Ż BANK OF GREECE EUROSYSTEM

Certified Public Accountants: Auditing Company: Type of Auditor's Report: Date of auditors report issue: Website:

Despina Xenaki (Reg. No. SOEL 14161) Michalis Karavas (Reg. No. SOEL 13371) Deloitte Certified Public Accountants S.A. Unmodified opinion 22 January 2018 www.bankdreage. www.bankofgreece.gr

BALANCE SHEET AS AT 31 DECEMBER 2017 NINETIETH YEAR

			NIN
A	SSETS	31.12.2017	31.12.2016
1.	Gold and gold receivables	5,190,832,297	5,261,753,291
2.	Claims on non-euro area residents denominated in foreign currency	2,597,159,265	2,578,715,907
	2.1 Receivables from the International Monetary Fund (IMF) Balances with banks and security investments.	685,692,703	737,322,397
	2.2 Balances with banks and security investments, external loans and other external assets	1,911,466,562	1,841,393,510
3.	Claims on euro area residents denominated in foreign currency	271,455,735	204,874,084
	3.1 General government 3.2 Other claims	15,920,425 255,535,310	16,419,464 188,454,620
4.	Claims on non-euro area residents denominated in euro	23,489	23,659
	4.1 Balances with banks, security investments and loans 4.2 Claims arising from the credit facility under ERM II	23,489 0	23,659 0
5.	Lending to euro area credit institutions related to monetary policy operations denominated in euro	12,059,000,000	22,953,000,000
	5.1 Main refinancing operations 5.2 Longer-term refinancing operations	680,000,000 11,100,000,000	15,430,000,000 7,500,000,000
	5.3 Fine-tuning reverse operations 5.4 Structural reverse operations	0	0
	5.4 Subcura reverse operations 5.5 Marginal lending facility 5.6 Credits related to margin calls	279,000,000	23,000,000
6.	Other claims on euro area credit institutions denominated in euro	21,614,898,570	43,665,037,526
7.	Securities of euro area residents denominated in euro	73,944,793,921	57,197,297,804
	7.1 Securities held for monetary policy purposes	60,624,764,994	42,484,409,198
	7.2 Other securities of euro area residents denominated in euro	13,320,028,927	14,712,888,606
8.	General government long-term debt denominated in euro	5,717,976,316	6,353,182,528
9.	Intra-Eurosystem claims	1,914,063,363	1,854,318,415
	9.1 Participating interest in the ECB9.2 Claims equivalent to the transfer of foreign	564,765,496	564,765,496
	reserves to the ECB9.3 Net claims related to the allocation of euro banknotes	1,178,260,606	1,178,260,606
	within the Eurosystem 9.4 Net claims arising from balances of TARGET2 accounts	0	0 0
	9.5 Other claims within the Eurosystem (net)	171,037,261	111,292,313
10.	Items in course of settlement	85,254	0
11.	Other assets	2,130,224,128	2,316,135,103
	11.1 Coins of euro area 11.2 Tangible and intangible fixed assets	63,463,487 564,103,667	59,834,993 792,236,542
	11.3 Other financial assets	97,185,041	95,176,220
	 Off-balance-sheet instruments revaluation differences Accruals and prepaid expenses 	102,453 817,745,677	45,122 779,083,565
	11.6 Sundry	587,623,803	589,758,661
	TOTAL ASSETS	125,440,512,338	142,384,338,317
	OFF-BALANCE-SHEET ITEMS	31.12.2017	31.12.2016
	 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 Greek government securities and other debt securities relating to the management 	28,415,135,348	29,303,705,275
	and custody of assets of public entities, social security funds and private agents 3. Assets eligible as collateral for Eurosystem monetary policy operations and intraday credit 4. Assets accepted by the Bank of Greece as eligible collateral for emergency liquidity	4,389,741,122 18,544,999,389	4,413,187,120 28,265,134,198
	 A satisfactor of the state of t	78,917,229,205 14,773,453,517	103,386,216,109 32,377,921,059
	TOTAL OFF-BALANCE-SHEET ITEMS	145,040,558,581	197,746,163,761

PROFIT AND LOSS ACCOUNT FOR THE YEAR 2017		
	2017	2016
	(in	n euro)
1. Net interest income	1,157,858,591	1,494,479,484
1.1 Interest income	1,199,436,654	1,513,993,949
1.2 Interest expense	-41,578,063	-19,514,465
2. Net result of financial operations, write-downs		
and risk provisions	12,676,418	17,841,267
2.1 Realised gains arising from financial operations	12,676,418	17,841,267
2.2 Write-downs on financial assets and positions	-4.530.231	-32,995,688
2.3 Transfer from provisions for foreign exchange rate,		
interest rate, credit and gold price risks	4,530,231	32,995,688
3. Net income from fees and commissions	78,042,738	81,860,972
3.1 Fees and commissions income	80,936,433	84,141,588
3.2 Fees and commissions expense	-2,893,695	-2,280,616
4. Income from equity shares and participating interests	38,841,503	38,863,345
5. Net result of pooling of monetary income	140,265,261	82,785,679
6. Other income	14,021,505	12,426,688
Total net income	1,441,706,016	1,728,257,435
7. Staff costs and pension benefit expenses	-268,665,229	-258,636,323
8. Other administrative expenses	-53,937,156	-48,939,789

LI	ABILITIES	31.12.2017	31.12.2016
1.	Banknotes in circulation	31,111,777,700	29,929,190,200
2.	Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	1,959,800,623	907,409,514
	2.1 Current accounts (covering the minimum reserve system)	1,959,800,623	876,909,514
	2.2 Deposit facility	0	0
	2.3 Fixed-term deposits2.4 Fine-tuning reverse operations	0	0
	2.5 Deposits related to margin calls	0	30,500,000
3.	Other liabilities to euro area credit institutions		
	denominated in euro	0	0
4.	Liabilities to other euro area residents denominated in euro	12,397,028,127	9,527,107,565
	4.1 General government	11,090,282,518	8,269,754,053
	4.2 Other liabilities	1,306,745,609	1,257,353,512
5.	Liabilities to non-euro area residents denominated in euro	2,423,950,875	2,461,327,349
6.	Liabilities to euro area residents denominated in foreign currency	711,599,699	751,912,348
7.	Liabilities to non-euro area residents denominated in foreign currency	2,415	2,754
	7.1 Deposits and other liabilities	2,415	2,754
	7.2 Liabilities arising from the credit facility under ERM II	0	0
8.	Counterpart of special drawing rights allocated by the IMF	0	0
9.	Intra-Eurosystem liabilities	64,160,258,188	85,571,386,262
	9.1 Liabilities related to promissory notes backing		
	the issuance of ECB debt certificates 9.2 Net liabilities related to the allocation of euro	0	0
	banknotes within the Eurosystem	4,758,609,980	13,314,137,100
	9.3 Net liabilities arising from balances of TARGET2 accounts	59,401,648,208	72,257,249,162
	9.4 Other liabilities within the Eurosystem (net)	0	0
10.	Items in course of settlement	913,852	1,004,753
11.	Other liabilities	1,068,668,202	1,226,620,075
	11.1 Off-balance-sheet instruments revaluation differences	544	21,829
	11.2 Accruals and income collected in advance	71,722,619	26,548,519
	11.3 Sundry	996,945,039	1,200,049,727
12.	Provisions	7,600,331,097	7,477,308,544
13.	Revaluation accounts	3,412,541,786	3,715,573,000
14.	Capital and reserves	593,639,774	815,495,953
	14.1 Capital	111,243,362	111,243,362
	14.2 Ordinary reserve	111,243,362	111,243,362
	14.3 Extraordinary reserve14.4 Special reserve from the revaluation of land	84,500,000	84,500,000
	and buildings	285,443,789	507,247,856
	14.5 Other special reserves	1,209,261	1,261,373
		125 140 512 222	440 304 330 347
	TOTAL LIABILITIES	125,440,512,338	142,384,338,317

NOTES:

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 (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".
 Cold has been valued at the price provision save be as at 29 December 2017. €1,098.046 as at 30 December 2016.
 Cialims/liabilities denominated in foreign currency have been converted to euro using the euro foreign exchange reference rates of the ECB as at 29 December 2017.
 Securities (other than those held-to-maturity, non-marketable securities and securities held for monetary policy purposes) are valued at the market prices of 29 December 2017. Marketable securities cassified as held-to-maturity, non-marketable securities and securities held for monetary policy purposes) are valued at amortised cost subject to impairment.
 An impairment test was conducted on the Bank's real estate (and and buildings) and the Bank recognised impairment losses of €221.9 million. Impairment of €21.8 million was charged against the special reserve from the revaluation of land and buildings established earlier, in accordance with the Bank's accounting policy, while impairment of €0.1 million was charged against them special reserve.
 The Bank's provisions include a provision against financial and operational risks, a provision for staff insurance benefits expenditure, as well as special provisions against possible operating risks, unexpected losses and doubful claims. The special provisions include an adequate litigation provision.
 "Other of balance-sheet

DISTRIBUTION OF PROFIT (Article 71 of the Statute)

	2017	(in euro)	2016
Dividend to be distributed: €0.47712 per share for 19,864,886 shares	9,477,934	(in euro)	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	928,451,000 941,800,203		,079,000,000 92,349,203
Note: The gross dividend for financial year 2017 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.

THE GOVERNOR

Athens, 22 January 2018

9. Depreciation of tangible and intangible fixed assets	-14,742,577	-14,948,548		
10. Consultancy fees for the auditing of the banking system	-1,610,438	-8,939,682	YANNIS STOURNARAS	MARIA PAGONI
11. Other expenses	-52,341,066	0		
12. Provisions	-108,609,347	-304,443,890		
Total expenses	-499,905,813	-635,908,232		
PROFIT FOR THE YEAR	941,800,203	1,092,349,203		

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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	
	We assessed the policies, methodology and internal controls that the Bank has implemented relating to the provisions against
Provisions against financial risks are significant to the Bank due to	financial risks.
their magnitude to the financial statements. The assessment process is complex and involves the exercise of the Bank's critical	We assessed whether the methodology employed for the valuation of financial risks has been appropriately and consistently implemented.
judgements and estimates. (Liabilities – Note 12 "Provisions" of the Financial Statements)	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.

Provisions for defined benefit obligations to insured persons

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Provisions for defined benefit obligation to insured persons is a key area of the Bank's financial statements given its assessment	We assessed the methodology and internal controls that the Bank has implemented relating to the provisions for defined benefit obligations to insured persons.
and adequacy involves the exercise of significant actuarial and other assumptions, such as the	We assessed whether the methodology employed has been appropriately and consistently implemented.
underlying legal framework, the discount rate and the expected growth rate of salaries and pensions (Liabilities – Note 12 "Provisions" of the Financial Statements).	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).
	We ensured the completeness of data used for the valuation of the

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.

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

- 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

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: E120 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: E120

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