890,000,000
5.3 Fine-tuning reverse operations	0	0
5.4 Structural reverse operations	0	0
5.5 Marginal lending facility	29,000,000	0
5.6 Credits related to margin calls	0	0
6. Other claims on euro area credit institutions denominated in euro	**68,914,635,432**	**1,095,137**
7. Securities of euro area residents denominated in euro	**39,764,480,573**	**31,056,804,080**
7.1 Securities held for monetary policy purposes	20,711,295,716	5,786,493,862
7.2 Other securities of euro area residents denominated in euro	19,053,184,857	25,270,310,218
8. General government long-term debt denominated in euro	**4,843,627,573**	**5,249,170,866**
9. Intra-Eurosystem claims	**1,781,727,954**	**1,773,729,971**
9.1 Participating interest in the ECB	564,765,496	564,765,496
9.2 Claims equivalent to the transfer of foreign reserves to the ECB	1,178,260,606	1,178,260,606
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)	38,701,852	30,703,869
10. Items in course of settlement	**0**	**0**
11. Other assets	**2,294,067,038**	**2,146,353,296**
11.1 Coins	58,024,469	56,067,754
11.2 Tangible and intangible fixed assets	801,561,779	809,329,992
11.3 Other financial assets	93,405,313	91,609,288
11.4 Off-balance-sheet instruments revaluation differences	82,318	229,653
11.5 Accruals and prepaid expenses	743,311,071	614,144,364
11.6 Sundry	597,682,088	574,972,245
TOTAL ASSETS	**163,513,101,315**	**103,157,573,861**

(in euro)

LIABILITIES	31.12.2015	31.12.2014
1. Banknotes in circulation	**28,792,125,675**	**27,172,060,740**
2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	**1,387,143,530**	**3,076,270,299**
2.1 Current accounts (covering the minimum reserve system)	1,258,943,530	2,926,270,299
2.2 Deposit facility	0	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	128,200,000	0
3. Other liabilities to euro area credit institutions denominated in euro	**0**	**0**
4. Liabilities to other euro area residents denominated in euro	**5,085,184,765**	**4,377,583,848**
4.1 General government	3,749,122,957	3,520,526,264
4.2 Other liabilities	1,336,061,808	857,057,584
5. Liabilities to non-euro area residents denominated in euro	**1,227,986,892**	**1,438,395,120**
6. Liabilities to euro area residents denominated in foreign currency	**646,431,879**	**302,447,427**
7. Liabilities to non-euro area residents denominated in foreign currency	**2,666**	**2,391**
7.1 Deposits and other liabilities	2,666	2,391
7.2 Liabilities arising from the credit facility under ERM II	0	0
8. Counterpart of special drawing rights allocated by the IMF	**0**	**932,888,415**
9. Intra-Eurosystem liabilities	**113,977,496,400**	**54,502,387,704**
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	19,590,587,680	5,183,480,790
9.3 Net liabilities arising from balances of TARGET2 accounts	94,386,908,720	49,318,906,914
9.4 Other liabilities within the Eurosystem (net)	0	0
10. Items in course of settlement	**955,123**	**2,558,265**
11. Other liabilities	**1,310,063,399**	**706,238,137**
11.1 Off-balance-sheet instruments revaluation differences	17,549,614	523,582
11.2 Accruals and income collected in advance	16,430,532	14,007,249
11.3 Sundry	1,276,083,253	691,707,306
12. Provisions	**7,198,507,643**	**6,788,684,202**
13. Revaluation accounts	**3,071,705,530**	**3,042,557,641**
14. Capital and reserves	**815,497,813**	**815,499,672**
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	1,263,233	1,265,092
TOTAL LIABILITIES	**163,513,101,315**	**103,157,573,861**

PROFIT AND LOSS ACCOUNT FOR THE YEAR 2015

(in euro)

	2015	2014
1. Net interest income	**1,725,725,824**	**957,672,264**
1.1 Interest income	1,784,046,402	1,049,114,258
1.2 Interest expense	-58,320,578	-91,441,994
2. Net result of financial operations, write-downs and risk provisions	**22,840,471**	**39,587,522**
2.1 Realised gains arising from financial operations	22,840,471	39,587,522
2.2 Write-downs on financial assets and positions	-5,209,328	-1,740,761
2.3 Transfer from provisions for foreign exchange rate, interest rate, credit and gold price risks	5,209,328	1,740,761
3. Net income from fees and commissions	**89,837,658**	**73,515,465**
3.1 Fees and commissions income	90,793,604	74,854,516
3.2 Fees and commissions expense	-955,946	-1,339,051
4. Income from equity shares and participating interests	**31,565,454**	**29,004,290**
5. Net result of pooling of monetary income	**15,265,637**	**6,276,926**
6. Other income	**12,261,807**	**12,134,922**
Total net income	**1,897,496,851**	**1,118,191,389**
7. Staff costs and pension benefit expenses	**-256,804,316**	**-258,748,290**
8. Other administrative expenses	**-49,656,441**	**-46,964,051**
9. Depreciation of tangible and intangible fixed assets	**-13,378,128**	**-13,918,569**
10. Consultancy fees for the auditing of the banking system	**-6,326,531**	**-13,956,549**
11. Provisions	**-408,482,232**	**-130,054,727**
Total expenses	**-734,647,648**	**-463,642,186**
PROFIT FOR THE YEAR	**1,162,849,203**	**654,549,203**

DISTRIBUTION OF PROFIT

(Article 71 of the Statute)

(in euro)

	2015	2014
Dividend to be distributed: €0.47712 per share for 19,864,886 shares	9,477,934	9,878,410
Tax on dividends (tax rate 29%, Articles 47 and 58, Law 4172/2013)	3,871,269	3,470,793
To the Government	1,149,500,000	641,200,000
	1,162,849,203	**654,549,203**

ISSN: 1105 - 0527