

INDEPENDENT AUDITOR'S REPORT (Translated from the original in Greek)

To the Shareholders of Bank of Greece
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bank of Greece (the Bank), which comprise the balance sheet as at 31 December 2017, the profit and loss account and the appropriation account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2017 and its financial performance for the year then ended in accordance with the accounting principles prescribed by the European Central Bank (ECB) with the "Guideline (EU) 2016/2249 of 3.11.2016 (ECB/2016/34)" as adopted by the Bank in Article 54A of its Statute and the accounting standards prescribed by Greek Law, where the Guideline of the ECB does not provide specific direction.

Basis for Opinion

We concluded our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. 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 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 matter	How our audit addressed the key audit matter
Provisions against financial risks	
<p>Provisions against financial risks are significant to the Bank due to their magnitude to the financial statements. The assessment process is complex and involves the exercise of the Bank's critical judgements and estimates. (Liabilities – Note 12 "Provisions" of the Financial Statements)</p>	<p>We assessed the policies, methodology and internal controls that the Bank has implemented relating to the provisions against financial risks.</p> <p>We assessed whether the methodology employed for the valuation of financial risks has been appropriately and consistently implemented.</p> <p>We assessed the appropriateness and the reasonableness of key assumptions and models used for the valuation of financial risks. In this assessment we also involved risk specialists.</p>
Provisions for defined benefit obligations to insured persons	
<p>Provisions for defined benefit obligation to insured persons is a key area of the Bank's financial statements given its assessment and adequacy involves the exercise of significant actuarial and other assumptions, such as the underlying legal framework, the discount rate and the expected growth rate of salaries and pensions (Liabilities – Note 12 "Provisions" of the Financial Statements).</p>	<p>We assessed the methodology and internal controls that the Bank has implemented relating to the provisions for defined benefit obligations to insured persons.</p> <p>We assessed whether the methodology employed has been appropriately and consistently implemented.</p> <p>We assessed the appropriateness and the reasonableness of key actuarial and other assumptions used for the valuation of the provisions for defined benefit obligations to insured persons, such as the underlying legal framework, the discount rate, the expected growth rate of salaries and pensions. In this assessment we also involved specialists (actuarial specialists).</p> <p>We ensured the completeness of data used for the valuation of the provision and on a sample basis we ensured the accuracy of this data.</p>

Other Matter

The financial statements of the Bank for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 20 January 2017.

Other Information

Management is responsible for the other information. The other information comprises the Governor's Report for the year ended 31 December 2017, 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 auditor's 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 identified above when it becomes available 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.

When we read the Governor's Report, if we conclude that there is a material misstatement therein, we are required to communicate that matter to those charged with governance.

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), as adopted by the Bank in Article 54A of its Statute and the accounting standards prescribed by Greek Law, where the Guideline of the ECB does not provide specific direction and 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.

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.

Those charged with governance are 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 to 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. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- 1) Taking into consideration that Management is responsible for the preparation of the Report of the General Council for the year ended 31 December 2017, according to the provisions of paragraph 5 of article 2 (part B) of Law 4336/2015 we note the following:
 - a) In our opinion, the Report of the General Council for the year ended 31 December 2017 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 2017.
 - b) 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 Report of the General Council.
- 2) Our audit opinion on the financial statements is consistent with the additional report to the Bank's Audit Committee referred to in Article 11 of Regulation 537/2014.
- 3) We have been appointed statutory auditors by the General Assembly of Bank of Greece on 24 February 2017. The year ended 31 December 2017 is the first year we serve as statutory auditors. The financial statements of the Bank for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 20 January 2017.
- 4) We have not provided the prohibited non-audit services referred to in Article 5(1) of Regulation 537/2014 and we remained independent of the Bank in conducting the audit.
- 5) We have not provided any services, in addition to the statutory audit, during the period from 1 January 2017 to the date of this report to Bank of Greece which have not been disclosed in the Note "Services of Independent Certified Public Accountant" of the financial statements.

22 January 2018

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