



BANK OF GREECE
EUROSYSTEM

Certified Public Accountants: Despina Xenaki (Reg. No. SOEL 14161)
Michalis Karavas (Reg. No. SOEL 13371)
Auditing Company: Deloitte Certified Public Accountants S.A.
Type of Auditor's Report: Unmodified opinion
Date of auditors report issue: 25 February 2019
Website: www.bankofgreece.gr

BALANCE SHEET AS AT 31 DECEMBER 2018
NINETY FIRST YEAR
(in euro)

ASSETS			LIABILITIES		
	31.12.2018	31.12.2017		31.12.2018	31.12.2017
1. Gold and gold receivables	5,390,195,138	5,190,832,297	1. Banknotes in circulation	32,717,386,050	31,111,777,700
2. Claims on non-euro area residents denominated in foreign currency	2,483,673,148	2,597,159,265	2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	6,942,079,203	1,959,800,623
2.1 Receivables from the International Monetary Fund (IMF)	702,267,928	685,692,703	2.1 Current accounts (covering the minimum reserve system)	2,819,079,203	1,959,800,623
2.2 Balances with banks and security investments, external loans and other external assets	1,781,405,220	1,911,466,562	2.2 Deposit facility	4,030,000,000	0
3. Claims on euro area residents denominated in foreign currency	320,388,447	271,455,735	2.3 Fixed-term deposits	0	0
3.1 General government	16,359,029	15,920,425	2.4 Fine-tuning reverse operations	0	0
3.2 Other claims	304,029,418	255,535,310	2.5 Deposits related to margin calls	93,000,000	0
4. Claims on non-euro area residents denominated in euro	521,741	23,489	3. Other liabilities to euro area credit institutions denominated in euro	0	0
4.1 Balances with banks, security investments and loans	521,741	23,489	4. Liabilities to other euro area residents denominated in euro	24,953,984,561	12,397,028,127
4.2 Claims arising from the credit facility under ERM II	0	0	4.1 General government	23,518,798,954	11,090,282,518
5. Lending to euro area credit institutions related to monetary policy operations denominated in euro	10,123,400,000	12,059,000,000	4.2 Other liabilities	1,435,185,607	1,306,745,609
5.1 Main refinancing operations	958,400,000	680,000,000	5. Liabilities to non-euro area residents denominated in euro	2,395,528,696	2,423,950,875
5.2 Longer-term refinancing operations	9,105,000,000	11,100,000,000	6. Liabilities to euro area residents denominated in foreign currency	714,999,931	711,599,699
5.3 Fine-tuning reverse operations	0	0	7. Liabilities to non-euro area residents denominated in foreign currency	2,529	2,415
5.4 Structural reverse operations	0	0	7.1 Deposits and other liabilities	2,529	2,415
5.5 Marginal lending facility	60,000,000	279,000,000	7.2 Liabilities arising from the credit facility under ERM II	0	0
5.6 Credits related to margin calls	0	0	8. Counterpart of special drawing rights allocated by the IMF	0	0
6. Other claims on euro area credit institutions denominated in euro	947,532,869	21,614,898,570	9. Intra-Eurosystem liabilities	28,596,286,346	64,160,258,188
7. Securities of euro area residents denominated in euro	76,536,148,136	73,944,793,921	9.1 Liabilities related to promissory notes backing the issuance of ECB debt certificates	0	0
7.1 Securities held for monetary policy purposes	64,908,555,192	60,624,764,994	9.2 Net liabilities related to the allocation of euro banknotes within the Eurosystem	0	4,758,609,980
7.2 Other securities of euro area residents denominated in euro	11,627,592,944	13,320,028,927	9.3 Net liabilities arising from balances of TARGET2 accounts	28,596,286,346	59,401,648,208
8. General government long-term debt denominated in euro	5,295,537,932	5,717,976,316	9.4 Other liabilities within the Eurosystem (net)	0	0
9. Intra-Eurosystem claims	5,963,874,072	1,914,063,363	10. Items in course of settlement	1,985,586	913,852
9.1 Participating interest in the ECB	564,765,496	564,765,496	11. Other liabilities	770,434,515	1,068,668,202
9.2 Claims equivalent to the transfer of foreign reserves to the ECB	1,178,260,606	1,178,260,606	11.1 Off-balance-sheet instruments revaluation differences	37,766	544
9.3 Net claims related to the allocation of euro banknotes within the Eurosystem	4,133,564,050	0	11.2 Accruals and income collected in advance	47,212,839	71,722,619
9.4 Net claims arising from balances of TARGET2 accounts	0	0	11.3 Sundry	723,183,910	996,945,039
9.5 Other claims within the Eurosystem (net)	87,283,920	171,037,261	12. Provisions	7,805,756,379	7,600,331,097
10. Items in course of settlement	0	85,254	13. Revaluation accounts	3,671,010,783	3,412,541,786
11. Other assets	2,101,918,610	2,130,224,128	14. Capital and reserves	593,735,514	593,639,774
11.1 Coins of euro area	56,780,853	63,463,487	14.1 Capital	111,243,362	111,243,362
11.2 Tangible and intangible fixed assets	561,412,923	564,103,667	14.2 Ordinary reserve	111,243,362	111,243,362
11.3 Other financial assets	101,614,906	97,185,041	14.3 Extraordinary reserve	84,500,000	84,500,000
11.4 Off-balance-sheet instruments revaluation differences	62,905	102,453	14.4 Special reserve from the revaluation of land and buildings	285,443,789	285,443,789
11.5 Accruals and prepaid expenses	819,046,810	817,745,677	14.5 Other special reserves	1,305,001	1,209,261
11.6 Sundry	563,000,213	587,623,803	TOTAL LIABILITIES	109,163,190,093	125,440,512,338
TOTAL ASSETS	109,163,190,093	125,440,512,338			
OFF-BALANCE-SHEET ITEMS	31.12.2018	31.12.2017			
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	42,000,135,348	28,415,135,348			
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	4,340,621,093	4,389,741,122			
3. Assets eligible as collateral for Eurosystem monetary policy operations and intraday credit	13,766,457,281	18,544,999,389			
4. Assets accepted by the Bank of Greece as eligible collateral for emergency liquidity assistance to credit institutions	11,788,827,794	78,917,229,205			
5. Other off-balance-sheet items	15,328,728,889	14,773,453,517			
TOTAL OFF-BALANCE-SHEET ITEMS	87,224,770,405	145,040,558,581			

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 methods established by the European Central Bank (ECB) and applying to all members of the European System of Central Banks (ESCB). Any issues that are not covered by the aforementioned rules and ECB guidelines or are governed by non-mandatory provisions are to be treated either in accordance with the ECB recommendations or in accordance with the Bank's Statute, Codified Law 2190/1920 on sociétés anonymes and Law 4308/2014 "Greek Accounting Standards, relevant arrangements, and other provisions".
2. Gold has been valued at the price provided by the ECB as at 31 December 2018: €1,120.961 per fine oz, compared with €1,081.881 as at 29 December 2017.
3. 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 2018.
4. Securities (other than those held-to-maturity, non-marketable securities and securities held for monetary policy purposes) have been valued at the mid-market prices of 31 December 2018. 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.
5. The Bank's provisions include a provision against financial and operational risks, a provision for staff insurance benefits, as well as special provisions against possible operating risks, unexpected losses and doubtful claims. The special provisions include an adequate litigation provision.
6. "Other off-balance-sheet items" include the liability of the Hellenic Republic to the IMF from the SDR allocations, as well as the promissory note issued by the Hellenic Republic in favour of the IMF for the outstanding part of the loans received. As at 31.12.2018 the value of the promissory note was SDR 8.1 billion, equivalent to €9.8 billion.

PROFIT AND LOSS ACCOUNT FOR THE YEAR 2018

	2018	2017
	(in euro)	(in euro)
1. Net interest income	961,179,432	1,157,858,591
1.1 Interest income	961,277,610	1,199,436,654
1.2 Interest expense	-98,178	-41,578,063
2. Net result of financial operations, write-downs and risk provisions	29,524,438	12,676,418
2.1 Realised gains arising from financial operations	29,524,438	12,676,418
2.2 Write-downs on financial assets and positions	-7,346,535	-4,530,231
2.3 Transfer from provisions for foreign exchange rate, interest rate, credit and gold price risks	7,346,535	4,530,231
3. Net income from fees and commissions	89,219,136	78,042,738
3.1 Fees and commissions income	92,953,781	80,936,433
3.2 Fees and commissions expense	-3,734,645	-2,893,695
4. Income from equity shares and participating interests	56,812,050	38,841,503
5. Net result of pooling of monetary income	50,209,184	140,265,261
6. Other income	12,478,216	14,021,505
Total net income	1,199,422,456	1,441,706,016
7. Staff costs and pension benefit expenses	-262,265,213	-268,665,229
8. Other administrative expenses	-67,830,887	-53,937,156
9. Depreciation of tangible and intangible fixed assets	-12,541,221	-14,742,577
10. Consultancy fees for the auditing of the banking system	-784,390	-1,610,438
11. Other expenses	0	-52,341,066
12. Provisions	-198,399,265	-108,609,347
Total expenses	-541,820,976	-499,905,813
PROFIT FOR THE YEAR	657,601,480	941,800,203

STATEMENT OF PROFIT DISTRIBUTION

(Article 71 of the Statute)

	2018	2017
	(in euro)	(in euro)
Dividend to be distributed: €0.47712 per share for 19,864,886 shares	9,477,934	9,477,934
Tax on dividends (tax rate 29%, Articles 47 and 58, Law 4172/2013, as currently in force)	3,871,269	3,871,269
To the Government	644,252,277	928,451,000
	657,601,480	941,800,203

Note: The gross dividend for financial year 2018 amounts to €0.6720 per share. Dividend to be distributed (€0.47712 per share) is subject to withholding tax at a rate of 15% in accordance with Law 4172/2013, Article 64 paragraph 1, as currently in force.

Athens, 25 February 2019

THE GOVERNOR

THE DIRECTOR OF THE ACCOUNTING DEPARTMENT

YANNIS STOURNARAS

MARIA PAGONI

TRUE TRANSLATION FROM THE ORIGINAL IN GREEK

Independent Auditors' Report

To the Shareholders of the BANK OF GREECE

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Bank of Greece (the Bank), which comprise the balance sheet as at 31 December 2018, the profit and loss account and the statement of profit distribution for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2018 and its financial performance for the year then ended in accordance with the accounting principles prescribed by the European Central Bank (ECB), under the "Guideline (EU) 2016/2249 of 3.11.2016 (ECB/2016/34)", as adopted by the Bank in Article 54A of its Statute and for any issues that are not covered by the aforementioned ECB rules and guidelines, in accordance with Codified Law 2190/1920 on sociétés anonymes and Greek Accounting Standards, where these have been implemented by the Bank.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as these have been incorporated into the Greek legislation. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We have been independent of the Bank during the whole period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as incorporated into the Greek legislation and the ethical requirements in Greece relevant to the audit of the financial statements and we have fulfilled our ethical requirements in accordance with the applicable legislation and the above mentioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters and the relevant risks of material misstatement were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

How our audit addressed the key audit matters

Provision against credit risk

The provision against financial risks amounted to € 5,311.7 million as at 31 December 2018, compared to € 5,309 million as at 31 December 2017. This provision also includes the provision against credit risk.

The estimation and the measurement of the provision against credit risk is performed by the Management, with the use of a model, is subjective and involves a high degree of judgement to be applied by the Management and therefore we considered that it is a key audit matter.

Management has provided information on the provision against financial risks in Note 12 "Provisions" of the Liabilities, paragraph "c. Provision against Financial and Operational Risks" of the financial statements.

On the basis of the audit risk assessment, and following a risk-based approach, we assessed the adequacy of the provision against credit risk measured by the Management.

Our audit procedures include, among others, the following:

- Assessment of the design of the of the internal controls related to the provision against credit risk measured by the Management, including the internal controls relevant to the appropriateness of the method and the model as well as Management's judgement for the estimation of this provision.
- With the support of our experts (risk specialists), assessment of the appropriateness of the methodology and the model used by the Management to measure the credit risk, as well as an assessment of Management's judgement.
- Testing the completeness and the appropriateness of the underlying data used to measure the credit risk and, on a sample basis, testing the accuracy of this data.
- Assessment of the accuracy of the disclosures related to this key audit matter.

Key audit matters

How our audit addressed the key audit matters

Provision for defined benefit obligations to insured persons

The provision for defined benefit obligations to insured persons amounted to € 2,168.8 million as at 31 December 2018, compared to € 2,155.8 million as at 31 December 2017.

The estimation of provision for defined benefit obligations to insured persons involves the exercise of Management's judgment on the determination of the amount on which the pension is calculated which is the basis for the estimation of this provision. In addition, the estimation is performed with the use of an actuarial model and incorporates significant assumptions. Due to the subjectivity and the high degree of judgment to be applied by the Management, we considered that it is a key audit matter.

Management has provided further information in Note 12 "Provisions" of the Liabilities of the financial statements.

On the basis of the audit risk assessment, and following a risk-based approach, we evaluated the methodology and assumptions used by Management with regard to the provision for defined benefit obligations to insured persons. Our audit procedures include, among others, the following:

- Assessment of the design of the internal controls related to the completeness and accuracy of the data, the methodology and the assumptions used by Management to estimate the provisions for defined benefit obligations to insured persons.
- Assessment of the reasonable determination of the amount on which the pension is calculated, which is the basis for the estimation of provisions for defined benefit obligations to insured persons.
- Assessment, with the support of our specialists (actuarial specialists), of the appropriateness and the reasonableness of the significant actuarial assumptions used in the actuarial report for estimating provisions for defined benefit obligations to insured persons.
- Testing of the completeness of the data used by the external actuary and on a sample basis testing its accuracy.
- Assessment of the accuracy of the disclosures related to this key audit matter.

Other information

Management is responsible for the other information. The other information is included in the General Council's Report, referred to in the "Report on Other Legal and Regulatory Requirements" and in the Report on the Greek Economy (Part A of the Governor's Report for the financial year 2018), but does not include the financial statements and our auditor's report thereon. The Governor's Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, upon our reading of the Governor's Report, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to communicate that fact to those charged with governance of the Bank.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles prescribed by the European Central Bank (ECB), under the "Guideline (EU) 2016/2249 of 3.11.2016 (ECB/2016/34)", as adopted by the Bank in Article 54A of its Statute, and in accordance with the Codified Law 2190/1920 on sociétés anonymes and Greek Accounting Standards, where these have been implemented by the Bank, for any issues that are not covered by the aforementioned ECB rules and guidelines, and for such internal controls as Management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

The Audit Committee (article 44 of Law 4449/2017) of the Bank is responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as these have been incorporated into the Greek legislation, will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's responsibilities for the audit of the financial statements - Continued

As part of an audit in accordance with ISAs, as these have been incorporated into the Greek legislation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

1. General Council's Report

Taking into consideration that Management is responsible for the preparation of the General Council's Report for the financial year 2018 which also includes the Corporate Governance Statement, according to the provisions of paragraph 5 of article 2 of Law 4336/2015 (part B), we note the following:

- a) The General Council's Report includes the Corporate Governance Statement which provides the information required by article 43bb of Greek Codified Law 2190/1920.
- b) In our opinion, the General Council's Report for the financial year 2018 has been prepared in accordance with the Bank's Statute and the applicable legal requirements of article 43a of Greek Codified Law 2190/1920 and its content is consistent with the accompanying financial statements for the year ended 31 December 2018.
- c) Based on the knowledge we obtained during our audit, of Bank of Greece and its environment, we have not identified any material inconsistencies in the General Council's Report.

2. Additional Report to the Audit Committee

Our audit opinion on the accompanying financial statements is consistent with the additional report to the Bank's Audit Committee referred to in Article 11 of European Union (EU) Regulation 537/2014.

3. Non-audit Services

We have not provided to the Bank any prohibited non-audit services referred to in Article 5 of European Union (EU) Regulation 537/2014.

The allowable non-audit services provided to the Bank, during the year ended 31 December 2018 are disclosed in Note "Services of Independent Certified Public Accountant" to the accompanying financial statements.

4. Appointment

We were appointed as statutory auditors for the first time by the General Assembly of the Bank of Greece on 24 February 2017. Our appointment has been, since then, uninterruptedly renewed for one consecutive year based on the decisions reached by shareholder's Annual General Assembly.

25 February 2019

Despina Xenaki

Certified Public Accountant
Reg. No. SOEL: 14161
Deloitte Certified Public Accountants S.A.
3a Fragkoklissias & Granikou str.
151 25 Maroussi
Reg. No. SOEL: E 120

Michalis Karavas

Certified Public Accountant
Reg. No. SOEL: 13371
Deloitte Certified Public Accountants S.A.
3a Fragkoklissias & Granikou str.
151 25 Maroussi
Reg. No. SOEL: E 120