



BANK OF GREECE
EUROSYSTEM

PRESS RELEASE

Athens, 20 January 2014

Subject: BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR FINANCIAL YEAR 2013

At its meeting on 20 January 2014, the General Council of the Bank of Greece approved the Bank's audited Annual Accounts for the financial year ending 31 December 2013.

The year 2013 saw a decline in the Bank's net income and, once again, a decrease in operating costs, in particular staff costs.

The Bank's profit for 2013 amounted to €31.1 million, compared with €18.6 million in 2012. This profit shall be distributed in accordance with Article 71 of the Bank's Statute. After the distribution of dividend to the shareholders, an amount of €17.8 million shall be transferred to the Government in accordance with Article 71(1) and (3) of the Bank's Statute. The amount to be transferred to the Government includes the Bank's income from Greek government bonds held in its investment and monetary policy portfolios.

The gross dividend per share that will be proposed to the General Meeting of the Bank's shareholders for distribution is €0.6720, unchanged from the year 2012.

Analysis of the Profit and Loss Account for financial year 2013

❖ **Income**

The total net income arising from the implementation of the Eurosystem's single monetary policy, interest on the Bank's portfolios, commissions and other income from domestic and foreign operations amounted to €1,600.3 million, from €2,995.4 million in 2012, having declined by 46.6%. This decline was mainly due to banks' reduced recourse to ELA funding by the Bank of Greece as a result of an improvement in the economic sentiment and banks' recapitalisation.

Specifically:

- **Net interest income, income from financial operations and the pooling of Eurosystem's monetary income** amounted to €1,465.8 million, compared with €2,888.9 million in 2012, having decreased by 49.3%.
- **Net income from fees and commissions** dropped by 2.2% to €70.2 million, from €71.8 million in 2012.
- **Income from equity shares and participating interests** amounted to €54.2 million, compared with €20.1 million in 2012.

- **Finally, the Bank's other income** amounted to €10.1 million, compared to €14.6 million in 2012, having decreased by 30.8%.

❖ Expenses

- **Operating expenses excluding provisions** (staff costs, pensions, depreciation and other expenses) dropped by €33.7 million to €300.4 million, from €334.1 million in 2012, despite extraordinary costs of €4.3 million incurred for the auditing of the banking sector. A factor behind the reduction was a drop of €11.2 million (-7.1%) in staff costs; other regular administrative expenses also decreased by €3.1 million (-7.7%).

In an effort to increase efficiency, operating expenses were cut for the fourth consecutive year. Over this four-year period, operating expenses decreased overall by €138.7 million (-31.6%). This is mainly due to a decline of €60.3 million (-29.1%) in staff costs.

The cuts in operating expenses were achieved despite the Bank's increased responsibilities for safeguarding financial stability (conduct of additional audits, work for the recapitalisation of banks, etc.) and for the supervision of insurance companies, as well as its responsibilities under the financial support mechanism for Greece.

It should be noted that the Bank of Greece has fulfilled its tasks successfully, despite the declining number of staff, which decreased by 864 over the past six years.

- **Provisions** increased further in 2013 by €468.8 million.

Provisions are intended to cover, among other things, unexpected losses and doubtful claims, credit risks, foreign exchange and interest rate risks, counterparty risks stemming from Eurosystem monetary policy operations, general operational risks and liabilities.

The total accumulated provisions, as at 31 December 2013, amounted to €6,651.8 million.