

GENIKI BANK ANNUAL REPORT 2005

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**GENIKI**  
7 Bank





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# Financial Highlights



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## CONSOLIDATED FIGURES OF GENIKI BANK GROUP UNDER IFRS

Key Figures (€ mln )	31.12.2005	31.12.2004	Change
Total Assets	3,501	3,526	-1%
Loans and advance to customers	2,572	2,415	7%
Provisions	273	207	32%
Securities (Bonds & others Securities)	261	700	-63%
Tangible and Intangible Assets	138	131	5%
Deposits & Repos	2,457	2,711	-9%
Equity Capital	211	180	17%
Net Banking income	179	164	9%
Operating Profit before Provisions, Depreciation & Taxes	38	22	73%
Provisions & Depreciation Expenses	(54)	(124)	-57%
Net Profit before Tax	(16)	(102)	84%
Geniki's Branch Network	121	113	7%
Bank's Personnel (no. of employees)	2,283	2,277	0%

\*Provisions for doubtful debts & personnel indemnities

Rating Agency	Long-Term	Short-Term	Financial Strength
Moody's	Aa3	P-1	D+

# Financial Highlights

## FIGURES OF GENIKI BANK UNDER IFRS

Key Figures (€ mln )	31.12.2005	31.12.2004	Change
Total Assets	3,510	3,542	-1%
Loans	2,580	2,430	6%
Provisions	266	201	32%
Securities (Bonds & others Securities)	261	700	-63%
Tangible and Intangible Assets	137	130	5%
Deposits & Repos	2,471	2,729	-9%
Equity Capital	210	181	16%
Net Banking Income	175	160	9%
Operating Profit before Provisions, Depreciation & Taxes	35	22	56%
Provisions & Depreciation Expenses	(52)	(121)	-57%
Net Profit before Tax	(17)	(99)	83%
Branch Network	121	113	7%
Personnel (no. of employees)	2,139	2,104	2%

\*Provisions for doubtful debts & personnel indemnities

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## GENIKI Bank Share Data

	10/08/2005	11/08/2005
Number of Shares	41,705,671	58,387,939
Par Value €		5.77
Price on 31/12/05 €		9.98
Market Cap on 31/12/2005 €		582,711,631
High Price, on 18/08/2005 €		10.70
Low Price, on 13/05/2005 €		6.80
Dividend		0
Yearly Average Price €		8.7826
Yearly Average Volume (units)		101,857

# GENIKI Bank - Share data



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## Stock Market Performance

During 2005, Greek stock market outperformed the rest of Europe.

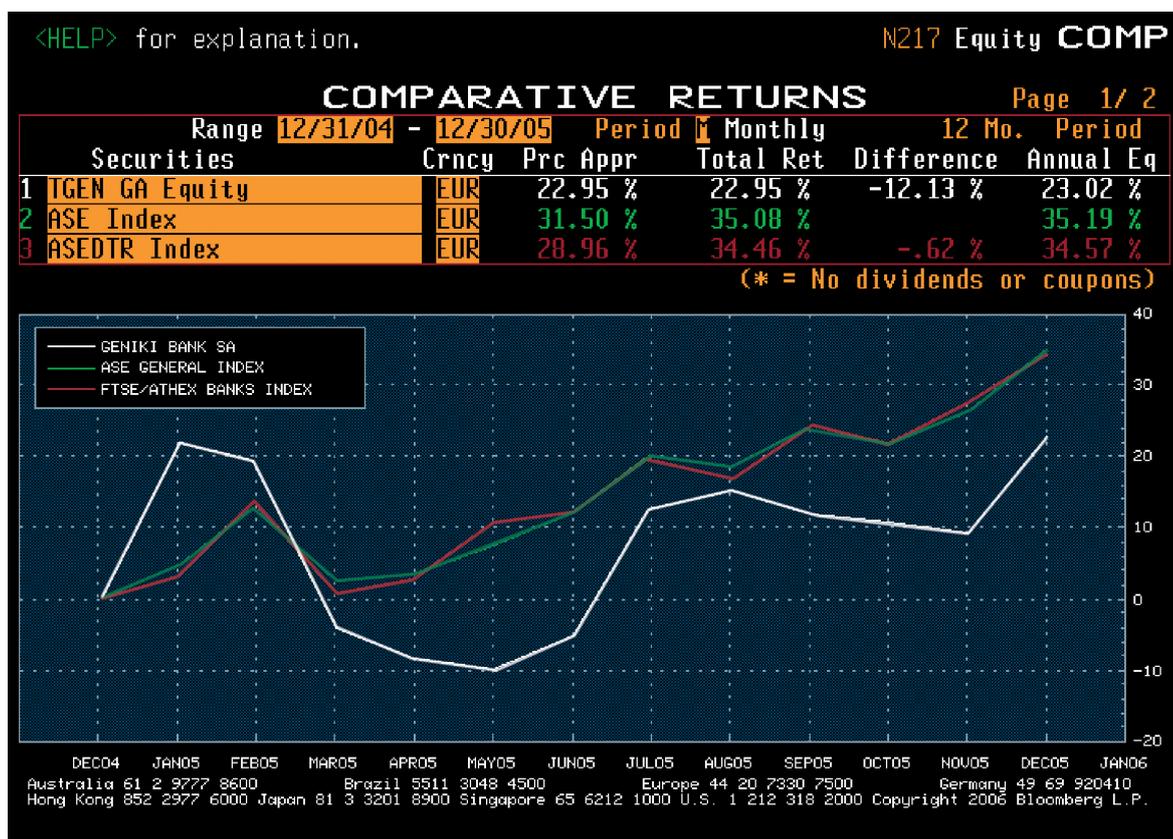
The increase in ASE Index (31.5%) is mainly due to the increase of the Bank Index (28.96%) which attracted investors interest on the back of quarter-on-quarter forecast-beating results.

Geniki Bank share price rose by 23% since the beginning of

2005, Euro 8.12 on 31/12/ 04 (adjusted price) closing at Euro 9.98 on 30/12/2005 on a daily average trading volume of 101,857 shares, which is much more improved compared to 2004 average trading volume of 75,820 shares.

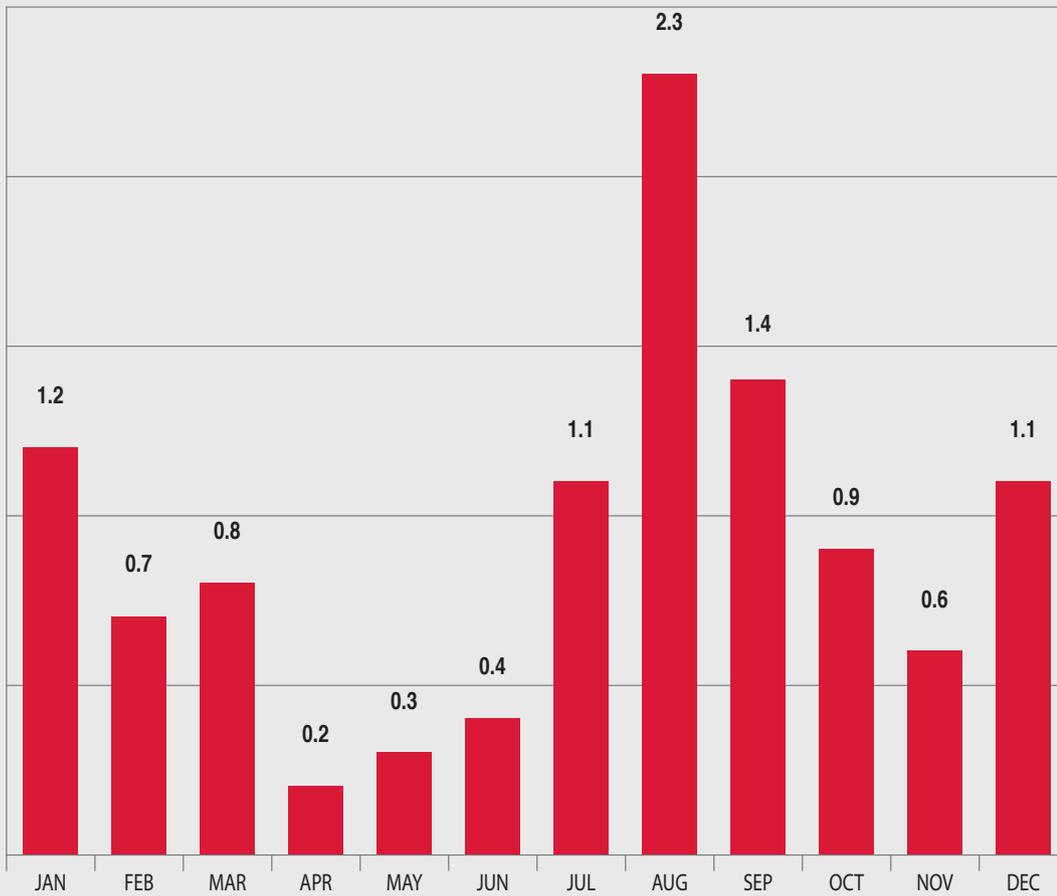
On December 30, 2005, the stock market capitalization amounted to € 582.7million.

GENIKI Bank Equity Year 2005, monthly price evolution & comparative returns with the ASE index and the banking ASEDTR index.



Source: Bloomberg

Average Monthly Value of Transactions for 2005 (ml €)



Source: Bloomberg

# The Board of Directors



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## The Board of Directors of GENIKI Bank\*

<b>Tryfon Koutalidis</b> Lawyer	Non - executive member Chairman
<b>Meletios Rokas</b> Vice - Chairman	Non - executive member
<b>Jacques Tournebize</b> Managing Director	Executive member
<b>Patrick Debaene</b> Managing Director	Executive member
<b>Michel Fenot</b> Executive Director	Executive member
<b>Philippe Vigue</b>	Non - executive member
<b>Marc Breillout</b>	Non - executive member
<b>Jean Louis Mattei</b>	Non - executive member
<b>Elias Kalivas</b>	Non - executive member
<b>Dimitrios Goulousis</b>	Independent Non - executive member
<b>Christos Akkas</b>	Independent Non - executive member

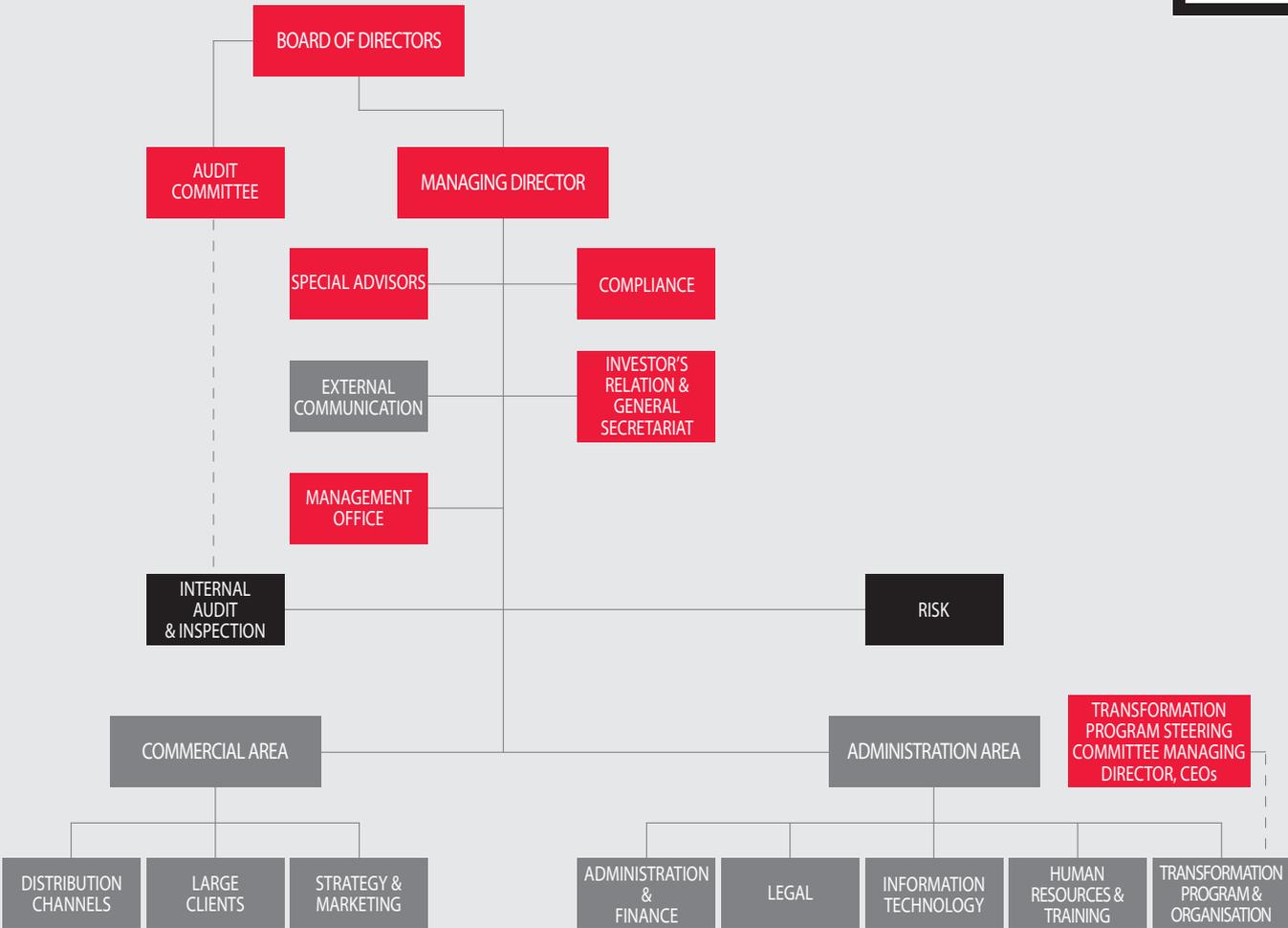
\*31.12.2005

1. Mr. Tryfon Koutalidis was elected as a president by the Board of Directors on April 19, 2005 replacing Mr. Philippe Vigue. Mr. Vigue remains in the BoD as a non-executive member.
2. Mr. Patrick Debaene was elected by the Board of Directors on December 29, 2005 replacing Mr. Pierre Bonzom.
3. Messrs Elias Kalivas and Dimitrios Goulousis were elected by the Board of Directors on January 27, 2005 replacing Messrs Dimitrios Grapsas and Konstantinos Hainis.

# Organization Chart

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# Address by the Managing Director to the Shareholders



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# Address by the Managing Director to the Shareholders



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## Dear Shareholders,

During the year 2005, our Bank was marked by intensive restructuring in order to implement the Transformation Programme as established by Société Générale in March 2004. Throughout 2005, major achievements have been realized and GENIKI Bank is currently in the position to implement the Société Générale business model.

## Major achievements of 2005

- The re-organization of the Branch Network was completed. Not only have the corporate identity and the interior of the Branches undergone a transformation but also the commercial organization has been re-aligned. From now on, every client segment corresponds to a specific type of Branch: the large Clients have two dedicated Large Client Business Centers, one in Athens and one in Thessaloniki, the SMEs have access to 12 Business Centers and individuals can draw on the services of our 121 Branches. The commercial management of this Network is assured by 3 Regional Divisions and 12 Group Divisions. In parallel, a key plan to inaugurate more than 40 additional Branches has been launched. From these developments, GENIKI Bank reconfirms its resolve to build closer relationships with all of its Clients.
- The Group has successfully launched a series of new products (e.g. Mortgage loan (Spiti Asfalos), Insurance (Aneta), Société Générale Asset Management (SGAM)) that illustrate its innovative capacity and its pro-active approach to adapt to the clients' needs.
- The training program of the Bank has been significantly improved: on average, each employee has participated in 3 training sessions for a total of 40 hours. As compared with previous years, these are 3 times as many training hours. It should be noted that this change has been positively received by the personnel of the Bank.
- The process of credit portfolio revision was continued and the provisioning of distressed loans has progressively been in accordance with the Société Générale norms. The systematic and rigorous analysis of all the portfolios resulted in new provisions necessary to clean up from the past and to give the Bank a healthy base.
- As a final point for the year 2005, the financial structure of the Bank has been strengthened by a capital increase of € 100 million in July.

## Outlook for 2006

The Société Générale business model will be fully implemented and adapted to the specifications of the market:

- For individuals and professionals: a dedicated Relationship Manager (RM) is currently responsible for advising Clients "clearly and simply". The corporate Clients, small and large, also have a dedicated Relationship Manager.
- Synergies with the Société Générale Group will continue to be progressively developed.
- The GENIKI Clients also have access to the international network of the Société Générale Group mainly in South - East Europe and also in the rest of the world: a network operating in 86 countries.
- Société Générale Corporate and Investment Banking will additionally support GENIKI's activities.
- Also, Société Générale Consumer Finance will offer its professionalism to the services of the Group, via a common structure named HELLAS FINANCE.
- Today, GENIKI occupies a unique position in the market: offering all the services of a large and reputable international financial group to all of its Greek Clients across the country.

# Address by the Managing Director to the Shareholders

- In parallel, new distribution channels are under implementation: e-Banking will be launched in May, phone-Banking will be launched in October. The plan to open new Branches will continue throughout 2006 with 20 more Branches.
- Finally, the training program for the personnel, the modernization of processes and the strict revision of loan portfolios will continue.

To summarize the outlook for 2006, GENIKI Bank will be fully prepared, together with the support of its strategic shareholder, in order to contribute to the development of the Greek banking sector, to offer new opportunities to its personnel as well as to offer innovative, high quality products and services to its Clients.

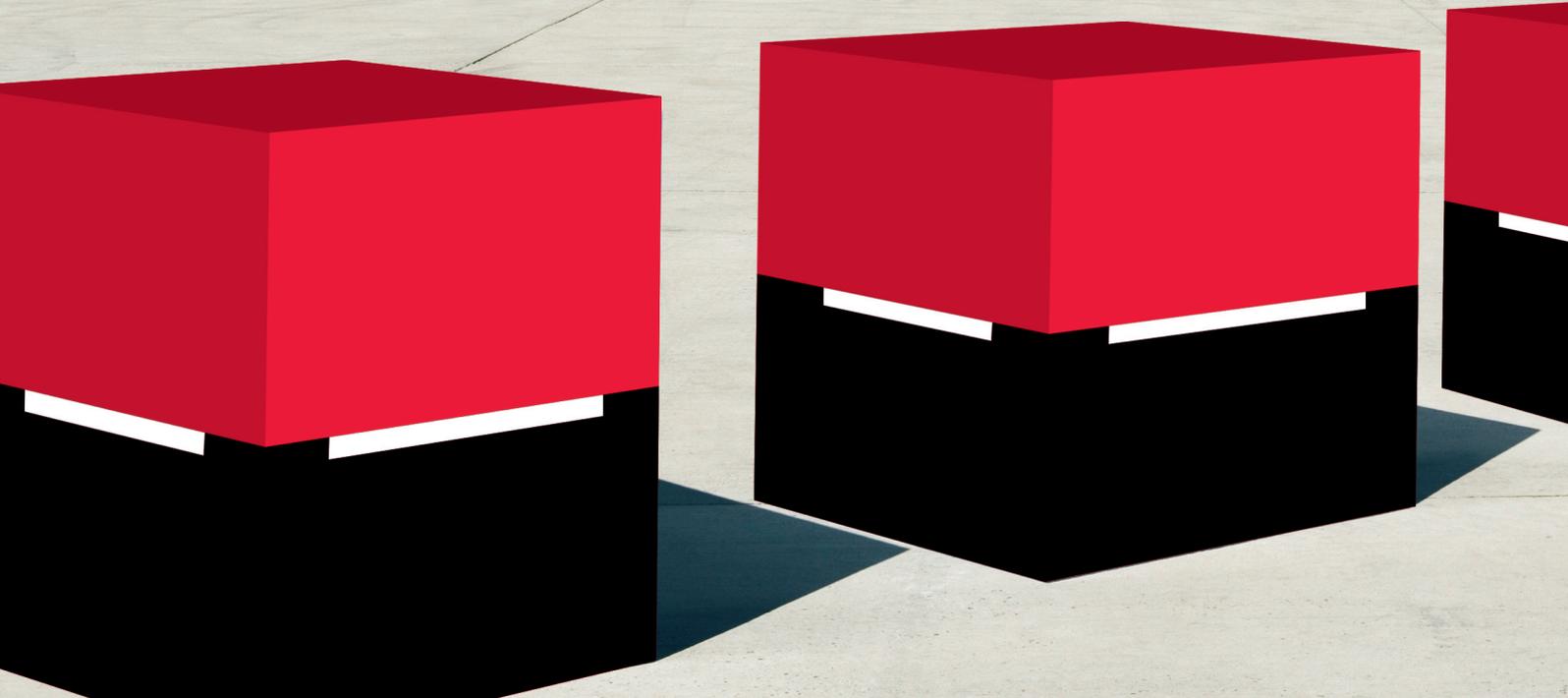
**GENIKI Bank: a better Bank for a better life.**

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# 2005 Review of Operations



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# Major Developments



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Year 2005 was very important and crucial for GENIKI Bank, mainly because of the completion of the transformation program and due to the design of a flexible commercial platform.

## Development Projects & Organization

A huge effort has been made by the DPO sector in order to deliver, through many projects, all the elements to build the new image of GENIKI. Among all, the new development and organizational program was completed concerning the roll-out of the network (Technical, IT, HR, Process), and the implementation of specific tools and applications from the Head-Quarters.

To carry out this task specific units have been created to manage all the changes related to the implementation of the Société Générale Group model for International Retail Banks.

The Transformation of GENIKI, is well on track, the relative effort during this year in terms of project was 15000 man/days for the bank.

During 2005, GENIKI Team in DPO have acquired the skills and the capacity to apply project management approach and are now in the position to manage complex and ambitious projects in order to support the development of GENIKI.

## New Products

The main core of Geniki Bank's strategy is the implementation of a set of specific actions towards pre-selected customer segments, offering them products and services that would satisfy in the best way their needs.

GENIKI Bank launched a wide range of innovative products within 2005, addressed to all clientele.

In the area of mortgage loan GENIKI Bank has applied a new strategy depending on the concept of rewarding the good and loyal customer, by offering preferential interest rate and better terms and conditions. The reaction of the market towards this offer was positive and the targets set were achieved. Additionally, GENIKI Bank has improved the procedures dealing with mortgage loans by providing high quality of service and upgrade application procedures.

In the consumer lending market, the Bank has further developed and enriched the existing product lines, with special offers and refinancing programs to existing clientele.

GENIKI Bank has introduced in the Greek Banking industry an innovative insurance product, GENIKI Aneta, which protects the customer against fraudulent use of his/her cards in case of theft or loss. The response of the market to this product was very satisfactory and managed to exceed the targets set.

Moreover, the Bank offers complete solutions for Professionals and SMEs. GENIKI Express Lease is a leasing program that covers efficiently the needs for equipment. The advantage of this product is the immediate response within 72 hours. Moreover, GENIKI Anoiktos Logariasmos (overdraft) provides flexibility in the every-day business needs and continuous liquidity for covering emergency issues. Also, the cooperation of GENIKI Bank with TEMPME has led to a financing program that offers additional government guarantees to finance and support business plans.

Within 2005 in total 9 Meeting Days were realized, addressed to VSB/Prof's as well as SMEs and individuals. The attendance of existing clientele in the Meeting Days was satisfactory, confirming the close relationship between client and branch. Additionally, it is important to mention the participation of non-clients, reaching almost 50% of the total number of visitors, confirming the new dynamics of the Bank.

In order to support and further promote products and offers various marketing tools have been implemented such as direct mailing to targeted clientele, informative leaflets, telemarketing and Internet banners-especially for the young customers.

Towards this direction and with the view to support the new Branches, a marketing action plan was developed including posting informative letter, traffic game, promotions with wines and roses. The result of the action plan for New Branches is satisfactory and enables the Branches to attract clientele.

Also, on 2005 the Bank implemented successfully a data cleansing and enrichment project, which concluded with a considerable increase in the data quality of the clientele. Secondly, the commercial customer segmentation, which is a new approach in Greece, was designed and implemented, in order to be able to offer to the clients' high quality of service that will satisfy their requirements. Thirdly, specific tools for the Relationship Managers were implemented, in order to help them to monitor and handle their clientele more effectively. Moreover, a set of surveys have been performed in order to formulate an objective opinion on the needs, opinion, profile

# Major Developments

of our retail and corporate customers, to feel the needs of the market and to investigate / map the competition.

It has to be mentioned that the Quality Management Approach was totally new for the bank. A customer suggestion scheme has been developed to get customers' feedback in the branches. Additionally, in order to measure the delivered quality, surveys in branches have been performed, providing the bank with useful information on possible gaps that exist between the perceived qualities of services by the customers and the actual delivered one.

The Bank developed new tools, such as the Customer Welcome Packs for the new customers, in order to offer them clear and simple pre-contractual information and make their first contact with the Bank with professionalism. At the same time, Sales Guides for the Relationship Managers in the branches were developed in order to support them in their new tasks, by providing them with useful information on Bank products/ services. Additionally, the existing product and services pricing list was amended in order to be legally compliant and as competitive as possible.

The renewal and the expansion of our product lines are primary goals for 2006. At product level, the Bank aims at, further satisfying its customers' needs, by means of high quality accurate programs and services.

Regarding new products, there will be a focus on the development of low -priced, easy-to-sell insurance products that will give customers a feeling of security in their daily activities and introduce insurance products to the bank's offering.

In April 2006 GENIKI Bank will enrich its existing line of investment products by 4 new mutual funds, funds of funds, addressed to individuals. These 4 new investment programs refer to 4 different customers' risk profile.

Having as a primary objective the high-level customer satisfaction, Geniki Bank will further develop or improve its customer support by implementing a series of important projects regarding the electronic means of payment offered to the clients and the call/informational support they need.

For 2006, the Bank is going to work on client data analysis in order to develop sophisticated data mining techniques to foresee customer attrition and propensity for buying specific

bank products, thus increasing cross selling opportunities and better servicing of the client.

From the beginning of 2006 Geniki Bank will be one of the first Greek banks fully compliant with the law. Within this frame, the Bank will review its pricing policy in order to be clear and simple towards its clients.

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# Retail Banking



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With GENIKI Bank's entry in the Société Générale Group and as a result of the transformation of the organizational structure, commercial and administrative functions were clearly separated. In charge of the Network's clients, the Distribution Channels Sector comprises of teams responsible for SMEs, Retail (Individuals, Professionals and Micro Businesses) and Alternative Channels.

The Branch Network was organized according to three Commercial Regions: Attica, North & Central Greece and South - Western Greece & the Islands. Each Region comprises of four Groups (12 in total) with administrative and managerial responsibility to which the Branches will report.

This crucial Network Transformation Program was completed in end of 2005.

## Network

In order to satisfy customer needs Geniki Bank established 8 new Branches in 2005. The number of Branches (including the Group Branch of Islands, and the 2 Large Client Centers) reached 121 at the end of 2005.

Within 2005, in total 8 new Branches were opened and 63 were renovated by implementing the new corporate identity. Moreover, the design and the installation of the special merchandising items within the Branches strengthen our corporate identity and the effectiveness of our products campaigns.

For 2006, the Bank plans to establish 20 Branches in the most dynamic areas of the Country, while at the same time the program for complete or partial refurbishment of a large number of Branches is being implemented on a rolling basis.

## Alternative Channels

For the best quality service to our customers Geniki Bank has developed alternative channels, which are used widely such as ATM's, e banking and phone banking.

In 2005, the Bank's ATM Network also underwent expansion. 12 new ATMs were installed (10 in Branches and 2 offsite) and 4 ATMs were withdrawn. At the end of 2005, the total number of ATMs reached 194: 122 in Branches and 72 offsite.

For 2006, the Bank plans the installation of 20 new ATMs, one for each of the new Branches to be opened.

As far as the offsite ATMs are concerned, a re-evaluation has begun to determine the profitability of the existing ATMs and to examine the possibility of installing new ones, in order to adapt our ATM Network to the growth of the market.

In accordance with Société Générale Group policy, the Bank is implementing a series of new systems: **e-Banking** and **Phone Banking** supported by a **Call Center**, aiming to improve our services to our customers and further our penetration to the Greek market.

Specifically:

**GENIKI e-Banking.** During 2005, GENIKI Bank commenced the implementation of the Internet Banking. This project will be delivered in 2006 enabling the Bank to provide e-Banking services that will be further enriched in the near future. These services are offered to both Retail and Corporate clients. Among the offered services are balance and statement information concerning deposit accounts and credit cards, funds transfer between GENIKI Bank accounts and to other Greek Banks, payments of telephony, IKA, VAT, TEVE, Income Tax, etc. GENIKI e-Banking is characterized by its user-friendliness and by an increased security level.

**GENIKI Call-Center.** During 2005 GENIKI Bank integrated under the same telephone number (801-11-600-300) its telephone services in order to make them more accessible to the customer. Furthermore, it organized and improved its Phone Banking services while it started to systematically monitor the quality of the services offered by its outsourcing companies. Finally, it significantly improved its infrastructure in order to be able to support in the near future a wider range of telephone services.

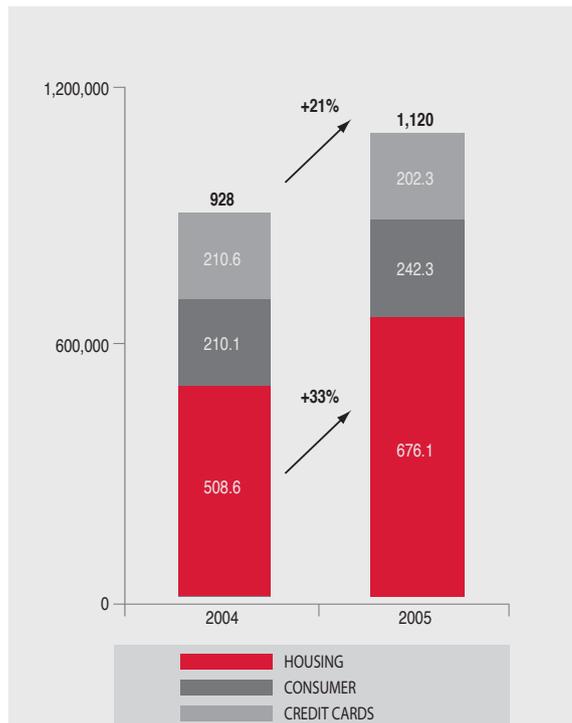
## Individuals, Professionals and Micro Businesses

The evolution of the Individual Banking Sector during 2005 was satisfying since the network achieved an increase of 21% in loans to individuals (housing loans, consumer loans, credit cards), which represent 47.6% of the total lending portfolio of the Bank.

Housing loans of the Bank increased by 33.2% in 2005 with balances reaching € 676,1 million. (representing 27.3% of total lending portfolio of the Bank). Credit cards shown a slight decrease of 4% compared to 2004 and the consumer loans increased by 15.3% in 2005 with balances reaching €242.3 million.

The Greek market also noticed a decreased of 2.5% during the same period which can be explained by the fact that the past year was characterized by large amount of balance transfer from Credit cards to Consumer loans. Geniki also did a cleaning of the Credit card portfolio.

## Retail Loans Evolution



- Continuous training of Relationship Managers.
- Further growth of housing loans.
- Creation of new Alternative Sales Channels of Sales such as Telesales and Mobile Sales Force

## Small and Medium Enterprises

GENIKI Bank's SME's Division has the responsibility of designing, monitoring and administrating the offers of the Bank's services to enterprises with an annual turnover ranging from € 750,000 to € 15,000,000.

GENIKI Bank emphasises in the development of the small and medium enterprises trying to improve the rates that concern different products by using cross selling concerning Société Générale Group.

The experience of GENIKI Bank in conjunction to the know-how of Société Générale will improve customer service and enhance the position of GENIKI Bank in the Greek Banking Sector.

## During the year 2005 the main achievements of the Retail Banking were the following:

Transformation of all branches to points of sale according to the Société Générale Standards.

- Segmentation of the client base and assignment of each client to a Relationship Manager in the Branch was completed.
- Launch in 2005 of a series of investment products of Société Generale Asset Management.
- New express leasing products for Professionals & Very Small Businesses were launched.

For the year 2006 the main objectives for Retail Banking are the following:

- Market share gains in all retail segments and products
- Enlargement of its customer base.
- Increase of cross selling.

# Large Clients'



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## CORPORATE BANKING

During 2005 the Large Clients' Bank Sector was completed according to the Société Générale standards. The database of large clients was removed from Geniki's Bank Branches to the two new Large Clients' Branches.

Large Clients' are considered to be companies with a turnover in excess of € 15 million, Greek subsidiaries of international groups and Greek state-owned companies.

The Large Clients Business Center with a presence in Athens and Thessaloniki was established by applying high standards and has the capability to meet the current challenges faced by Large Clients.

LCBC's purpose is to provide individualized and integrated high quality services to Large Clients, served by their own Relationship Manager. Every RM is a highly trained and experienced executive, who manages each customer's relationship with the Bank as a whole, offering customer integrated solutions via a wide range of innovative and specialized banking products and services, such as Investment Banking, Treasury products, Leasing etc. Competent executives, coming from both GENIKI and Société Générale Hellas, have already been placed, benefiting from an exchange of experience and know-how.

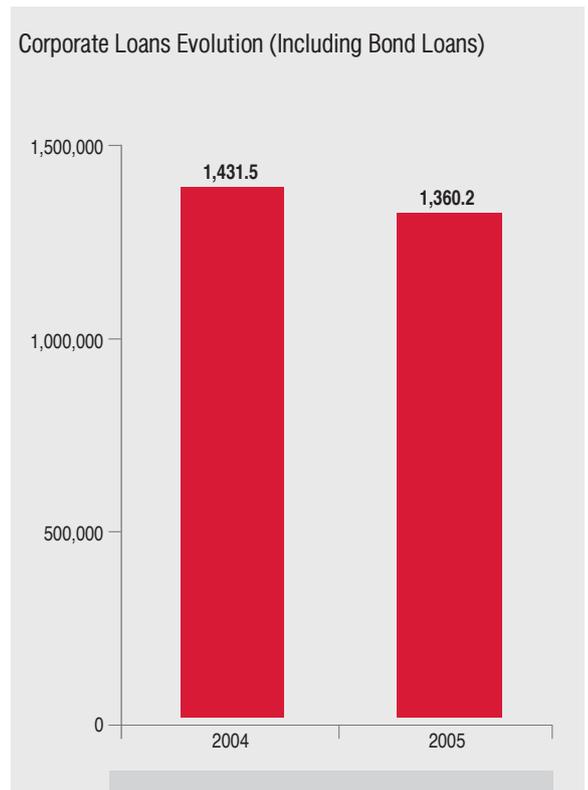
Among other activities, the LCBC participated in the completion of the prospectus of the Share Capital Increase and in marketing researches: by Kandor: "Competitor's Analysis" and by Synovate: "Usage & Attitude Survey in Corporate Banking".

For 2006 the target for the sector is to offer a complete range of products and services in order to increase the portfolio of Assets in this segment and improve the productivity of LC Portfolio.

## CORPORATE LOANS EVOLUTION (Including Bond Loans)

On 31.12.2005 the performing loans to Large Clients amounted to € 1,059.3 million displaying a decrease of € 173.1 million compared to 2004 representing a percentage of 14%.

On 31.12.2005 the financings to SA companies under the form of Bond loans amounted to € 300.9 million compared to € 199,2 million on 31.12.2004, displaying an increase of € 101.7 million or a percentage of 51%.



# Technology & Services

During 2005 GENIKI Bank implemented very important investments were realised in the IT sector for the modernisation and upgrade of the infrastructure.

Great attention was given to the human resources aspect of the IT sector. The organisational chart was adapted to the new banking and technological needs, specialised technical teams were created and in general new hires were done in order to reinforce the teams to cover the increased needs of implementation and administration of the IT systems.

Regarding the technical areas, priority was given to the upgrading of the IT system infrastructure by choosing new state-of-the-art technologies which focus on reducing the total cost of ownership (TCO) and have an easier administration of the infrastructure. The telecommunication network for data transmission between the branches and the HQ was completely redesigned. The above project, which must be considered as a unique and innovative project in the Greek banking sector, started the implementation phase in the second half of 2005 and will provide direct access for all branches to the main production site and to the disaster recovery site, with quality of service on the data transmission and a quite strict Service Level Agreement with the provider.

The upgrade and extension of the central servers of the bank was also a first priority, because of the large number of new applications and the increased technical needs. In this project, we opted for the server virtualisation technology with a simultaneous implementation of a central storage area network (SAN) and a centralised backup infrastructure. The bank has also chosen the use of a centralised application technology through the use of Citrix platform for the best utilisation of the user PC and the reduction of the time needed to administer the client applications. In parallel, the project of upgrading our Windows domain to Windows 2003 Active Directory and Exchange 2003 was successfully completed.

Regarding the pure business needs of the bank, the need for the adaptation of the banking applications to the new organisation and functional structure led to significant projects for the upgrade, enrichment and/or implementation of new software. Additionally, many new functionality and new features were implemented with final aim the best possible management and segmentation of the customers.

In the electronic services domain, GENIKI Bank decided to make a dynamic entrance with the creation of an e-banking site, which will incorporate significant security measures and technologies, and which will be available to the customers during the first half of 2006.

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# Human Resources



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In 2005, the Human Resources & Training Division has played a crucial role in the reorganization of the Bank, by assisting on all the Personnel transformation projects.

An intensive effort in vocational training has been accomplished. Specifically, various seminars were arranged where 85,541 man-hours were needed.

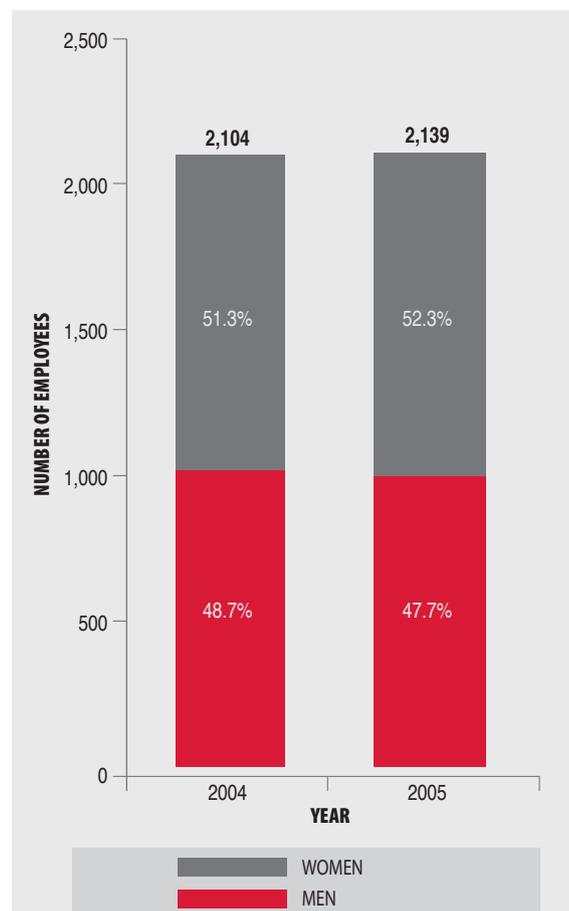
New evaluation forms for employees and managers have been implemented, taking into consideration the pursuit of individual objectives.

As far as Staffing is concerned, along with offering new positions to some existing executive staff members so as to align the new responsibilities with the new organization of the Bank, HR recruited specialized employees for new activities, such as IT and Marketing, and for the reinforcement of teams of primary importance in the reorganization process, for example Network, Projects & Organization and Audit divisions as well as the development of our Network.

For the first time in 2005, GENIKI has been included in the Société Générale Global Employee Share Ownership Plan (GESOP). The Société Générale Group offers the possibility to all GENIKI employees to share the profitability of the group by buying at preferential conditions shares of the group. The employees will be offered in 2006 as well the possibility to participate in the Global Employee Share Ownership Plan.

In a continuous try to develop and promote Internal Communication, efforts have been made to ameliorate the quality of the Bank's internal publications such as the Internal Magazine and now a monthly Flash Newsletter is also published.

## Staff Evolution



In the Bank, the employees' average age is 42.3 years and the average duration of service in the Bank is 14.5 years.

As far as the educational level is concerned, 28.5% of the employees have a university degree and 7.41% a postgraduate degree (Master, PhD). Additionally, 31.5% of the employees, a percentage that is growing in the last three years, speak at least one foreign language as certified by an official diploma.

Concerning 2006, the HR division will continue to assist the evolution and the priorities of GENIKI Bank including:

- The development of career paths and the implementation of career committees.
- The plan to match the Network's needs in terms of professional development and vocational training.

In parallel, 2006 will also be the year of HR internal improvements in terms of the implementation of a new HR

MIS (management information system) and the complete review of all HR procedures in order to develop long-term policies.

## Staff Evolution of the different companies in the Group

<b>GENIKI Bank Group</b>	31.12.2004	31.12.2005
<b>GENIKI Bank</b>	2,104	2,139
GENIKI Insurance	12	14
GENIKI Cards	125	112
GENIKI Leasing	14	13
GENIKI Finance	6	5
AIS	16	-
<b>TOTAL</b>	<b>2,277</b>	<b>2,283</b>

# Corporate Governance



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## Board of Directors

Geniki Bank is an Anonymous Company (Greek limited liability corporation) managed by a Board of Directors. In March 2004, in July 2004 and in December 2005, the Board of Directors upheld the Bank's management structure, considering it the most suitable option for the Company in the current position. Under this structure, the Chairman of the Board is T. Koutalidis, and the Managing Director is Jacques Tournebize, assisted by P. Debaene and by Michel Fenot, both in the capacity of Executive Directors.

The by-laws provide for no particular limitations to the authorities of the Managing Director, who exercises his functions in accordance with the laws and regulations in force, the Company's by-laws and internal rules, and the guidelines set by the Board of Directors.

## Duties and powers of the Board

The Board of Directors determines the Company's strategy and ensures its implementation. The Board regularly examines the Bank's strategy and deliberates ex ante on changes to the Bank's management structure and transactions - in particular acquisitions and disposals - that are liable to have a significant impact on Geniki Bank's earnings, the structure on its balance sheet or its risk profile.

## Directors' remuneration

The remuneration and other compensation of the non-executive Board members were determined by decision of the Board of Directors on its meetings on August 26, 2004 and November 25, 2004 proportionally to the time they devote to the Board meetings and the fulfillment of the responsibilities delegated to them by the Board.

This decision provides that:

- The non-executive members of the Board of Directors-non managerial officers of Société Générale - will be compensated for their participation to the meetings of the Board and for their participation to the meetings of the Audit Committee, of the Boards and Committees provided for by the Organization of the Personnel, or of any other Committee or Council that the

Managing Director may establish in the future:

- The Directors who reside outside Athens will be entitled of traveling and residential expenses in order to participate to a meeting of Board or of Committees or Councils.

Any precedent decision of the Board of Directors or Act of Administration defining remunerations of the non-executive members of the Board of Directors relating to meetings of the Board and of Committees and Councils, opposite or different of this decision, has thus been abolished.

The total of the remuneration and other compensation of the non-executive Board members are reported in the annex of the annual financial statements.

The French executive and non-executive Directors, as provided by Société Générale's policy, are not specifically compensated for their participation to the Board of Directors.

## Activity report of the Board of Directors

### Composition

Chairman: Tryfon Koutalidis  
Vice-Chairman: Meletios Rokas  
Managing Director: Jacques Tournebize  
Executive Directors: Michel Fenot and Patrick Debaene\*  
Members: Philippe Vigue, Marc Breillout, Jean-Louis Mattei, Christos Akkas, Dimitrios Gouloussis, Ilias Kalivas.

\* Mr. P. Debaene replaced Mr. Pierre Bonzom on December 29, 2005.

The Board of Directors is composed of 11 members, 6 French and 5 Greek nationals. Their average age is 59.

3 Directors constitute executive members: the Managing Director, Mr. Tournebize, and two Executives Directors Mr. Fenot and Mr. Debaene. The remaining 7 members of the BoD are non-executive members, while 2 of them are independent non-executive members (Mr. Akkas and Mr. Gouloussis).

The two independent non-executive Directors participate in the Audit Committee of the Bank. The non-executive Vice-President is the third member and the Chairman of the Committee.

Deloitte S.A. certifies the accounts of the Bank, represented by

Mr. Sofianos to whom the General Meeting of March 4, 2004, renewed the mandate.

The Board of Directors draws an annual report referring in detail to the transactions between the corporation and its subsidiaries. This report is notified to the Supervising Authorities.

## Board Committee: Audit Committee

As, preparatory work for Board's decisions in certain areas may be carried out by specialized committees composed of directors appointed by the Board, to remit and submit opinions and proposals to the Board for approval, the Board has set up in 2003 an Audit Committee.

## Composition of the Audit Committee

The AC is composed by three non-executive Directors, among which two are independent.

Chairman of the AC is the non-executive Vice-Chairman of the Board of Directors, Mr. Meletios ROKAS, age 60, former General of the Greek Army, Chairman of the BoD of APF (Army Pension Fund) which remains as minority shareholder of the Bank by 10, 27%.

Members of the AC are Mr. Christos AKKAS and Mr. Dimitrios GOULOSSIS, independent non-executive members of the BoD.

Mr. AKKAS, age 71, businessman at Thessaloniki (textiles).

Mr. GOULOSSIS, age 70, former General of the Greek Army.

In accordance with the Act of Governor/Bank of Greece 2438/98, the Committee is responsible for:

- To review the draft financial statements before they are submitted to the Board, notably verifying how they were prepared and ensuring the relevance and consistency of the accounting principles and methods applied.
- To review the choice of methods and rules used in the preparation of the consolidated accounts.
- To review consistently the procedures put in place to ensure proper internal control of operations, risk management and compliance with the corporate ethical policy.
- To manage the process for selecting Statutory Auditors and

provide to the Board an opinion on the appointment or renewal of the Statutory Auditors, as well as their remuneration.

- To ensure the Statutory Auditors remain independent.
- To examine the Bank's internal audit schedule and the annual report on internal control drawn up in accordance with banking regulations.
- To assure to the Board of Directors that the Bank conforms which the laws and regulations govern its operations.
- To facilitate communication between the Board of Directors, Management, internal and Statutory auditors of the Bank for the exchange of views and information.

## Activity report of the Audit Committee

The Audit Committee at its 3 meetings in 2005 (attendance rate of 100%) has fulfilled its duties as provided for by the Act of Governor/Bank of Greece 2438/98.

This year the Audit Committee has emphasized its activity on the following aspects:

- (1) The adequacy and the modernization of the internal audit system.
- (2) The setting-up and the efficiency of the Compliance function.
- (3) The following-up of the doubtful debts.

The most important remarks of the AC on the above topics are:

- (1) Adequacy and modernization of the internal audit system. In the framework of the transformation plan of the Bank, the AC has ascertained a huge effort for the improvement, the systematization and the modernization of the structure/operation of the Audit Sector. The AC has repeatedly expressed its approbation for the serious and effective progress in this field.
- (2) Setting-up and efficiency of the Compliance. The AC has closely followed-up the setting-up of the Compliance function, which didn't exist before within the Bank. The organization of the Compliance, its IT support, the implementation of policies and the information of the

# Corporate Governance



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personnel by Circular Letters, led the AC to the ascertainment that the above mission is effectively executed.

(3) The following-up of the doubtful debts.

The Audit Committee has insisted to the monitoring of the doubtful debts which lead the Bank to extended provisions and for this reason its last meeting was attended by a risk officer.

GENIKI Bank, as a member of the Société Générale Group, has a strict Compliance policy, both for reasons of public image and for commercial reasons.

**Professional Compliance is of utmost importance in the banking sector, which faces a wide variety of risks.**

Indeed, besides the identifiable categories of risk to which a Bank is exposed, such as legal, regulatory or disciplinary risks, and commercial risks (conflict of interests, quality of information, suitability of new products to client needs), a serious threat is the potential damage to its image due to a compliance problem. New threats appeared these last years, linked to money laundering and to terrorism financing, and a Bank has to set in place new tools in order to fight them efficiently.

Moreover, Compliance is a positive factor that actively contributes to the expansion of the business. It is seen not so much as a series of constraints and restrictions, but rather as the concrete implementation of a set of values that need to be adopted by all staff, whatever their level of responsibility.

**In order to be able to apply these principles, GENIKI Bank has put in place a Compliance Department in 2004.**

The Compliance Officer reports to the Managing Director and has the mission to:

- Set up procedures to ensure that compliance rules and principles are observed,
- Watch over respect for the professional rules of the market and ensure follow-up of possible conflicts of interest with regard to client,
- Maintain relations with external bodies active in the field of combating money laundering and the financing of terrorism,
- Co-ordinate the relations with banking and financial markets authorities,
- Suggest personal ethics rules and watch the observance of personal ethics rules applicable to Bank employees, watch over the dissemination of and respect for rules of good professional conduct and of personal ethics within the bank,

- Participating in non-compliance risk prevention systems' implementation,

- Ensure compliance monitoring according to Société Générale Group directive 86 and in particular, handling of compliance failure and reporting, monitoring of training on compliance issues, new product procedures and approval, etc.

The Head of Compliance department is AMLO (anti money-laundering officer).

As a result, GENIKI Bank has taken major steps in 2005 to reinforce its compliance procedures:

- Leaflets on "golden rules" to be applied by the employees of the Bank regarding fight against money laundering and financing terrorism as well as regarding ethic rules have been released internally,

- Internal written communication has been made in particular on "Know your customer" principles and risk of non suitability of product to client,

- The Société Générale Group Code of Conduct has been made mandatory within Geniki,

- A new policy on gifts received or made by employees of theBank has been established,

- New procedures for handling security measures issued by Ministry of Finance have been designed,

- A new list of permanent insiders has been elaborated,

- A new procedure regarding voice recording systems has been defined,

- A draft instruction about anti-money laundering is about to be released within the Bank.

Compliance department has also participated, together with the training department to training session on Banking Basic Rules including Professional Ethic principles as well as KYC and fight against money-laundering It has also set up a monthly GENIKI Bank Group Compliance Committee in order to ensure coordination and to strength vigilance on compliance matters among various GENIKI Bank entities.

# Compliance



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## **Our targets for 2006 are ambitious:**

GENIKI Bank will finalize the implementation of all procedures needed by the transposition, in July 2005, in Greek Law of the "market abuses" European Directive, notably the alert procedures ("whistle blowing"). It will issue new internal rules on confidentiality and destruction of data in order to reinforce its internal procedures.

It will implement two IT system dedicated to handling of embargoes and financial sanctions, in particular in the frame

of fighting against financing terrorism (filtering system) and allocated to monitoring of money-laundering risk (profiling system).

It will also gradually extend training on the main aspects of compliance (anti money laundering, fight against financing terrorism, ethic rules) to all staff members, as well as continuation of training on Banking Basic Rules. According to new Bank of Greece act 2577, the Compliance Unit will present a yearly report to the Board of Directors members.

GENIKI Bank Management has given emphasis on the development of an effective risk management framework capable to set the conditions for safe growth, limits adverse profitability variations and contributes towards the effective allocation of the Bank's capital.

An independent Risk Management Division and an Assets and Liability Committee (ALCO) operate within an established operating framework, in order to monitor the organization's activities and maintain the business risk levels within predefined limits. The Committee sessions on a monthly basis, for reviewing market developments and the level of financial risk exposures of the Bank and its affiliates.

During 2005, the reorganization of Risk Management Sector was completed, in order to meet current international practices, the regulatory directives of the Bank of Greece, the Basel II framework and Société Générale's culture.

To that end, Risk in GENIKI moved towards the formation and the staffing of six (6) Headquarter units. These units' task is twofold: Support the Commercial Sector of the Bank as well as proceed with the effective monitoring of the various risks that arise in the broad environment of the Banking business.

Today, the following units operate within the Risk Management Sector at the level of Headquarters, staffed by experienced professionals:

- Risk Assessment
- Market Risk
- Operational Risk
- Non Performing Loans
- Risk Monitoring
- Distressed Loans

The formation and staffing of all Risk Management's Network Units in Group Branches is also complete, servicing SMEs, VSBs and Professionals (12 Group Branches) and Large Corporate (1 Large Corporate Branch in Athens with an antenna in Thessaloniki). The Groups' organizational structure, where Commercial and Risk Sector co-exist, is considered as pioneering in the Greek Banking sector and provides expedient and effective support to the Bank's clients.

Significant diligence has been given on further functions of Risk Management, such as:

- The assessment of credit risk and the rating of all active credit clients of the Bank. This important task makes Geniki Bank competent to promptly respond to Bank of Greece and Basel II requirements.
- A New Credit Policy manual was issued, incorporating directives and guidelines for the entire client segmentation (Individuals, Very Small Business, Small and Medium Enterprises and Large Clients).
- New credit assessment tools were customized and implemented, like DCCIT for Large and SMEs clients, i-Apply for VSB and Citi Collecte for the monitoring of the overdue portfolio.
- The extensive review of the lending portfolio of the Bank continued during the course of the year, and new provisions have been booked in order to address the credit risks resulting from non-performing, distressed and healthy but sensitive clients. In addition, the provisioning processes and figures were recalibrated according to International Accounting Standards.
- Many training sessions were organized both in Greece and abroad on topics related to financial analysis. At the same time, the executives of Risk Management Sector on local level (Group Branch) as well as on Central Management level launched the initiative to train all personnel involved in credit procedures (RMs and analysts) on issues related to risk management.
- The Market Risk division was fundamentally re-organized in 2005, based on Société Générale requirements. Market Risk's main duties consist of the daily monitoring and follow-up of the Dealing Room's transactions in Foreign Exchange, Money and Bond Markets, and reporting to both Risk Management and Head Office. This team is also directly involved in the implementation of risk tools, and the actual calculation and documentation of the credit risk resulting from market activities in CreditValue-at-Risk terms. Basel II requirements added a certain degree of complexity in the IT solutions developed and used by Market Risk (e.g. CVI tool for the measurement of replacement risk in products like synthetic swaps, repos with customers etc.)
- Several initiatives were implemented by the Operational Risk Department during 2005, aiming at strengthening the existing system of internal controls:
  - Operational Risk Loss Data Collection and electronic reporting with the use of appropriate software, on a monthly basis, through a network of Operational Risk correspondents

# Risk Management



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appointed at the Geniki Bank Groups and the Subsidiaries.

- The launch of the Risk & Control Self Assessment (RCSA) exercise, with the use of a comprehensive questionnaire, to determine the risks, controls and forms of mitigation associated with the various procedures in each of the various areas of activity.

- Permanent Supervision - Its main goal is the detection of errors and the improvement of security of Geniki Group procedures and processing.

Within the scope of operational risk mitigation strategy, the Operational Risk Department in coordination with the Information Technology Sector, is responsible for the construction of a Business Continuity Plan (BCP) and a Disaster Recovery Plan (DRP) that will allow Geniki Group to face situations of crisis in a planned manner, ensuring that the business will be back on stream within established deadlines deemed acceptable.

The main priorities of Risk Management Sector in 2006 are:

- The implementation of Basel II in the Bank.
- The continuous and regular monitoring of all types of risks bottom-up (i.e., starting at branch level and ending at Management level).
- The efficient and expedient support of the commercial activity of GENIKI which will translate in a continued noticeable improvement of the Bank's services to the clients, as well as gains in productivity and market share.

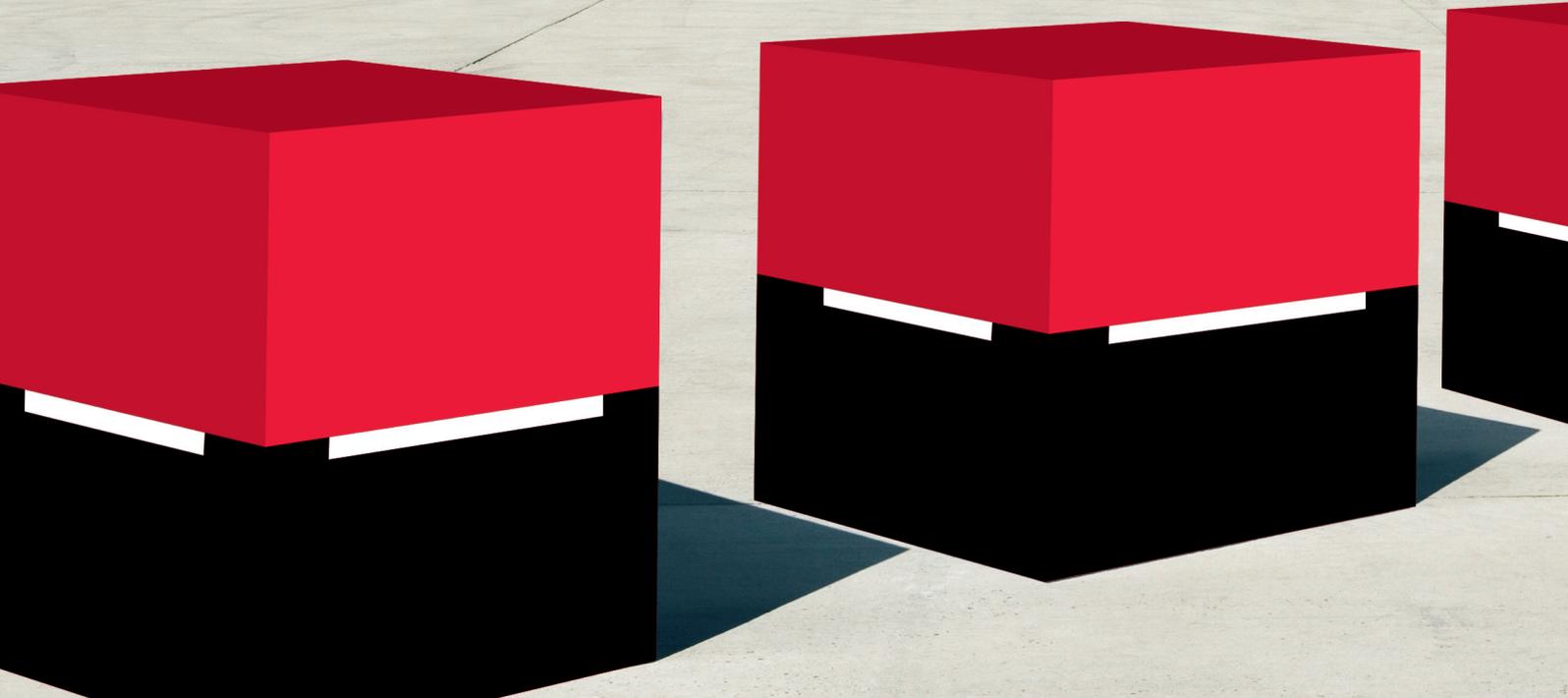
**GENIKI Bank**

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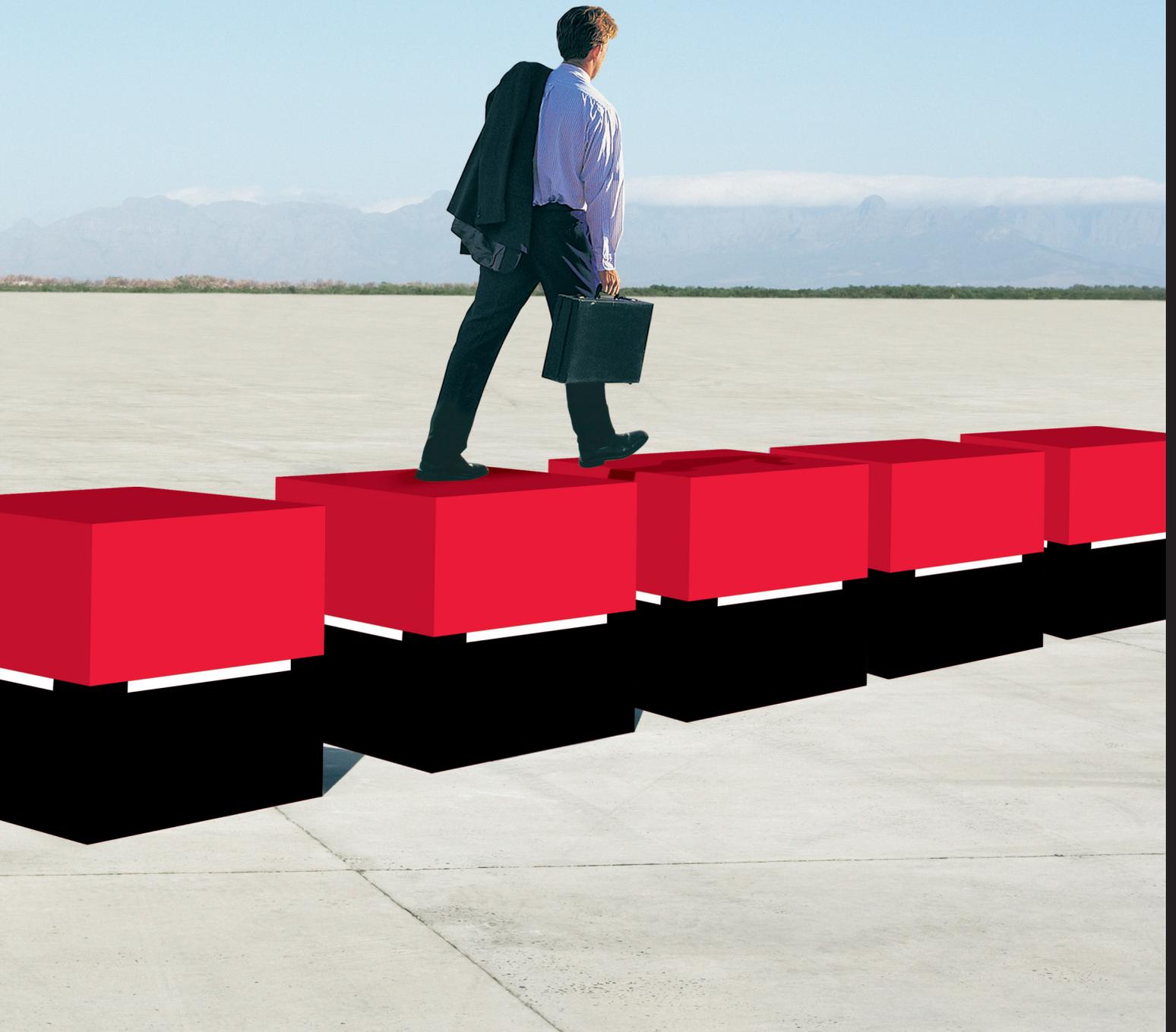
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# GENIKI Bank Group Share Capital Structure



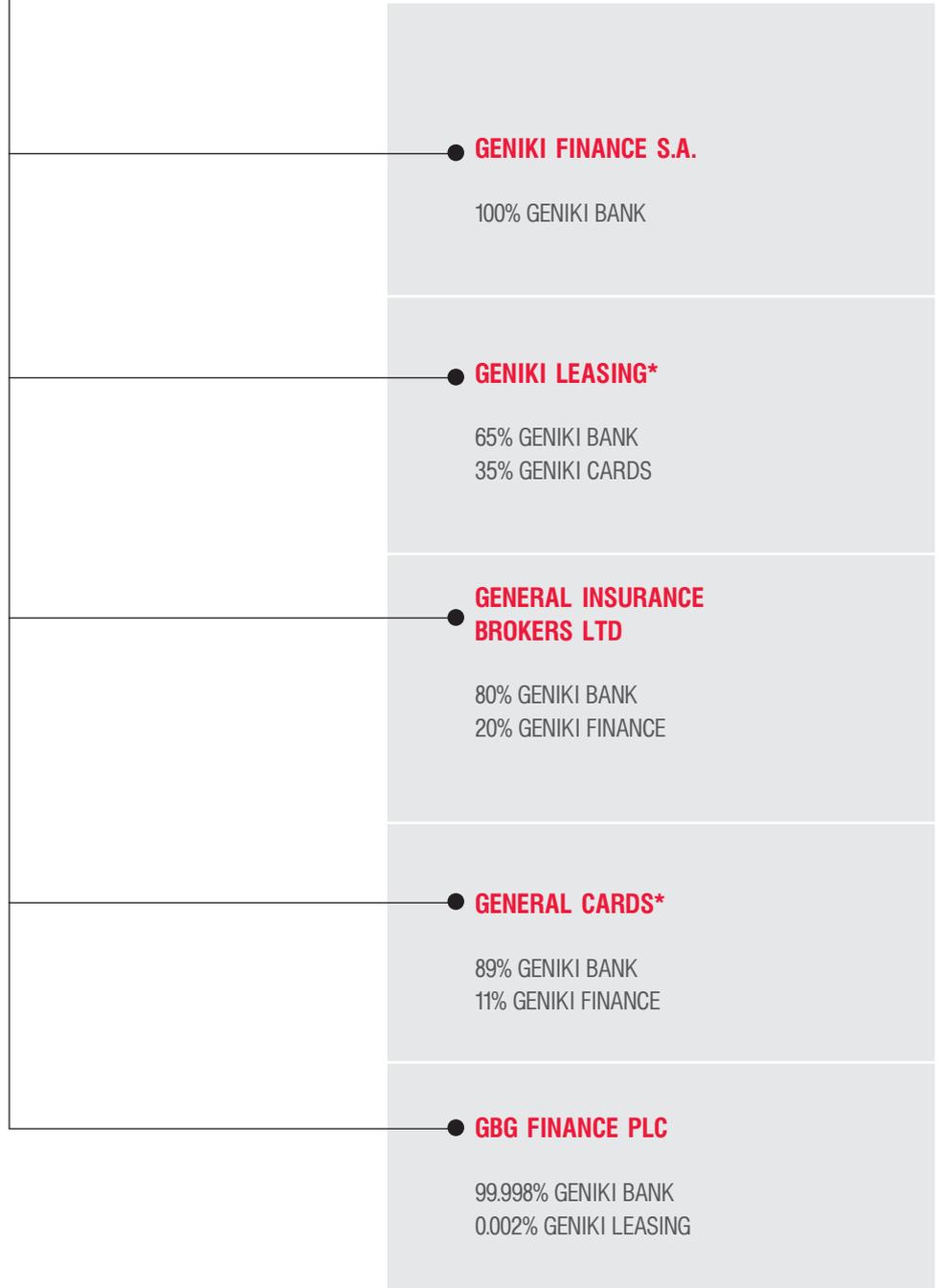
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A N N U A L  
R E P O R T 2005





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\*GENIKI Bank owns 100% GENIKI Leasing and General Cards since the end of March 2006.

# Companies of the Group

## GENIKI FINANCE S.A.

The company's main activities are the following:

- Company valuations and Financial Studies
- Mergers & Acquisitions or Strategic Partnership, Advisory Services Consulting Services for Public and Private Companies or Investment Projects

In 2005 the company reorganized and readjusted its activities mainly for supporting the activities of GENIKI Bank, in its domestic market. Due to this fact the company's income reduced during 2005 as the majority of its resources are dedicated to supporting large projects and files which are prepared or examined by the Large Corporate Division and also to undertake some internal projects in the transformation phase of GENIKI Bank. Moreover a considerable amount of man-hours is used to support SG CIB/DEFI in its endeavors to cover the Hellenic republic and its various entities.

Meantime a considerable effort has been made to reduce our operational cost.

Finally it must be noted that GENIKI Finance is a provider of financial services and does not undertake any risk in a banking sense.

Comparatively to year 2004, there should be noted that in 2004 the final result had been positively influenced from an amount of € 1.19 m, due to an income from extraordinary dividends distribution from our participations.

Being committed to the development of a close collaboration with the international Group of Société Générale, our aim is the continuous improvement and the establishment to the market through our quality services and specialized solutions, in order to cover the needs and demands of our clients.

<b>GENIKI FINANCE S.A.</b>			
<b>(in thousands of €)</b>			
	2005	2004	%
EQUITY CAPITAL	746	1,027	-27%
ASSETS	854	2,130	-60%
TURNOVER	80	596	-87%
NET PROFIT BEFORE TAX	-281	1,207	-123%
STAFF	5	6	-17%

## GENIKI LEASING

The company deals exclusively with financial leasing. It provides services to all types of companies and professionals by offering the following products:

- Leasing of Movable Equipment and Real Estate,
- Sale & Leaseback of Movable Equipment and Real Estate,
- Vendor Leasing.

The basic financial figures are shown in the table below:

<b>GENIKI LEASING S.A.</b>			
<b>(in thousands of €)</b>			
	2005	2004	%
EQUITY CAPITAL	6,097	8,035	-24%
ASSETS	130,747	131,157	-0.3%
TURNOVER	22,013	22,415	-2%
NET PROFIT BEFORE TAX	-1,938	-664	-192%
STAFF	13	14	-7%

In the ASSETS account for 2004, the amount was adjusted in order to be comparable with 2005.

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R E P O R T 2005

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# Companies of the Group



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The main differences in NET PROFIT BEFORE TAXES were due to:

- Extraordinary profits of € 2.170 thous. in 2004 versus € 214 thous. in 2005, which refer to sale of leased assets prior to expiration date.
- Provision for extraordinary loss of €2.619 thous. in 2004 versus € 1.875 thous. in 2005.

During 2005, the company increased the number of contracts by 80% compared to 2004, stressed the importance of contract quality and the minimization of credit risk.

Finally, the company launched a totally new EXPRESS LEASING product that covers efficiently the needs for equipment. The advantage of this product is the immediate response within 72 hours!

Concerning 2006, Geniki Leasing targets to increase its' market share and install a new operating system, P-Lease.

## GENIKI INSURANCE BROKERS LTD

The company operates in the broader insurance industry providing broking, insurance consulting services, in all types of Insurance, collaborating with the largest insurance groups operating in Greece.

Since its establishment (2000) up to today presents constant increase of its Turnover.

The basic financial figures are shown in the table below:

GENIKI INSURANCE BROKERS LTD			
(in thousands of €)			
	2005	2004	%
EQUITY CAPITAL	269	268	0.4%
ASSETS	1,720	1,568	8.5%
TURNOVER	1,003	853	17.6%
NET PROFIT BEFORE TAX	117	340	-65.6%
STAFF	15	12	25%

Despite the particularly competitive environment in level of

broking / agents and in particular between the affiliates of banks the company has achieved to increase its turnover by 17.6% and registered premiums by 6.1% compared to the previous year.

During 2005 the company stressed the importance of service and collaboration quality and the minimization of credit risk. Consequently a reserve for doubtful debtors was created and reached of € 200 th., with result in 2005 the reduction in profits before taxes to € 117 th. from € 340 th. in 2004.

At the same time the company, during this year, strengthened its collaboration with the Geniki Bank's network and with its subsidiaries developing new products (Bankassurance - ANETA) easily in their promotion with very low cost.

Also the company continued rewarding the employees of Geniki Bank for promoting companies' sales.

Targets for 2006 are:

- Increase its portfolio, reducing its operational expenses, expanding its collaboration with the Geniki Bank, its subsidiaries and more widely with the group of Société Générale in the creation and promotion new and flexible products (Bankassurance).
- Re-engineering of the company through improving the procedures with parallel incorporation of technological applications, education and training of personnel, improvement of IT support and the transformation to Société Anonyme.

## GENIKI CARDS & FINANCIAL SERVICES S.A.

The company takes action in the area of credit card and loan management for GENIKI Bank, the settlement of card transactions, as well as the provision of call center services for both customer and collection areas. In other words, GENERAL CARDS S.A. continues to perform within the whole spectrum of "Plastic Money" with its specialized personnel and experienced executives.

2005 was a year of reorganization and refocusing of goals for GENERAL CARDS S.A. More specifically, the Collection Department moved on to its general development and reorganization, as it undertook the clientele holding the GENIKI Bank delinquent cards, which was handled by external partners until recently. Therefore, the specific department was reinforced with new teams of employees aiming at a more systematic management of the delinquent accounts, thus collecting the customers' liabilities more easily.

Furthermore, GENERAL CARDS S.A. formed the necessary for the majority of the contemporary companies department of Management of Information Systems (MIS), targeting on a more thorough and correct processing of the company's data, and thus achieving a more realistic goal-planning for the company.

The General Cards Customer Service Department won the 3rd prize of the Annual Telephone Service Contest conducted by TELEPERFORMANCE. The specific prize depicts the specific department's employees' responsibility and their proficiency in servicing the GENIKI Bank cardholders directly and effectively.

Under the given circumstances and with the power of Société Générale Group, GENERAL CARDS S.A. looks positively towards the future and expects that 2006 will be a more creative and successful year.

The reduction of the sales turnover is basically due to the increase of the doubtful loans that increased from 9.25% in 2004 to 11% in 2005.

<b>GENERAL CARDS &amp; FINANCIAL SERVICES S.A.</b>			
<b>(in thousands of €)</b>			
	2005	2004	%
EQUITY CAPITAL	4,704	4,460	5%
ASSETS	6,473	7,091	-9%
TURNOVER	9,527	12,205	-22%
NET PROFIT BEFORE TAX	411	1,112	-63%
STAFF	112	125	-10%

## **ADVANCED INFORMATION SERVICES S.A.**

Following its plan to concentrate on its core business, GENIKI Bank proceeded with the sale of AIS on January 31, 2005.

<b>ADVANCED INFORMATION SERVICES A.E.</b>		
<b>(in thousands of €)</b>		
	2005	2004
<b>(01.01.05-31.01.05)</b>		
EQUITY CAPITAL	178	919
ASSETS	552	1,041
TURNOVER	2	405
NET PROFIT BEFORE TAX	-75	106
STAFF	17	16

## **GBG FINANCE PLC**

GBG Finance Plc is based in London and has been in operation since November 2001.

It is a special purpose company, having as a main activity the issuance and management of a callable subordinated loan of the Bank, amounting to € 100 million.

The company is included in the consolidated financial statements of the GENIKI Bank Group.

## **GENAP S.A.**

The company is under liquidation since 31.12.2002. The participation of the company to the group's balance sheet is € 52 th.

## **GAIOGNOMON S.A.**

The company is under liquidation since 30.06.2005. The participation of the company to the group's balance sheet is € 103 th.

# Financial Performance Review GENIKI Bank



# Balance Sheet Items

## Evolution of Balance Sheet Figures

### TOTAL ASSETS & LIABILITIES

In the fiscal year 2005, the total assets / liabilities decreased by 0.9% compared to 2004, and reached € 3,542.4 million compared to € 3,510.1 million.

### CASH IN HAND AND DEPOSITS WITH CENTRAL BANK

On 31.12.05 the total of the Bank's cash in hand reached the amount of € 105.4 million compared to € 67.1 million at the end of 2004, displaying an increase by 57%.

The change by € 38.3 million comes from the increase:

- Of the main cash at bank (Cash in hand and collected cheques) by € 7.6 million.
- Of the deposits with the Bank of Greece by € 30.7 million.

### CLAIMS TO CREDIT INSTITUTIONS

On December 31, 2005, the total of our claims to Credit Institutions (local and foreign) amounted to € 286.3 million compared to € 91.7 million at the end of 2004 displaying an increase of 212%.

The change (increase) of €194.6 million comes from:

a. the increase

- Of our interbank sight and overnights deposits by € 77.3 million.
- Of our time deposits to Credit Institutions by € 124.5 million.

b. the decrease

- Of the loans to Credit Institutions by € 7.2 million.

### DERIVATIVES FOR FINANCIAL INSTRUMENTS

The Bank is using derivatives for financial instruments for its own account, mainly for the hedging of the risks and for the account of its customers.

These products are recorded in the Bank's book on their acquisition cost. On daily basis, they are reevaluated on their fair value, as it is defined by the market prices or, wherever they do not exist, by the reevaluation models and Cash Flows analysis.

The results of the reevaluation on fair value of the derivatives which hedge the cash flows of the figures of the Balance Sheet, are directly recorded in the equity, on the fair value reserves, whereas the results of the reevaluation of the derivatives which hedge the fair value of the figures of the assets and of the derivatives of the commercial portfolio, are recorded in the results of the year.

On 31.12.2005, the Bank did not identify on the results of the year significant amounts from the non-operating relations of hedging by the year, which ended on December 31, 2005. In the assessed financial statements, derivatives of commercial portfolio with a profitable position amounted to € 7.6 million are included in the figures of Assets and derivatives with a loss-making position amounted to € 3.6 million are included in the figures of Liabilities.

### LOANS & CLAIMS TO CUSTOMERS

As at December 31, 2005, total loans amounted to € 2,579.6 million, after deduction of provisions, compared to € 2,429.6 million as at December 31, 2004, increasing by 6.2%. Loans after provisions reached 73.5% of total assets as at December 31, 2005 compared to 68.6% in 2004 while loans over deposits reached 104.4% from 89.1% in the previous year.

### EVOLUTION OF THE PERFORMING LOANS

The performing loans amounted to € 2,225 million as at December 31, 2005, increasing by € 120.8 million year on year.

Mortgage loans reached € 676.1 million, showing an increase of 33.2%. Consumer loans on 2005 reached € 242.3 million, recording an increase of 15.3% compared to 2004 figures while Credit Card loans decreased by 4% to € 202.3 million.

The Greek market also noticed a decreased of 2.5% during the same period which can be explained by the fact that the past year was characterized by large amount of balance transfer from Credit cards to Consumer loans. Geniki also did a cleaning of the Credit card portfolio.

# Balance Sheet Items

## Evolution of Balance Sheet Figures

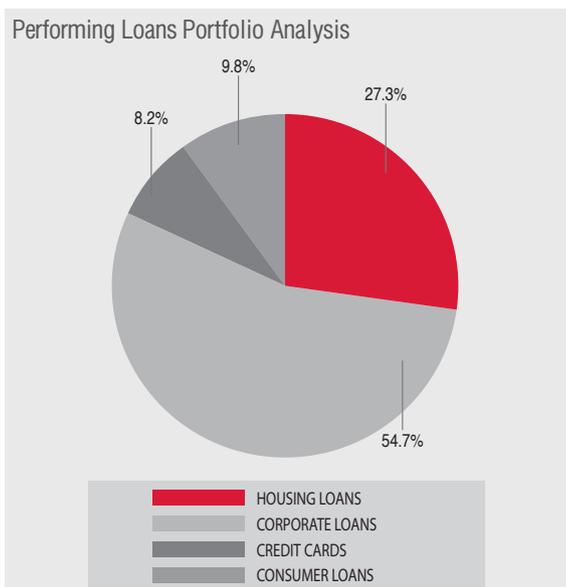


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Corporate loans were reduced by 14.0% to € 1,059.3 million. This reduction was however partially off-set by the accounting of bond loans for an amount of € 300.9 million, increased by 51.0% compared to 2004, which today constitutes an alternative way to fund a company's financing needs.

During 2005, Geniki proceeded to the cleaning of the corporate loan portfolio. Thus, the Bank suspended corporate loans to the Shipping Industry.

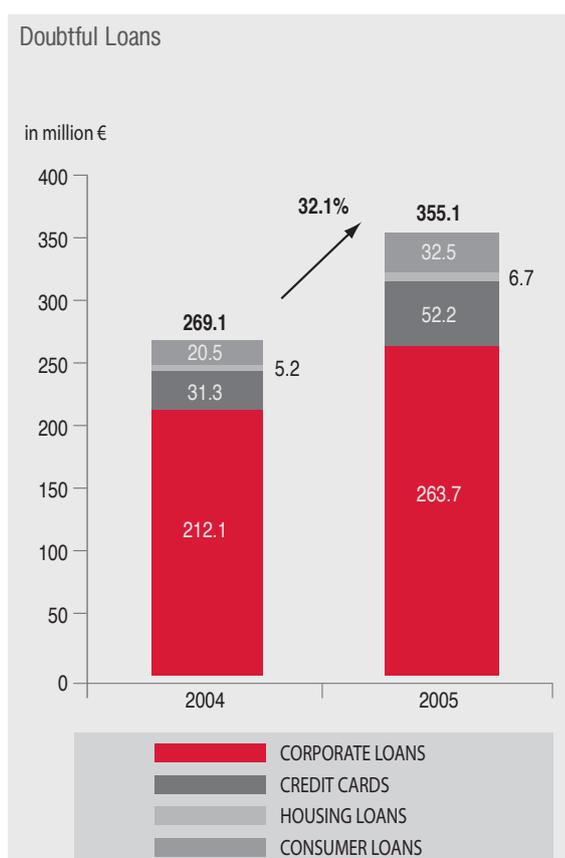
The other claims on 31.12.2005 amounted to € 9.9 million compared to € 1.6 million on 31.12.2004, displaying an increase of € 8.3 million.



### EVOLUTION OF DOUBTFUL LOANS

Doubtful loans on 31.12.2005 increased to € 355.1 million from € 269.1 million compared to 2004, showing an increase of 32%. This development is the result of the in-depth review of the credit portfolio of the Bank.

This review has shown the necessity to transfer to doubtful many loans considered as performing up to this time and to increase the level of provisions, mainly for corporate loans and Credit Cards.



### PROVISIONS FOR DOUBTFUL LOANS

As a consequence of the necessary measures taken by the new management of the Bank, the provisions for doubtful loans increased by € 65.2 million in 2005 and reached € 266.2 million, covering 9.4% of the entire loan portfolio versus 8.2% in the previous year. With these efforts, the non-performing loans portfolio was covered at 74.4%.

The increased by € 65.2 million in the provisions for doubtful loans is basically:

- Due to the increase by € 68.3 million by the application of IAS.
- Due to the provisions charging the results of the year 2005 by € 39.9 million.
- Due to write off provisions by € 43.0 million, on non-collectable loans.

# Balance Sheet Items

## Evolution of Balance Sheet Figures

### AVAILABLE FOR SALE PORTFOLIO

On 31.12.2005, the amount of the current value of the available for sale portfolio securities amounted to € 260.8 million compared to € 700.2 million on 31.12.2004 displaying a decrease by 63.0%.

The change (decrease) by € 439.4 million is due to the Bank Management Decision to reorganize this specific portfolio aiming to the limitation of the risk, the increase of the efficiency of the Bank and comes from:

By the increase by:

- € 13.6 million of the value of the bonded loans to companies with the state guarantee, the bonds of which are not quoted in the Stock Exchange.

By the decrease by:

- € 369.6 million of the value of the Greek State bonded loans.
- € 73.0 million of the value of the bonded loans of state guarantee, which are quoted in the Stock Exchange.
- € 4.5 million of the value of the shares no quoted in the Stock Exchange.
- € 6.0 million of the value of the shares of the mutual funds.

### PARTICIPATIONS IN SUBSIDIARIES AND IN AFFILIATES

The decrease by € 3.1 million is mainly due to the sell of the non-related to the Bank activity company A.I.S. on January 2005, which had as activity the production and the sell of software and which for years was loss making. Plus, Management decided to sell the company since it is not related to the activities of the Bank.

### INTANGIBLE ASSETS

On 31.12.2005, the intangible assets amounted to € 13.1 million compared to € 14.4 million on 31.12.2004 displaying a decrease by € 1.3 million.

### TANGIBLE ASSETS

On 31.12.2005, the tangible assets amounted to € 124.3 million compared to € 115.8 million on 31.12.2004, displaying an increase by 7.5%.

The change (increase) by € 8.5 million is mainly due to the expenses realized for the reorganization and the modernization part of the Bank's branches following the standards and the

practice of Société Générale.

### DEFERRED TAX CLAIMS & LIABILITIES

On 31.12.2005, the deferred tax claims amounted to € 65.7 million compared to € 42.2 million on 31.12.2004, displaying an increase by € 23.5 million. This increase is mainly due to provisions for the non-performing claims because of the application of IAS 39 by 1.1.2005, which are not tax deductible for the assessed year and the presentation of a negative taxable income of the year 2005.

On 31.12.2005, the deferred tax liabilities amounted to € 8.0 million compared to € 3.8 million on 31.12.2004 displaying an increase by € 4.2 million. This increase is mainly due to the reevaluation of the financial derivatives and to the difference by the accounting management of the fixed assets according to IFRS.

The deferred taxes are calculated according to the method of the full liability for all the temporary tax differences, which come up between the tax basis of the figures of the Assets and Liabilities and of their related accounting values, as they are displayed in the financial statements of the Bank, produced according to IFRS.

The calculation of the deferred tax claims is performed only when we have the possibility to be identified by the tax authorities in the future and according to the tax ration which will be applicable on the year that this identification is expected.

### DUE TO CREDIT INSTITUTIONS

On December 31, 2005, the total dues to Credit Institutions, local and foreign, amounted to € 623.6 million compared to € 443.3 million at the end of 2004, displaying an increase by 41.0%.

The change (increase) by € 180.3 million is due to:

- a. the increase of the time deposits to Credit Institutions by € 245.4 million.
- b. the decrease of the sight deposits to Credit Institutions by € 65.1 million.

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# Balance Sheet Items

## Evolution of Balance Sheet Figures



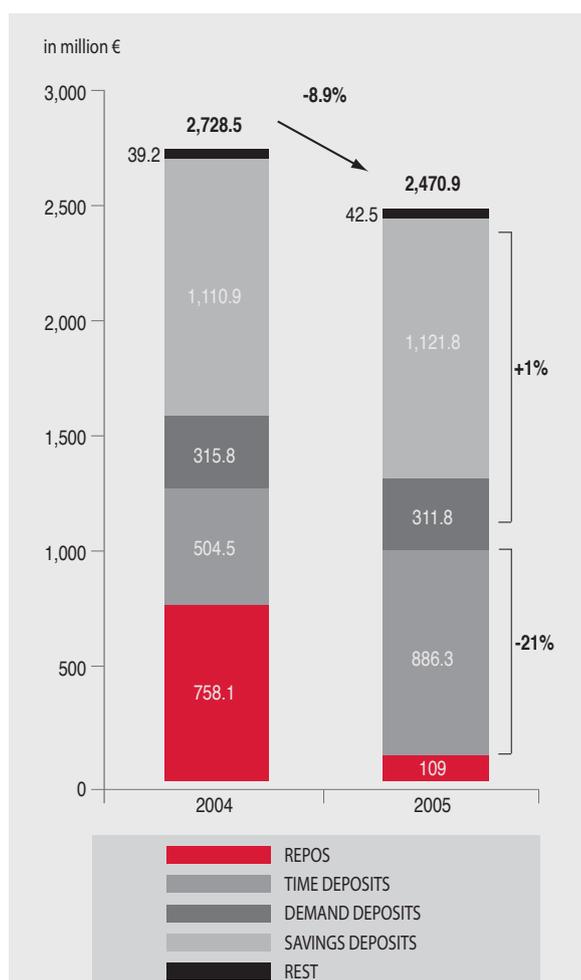
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### AMOUNTS OWED TO CUSTOMERS

The most significant figure under liabilities (70.4%) corresponds to deposits. Total customer deposits and repos reached € 2,470.9 million compared to € 2,728.5 million on 2004, showing a decrease by 9.5%.

The noticed change (decrease) of € 257.6 million is due to:

The decrease by € 649.1 million of the liabilities from REPOS and by € 4.0 million of the sight deposits and the increase by € 10.9 million euro of the Savings deposits, by € 381.8 million thousand euro of the time deposits, by € 1.9 million of the payable cheques and by € 0.9 million of the other liabilities.



### SUBORDINATED LIABILITIES:

#### GBG FINANCE PLC

GBG FINANCE P.L.C a subsidiary by 100% of the Group issued a subordinated loan guaranteed by the Bank amounted to €100 million with termination on 18.12.2011. On 19.12.2001, for this loan, GBG FINANCE P.L.C had proceeded to the issue of titles with nominal value € 100 million with a floating interest rate quarter Euribor plus 190 b.p. for the time period from 19.12.2001 until 18.12.2006 and quarter inter-banking interest rate plus 340 b.p. for the time period from 19.12.2006 until 18.12.2011. The interests are paid quarterly (March 19, June 19, September 19 and December 19).

### BANK'S EQUITY

In the Balance Sheet of December 31, 2005, the Shareholders' Equity of the Bank (Share Capital, Reserves and Results carried forward) amounted to € 209.9 million compared to € 181.1 million at the end of 2004.

The mentioned change (increase) of € 28.9 million is due to:

- a. the increase
  - by € 96.3 million of the paid Share Capital due to the increase of the Share Capital by cash payment.
- The increase was performed on July 2005, after a decision taken by the Extraordinary General Meeting of the shareholders of the Bank dated on May 12, 2005, with the issuance of 16,682,268 common nominal shares with a nominal value of € 5.77 and availability price of € 6.00 per share. The result of the increase increased by € 96.3 million the Share Capital of the Bank, whereas the rest, after a deduction of the expenses from the increase of the Share Capital, without taxes, has increased the difference from the issuance of the Share premium.
- by € 3.0 million of the difference from the issuance of the Share Premium.
- by € 0.2 million of the reserves.
- by € 1.1 million on the sell of shares that the Bank owned on December 31, 2004.

b. the increase of the negative Result carried forward by € 71.6 million which is due to:

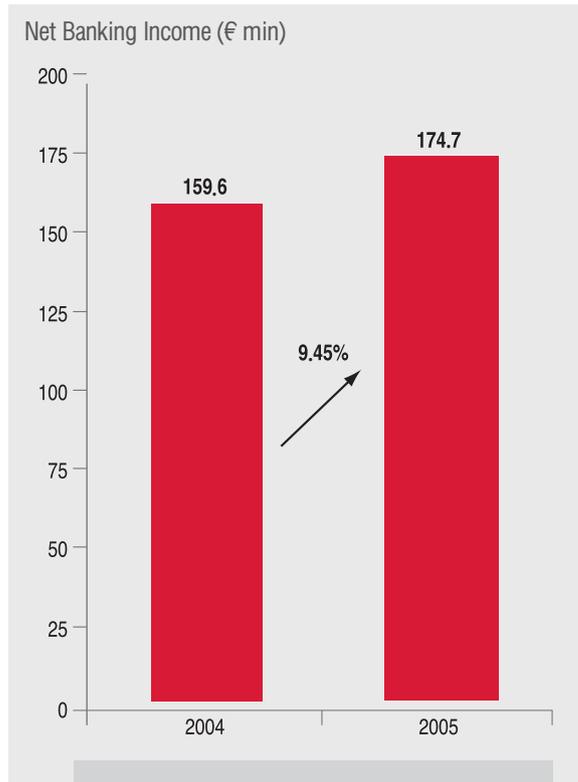
- b1: the decrease of the negative result carried forward
  - by € 0.03 million from transfer of reserves and other reasons
- b2: the increase of the negative result carried forward
  - by € 16.0 million in the negative operating results of the Bank on December 31, 2005.
  - by € 55.6 million in the first application of IAS 39 on 01.01.2005.

# Balance Sheet Items

## Evolution of Balance Sheet Figures

### PROFITS & LOSS ACCOUNTS RESULTS ON 31.12.2005

(€ million)	31/12/2005	31/12/2004
	IAS Format	Restated IAS
Net Interest Income	144.1	143.7
Net Fee and Commission Income	25.9	28.6
Dividend Income	1.5	2.6
Financial Operation Results	1.3	(20.1)
Other Operating Income	1.8	4.8
Net Banking Income	174.7	159.6
Operating Expenses	-154.2	-157.4
Gross Operating Income	20.5	2.2
Provisions	-37.8	-101.5
Result before Taxes	-17.4	-99.3
Net result	-16.0	-77.9



The overall 2005 result for Geniki Bank is a net improvement in comparison to the previous year:

- A 9.5% increase in net banking income.
- A slight decrease in general expenses despite important investments.
- Gross Operating Income also reached € 20.5 million; this is 9 times the result achieved in the previous year.
- Net decrease of the Cost/income ratio from 98.6% to 88.2%.

In the same time period, the risk review was achieved and translates to provisions of €37.8 million for the financial year 2005. In total, during two years, the cost of risk (provision for loan losses) is thereby raised to €140 million.

As a consequence, the net 2005 result of GENIKI Bank is negative and is set at € 16 million, as compared to € 77.9 million in 2004 and the consolidated accounts of the Group show a net negative result of € 14.1 million.

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# Balance Sheet Items

## Evolution of Balance Sheet Figures

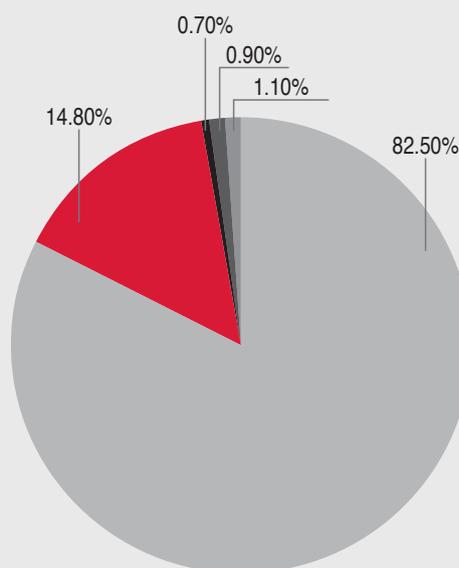


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### GENIKI Bank Gross Operating Results Structure

	2004	2005
Net Interest Income	90.0%	82.5%
Net Commission Income	17.9%	14.8%
Profit on Financial Operations	-12.6%	0.7%
Dividend Income	1.60%	0.9%
Other Operating Income	3.1%	1.1%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

Operating Results Structure GENIKI Bank 2005



NET INTEREST INCOME
NET COMMISSION INCOME
PROFIT ON FINANCIAL OPERATIONS
DIVIDEND INCOME
OTHER OPERATING INCOME

### CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP EVOLUTION OF THE GROUP OPERATIONS

The other operating income of the Group amounted to € 178.9 million compared to € 164.1 million of the relative last period, displaying an increase of € 14.8 million or a percentage of 9.0%.

The other operating expenses of the Group, including the non-performing provisions, amounted to € 194.5 million compared to € 266.5 million of the related last period, displaying a decrease by € 72.0 million or a percentage of -27.5%.

The ratio of the losses by consolidated companies with the equity method, which charged the results of the Group, amounted to € 0.1 million compared to a loss of € 0.01 million of the related last period.

The partial categories of the other operating income are displayed in the Consolidated Financial Statement of the Year with the criteria of the branch of the activity of the consolidated companies and are analyzed as follows:

ACTIVITY (€ million)	2005	2004
Banking Operations	174.7	159.6
Insurance Agency Services	1.0	0.9
Financial Leasing Services	5.7	5.8
Credit Cards Management Services	9.6	11.8
Issuance Services Provision or Bonded Loans Management	4.1	4.1
Provision of advices on financial issues	0.2	1.8
Provision of Securities Services	-	1.6
Mutual Funds Management Services	-	2.0
Provision of Services on Financial Issues	-	2.0
<b>TOTAL OPERATING INCOME BEFORE CONSOLIDATION</b>	<b>195.2</b>	<b>189.6</b>
<b>MINUS: ELIMINATIONS OF INTER-COMPANY TRANSACTIONS</b>	<b>(16.3)</b>	<b>(25.5)</b>
<b>TOTAL OTHER OPERATING INCOME</b>	<b>178.9</b>	<b>164.1</b>

# Balance Sheet Items

## Evolution of Balance Sheet Figures

The Group's result before taxes and provisions for non-performing claims for year 2005 is formed into a profit of € 23.6 million compared to a profit of € 2.3 million of the previous year. After the deduction of the provisions amounted to € 39.4 million, the Group's result before taxes for the year 2005 is formed into a loss € 15.7 million compared to a loss of € 102.4 million of the previous year.

The below Group's result before taxes

a. Is increasing with the no possible to be priced taxes amounted to € 1.6 million.

b. Is decreasing with the positive deferred tax result amounted to € 3.2 million and the final result of the Group for the year 2005 is formed into a loss of € 14.1 million compared to a loss of € 82.5 million of the year 2004 transferred to the result carried forward.

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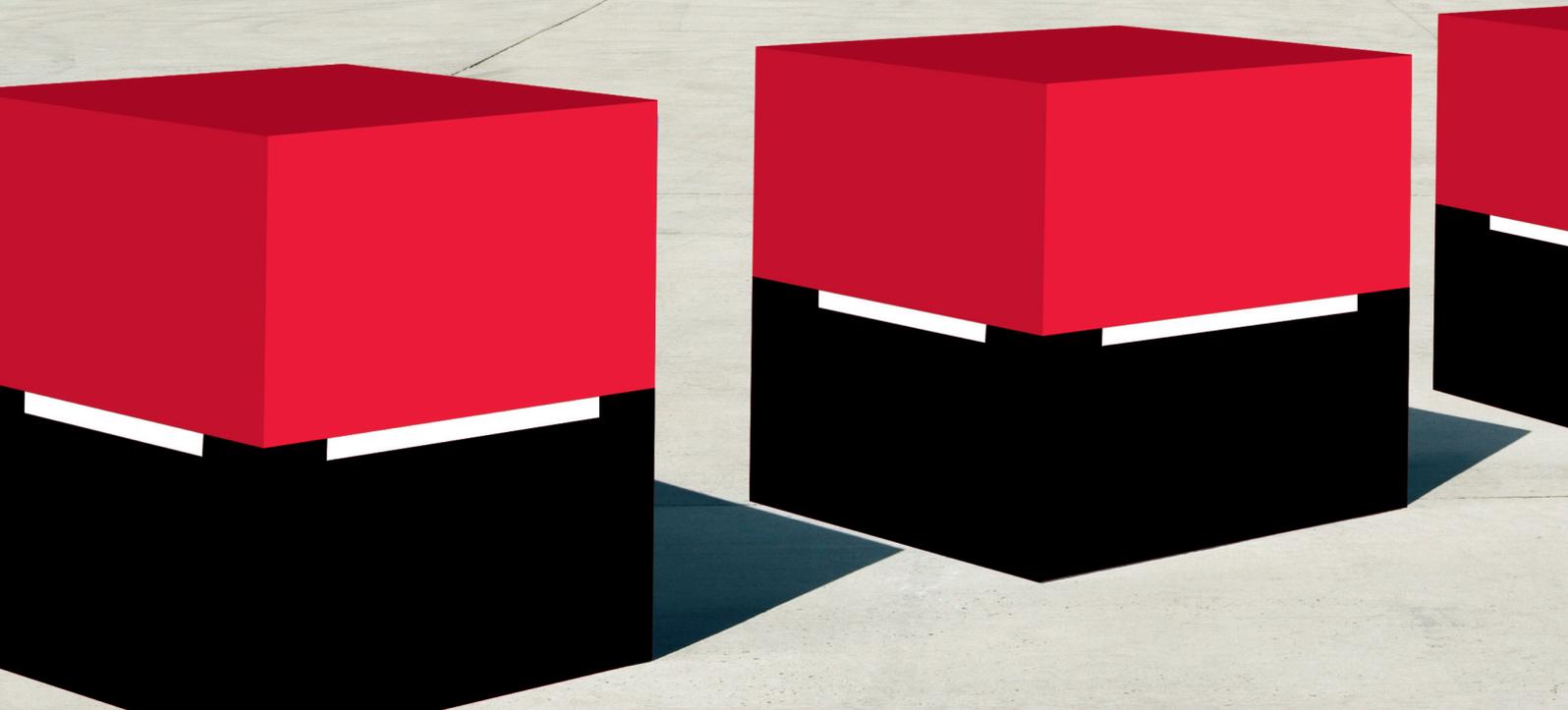
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# Administration Divisions



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## **ADMINISTRATION DIVISIONS MANAGING DIRECTOR AREA**

LEGAL ADVISOR

Alexandros Malakis

COMPLIANCE

Celine Haye - Kioussis

EXTERNAL COMMUNICATION

Panagiota Intouna - Papathanasi

INVESTORS RELATION & GENERAL SECRETERIAT

Evagelia Katsaki

MANAGEMENT OFFICE

Kleopatra Kyriazi

## **INTERNAL AUDIT & INSPECTION SECTOR**

INTERNAL AUDIT & INSPECTION

Christophe Porquet

## **RISK SECTOR**

RISK

Bouet Christian

NON-PERFORMING LOANS

Spyros Zarkos

MARKET RISK

Konstantinos Kostomoudis

CREDIT ASSESSMENT

Konstantinos Loukrezis

# Administration Divisions

## ADMINISTRATION DIVISIONS COMMERCIAL AREA

### DISTRIBUTION CHANNELS SECTOR

DISTRIBUTION CHANNELS SECTOR

Xenofon Apostolopoulos

INFORMATION TECHNOLOGY ADVISOR

Hrakis Polycronopoulos

HR ADVISOR

Region of Attiki

Christos Katis

Region of North & Central Greece

Iliana Panagopoulou

Region of West South Greece & Islands

Spyridoula Markopoulou

BANKING OMBUDSMAN COMPLAINTS

Christos Lambas

NETWORK DEVELOPMENT

Sakellarios Theodoridis

SMEs

Nikolaos Velonis

RETAIL BANKING

Ludovic Seringes

ALTERNATIVE CHANNELS

Konstantinos Liakeas

### LARGE CLIENTS SECTOR

LARGE CLIENTS SECTOR

George Koutsoudakis

LARGE CORPORATE BUSINESS CENTRE

Elias Balasis

BUSINESS DEVELOPMENT

Maria Mitropoulou

INVESTMENT BANKING

Alias Thierry

TREASURY

TBD

INSTITUTIONAL CLIENTS

Anastasia Christodouloupoulou

### STRATEGY & MARKETING SECTOR

STRATEGIC MARKETING

Pierre - Yves Desgurse

OPERATIONAL MARKETING

Stergios Sourlis

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# Administration Divisions



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## **ADMINISTRATION DIVISIONS** **ADMINISTRATION & FINANCE SECTOR**

ADMINISTRATION & FINANCE	Jacques Baillon
NATIONAL BACK-OFFICE	Dora Gerasimou
SECURITIES	Nikolaos Drouganis
GLOBAL SECURITIES SERVICES FOR INVESTORS	Panagiotis Papapetrou
INFORMATION TECHNOLOGY ADVISOR	Christos Salonikas
ACCOUNTING & TAX	Evangelos Skalidis
FINANCIAL CONTROL & ALM	Vasiliki Roulia
PROPERTIES ADMINISTRATION & SECURITY	Jean Pantzios
CENTRAL BACK OFFICE	Georgios Diamantopoulos
TECHNICAL SERVICES	Ioannis Kranakis

## **LEGAL SECTOR**

LEGAL	Nikolaos Hairopoulos
CORPORATE	Ioannis Vougioukalakis

## **INFORMATION TECHNOLOGY SECTOR**

INFORMATION TECHNOLOGY	Dimitrios Artemiou
------------------------	--------------------

## **HUMAN RESOURCES & TRAINING**

HUMAN RESOURCES & TRAINING	Ioannis Monachos
STAFFING & PROFESSIONAL MOBILITY	Laurence Botineau

# Administration Divisions

## DEVELOPMENT PROJECTS & ORGANIZATION SECTOR

DEVELOPMENT PROJECTS & ORGANIZATION SECTOR      Valery Henry

PROJECTS & ORGANIZATION      Michael Androulakis

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# Subsidiary Companies



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## **GENERAL CARDS & FINANCIAL SERVICES S.A.**

Marinou Antipa 96, Kalogreza, Tel.: 210 278 2100

VISA: Tel.: 210 697 5600, Fax: 210 697 5609

CASH 365: Tel.: 210 697 5547, Fax: 210 697 5618

e-mail: [gencard@geniki.gr](mailto:gencard@geniki.gr)

General Manager: John Placotarīs

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Mesogeion Avenue 109-111, 115 26 Athens

Tel.: 210 697 5100, Fax: 210 697 6192

e-mail: [nikos.papastavrou@geniki.gr](mailto:nikos.papastavrou@geniki.gr)

Managing Director: Evangelos Kostoulas

## **GENERAL INSURANCE AGENCY LTD**

61A, Katechaki Str. & Vrana Str., 115 25 Athens

Tel: 210 699 4050, Fax: 210 699 4051

e-mail: [genikins@otenet.gr](mailto:genikins@otenet.gr)

Manager: Themistoklis Sgouros (up to 14.02.06)

Michael Paftopoulos

## **GENERAL LEASING S.A.**

1-3, Nimpheou Str., 115 28 Athens

Tel: 210 697 5840 Fax: 210 697 5851

e-mail: [leasing@geniki.gr](mailto:leasing@geniki.gr)

General Manager: Konstantinos Bikas

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# Branch Network



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## BRANCH NETWORK ATTIKA

ACHARNON	73 Acharnon	104 40	ATHENS	Tel: 210 88.18.475 FAX 210 88.23.282
AG. ANARGIRI	L. Dimokratias 45	135 61	AG. ANARGYROI	Tel: 210 26.93.651 FAX 210 26.93.649
AG. DIMITRIOS	1-3 Th. Kolokotroni	173 43	AG. DIMITRIOS	Tel: 210 97.03.630 FAX 210 97.57.906
AG. PARASKEVI	455 Mesogion Av.	153 43	AGIA PARASKEVI	Tel: 210 60.00.443 FAX 210 60.01.127
AGIOY STEFANOS	Chelmou 9 - 11	145 65	AGIOS STEFANOS	Tel: 210 81.41.915 FAX 210 81.45.893
AIGALEO	245 Iera Odos - Kapodistriou	122 41	AIGALEO	Tel: 210 59.88.322 FAX 210 59.88.133
ALEXANDRAS AVENUE	67 Vatatzi	114 73	ATHENS	Tel: 210 64.65.634 FAX 210 64.45.741
ALIMOS	13 Kalamakiou	174 55	ALIMOS	Tel: 210 98.59.244 FAX 210 98.59.248
AMAROUSIOU	64 Kifissias Ave.	151 25	MAROUSSI	Tel: 210 61.97.800 FAX 210 61.97.805
AMERIKHS SKQUARE	171 Patission - L. Karagianni	112 52	ATHENS	Tel: 210 86.48.163 FAX 210 86.53.575
AMPELOKIPI	64-66 Kifissias Ave.	115 26	ATHENS	Tel: 210 69.18.567 FAX 210 69.10.246
ARGYROYPOLI	Kiprou 36	164 51	ARGYROYPOLI	Tel: 210 99.48.131 FAX 210 99.59.944
CHALANDRI	87And. Papandreou	152 32	CHALANDRI	Tel: 210 68.91.352 FAX 210 68.21.142
ELEFSINA	87 Pagalu - Ieras Odou	191 00	ELEFSINA	Tel: 210 55.61.945 FAX 210 55.65.340
GALATSI GLOBAL SEC. SERVICES FOR INVESTORS	Beikou Av. 9 - 11 87-89 Ermou	111 46 105 55	GALATSI ATHENS	Tel: 210 29.25.711 FAX 210 29.18.609 Tel: 210 69.76.055 FAX 210 69.76.080
GLYFADA	85 Vouliagmenis	166 74	GLYFADA	Tel: 210 96.33.202 FAX 210 96.33.280
GLYFADA B'	A. Papandreou 4	166 75	GLYFADA	Tel: 210 96.81.555 FAX 210 96.81.424
GROUP BRANCH ISLANDS	64-66 Kifissias Ave.	115 26	ATHENS	Tel: 210 69.76.918 FAX 210 69.76.195
ILIOUPOLI	40 Irinis Ave. & Kanari	163 45	ILIOUPOLI	Tel: 210 99.24.535 FAX 210 99.49.844
ILISSIA	1-3 Nymfaiou & Michalakopoulou	115 28	ATHENS	Tel: 210 77.56.385 FAX 210 77.59.018
KALLITHEA	50 Davaki & Andromachis	176 72	KALLITHEA	Tel: 210 95.15.287 FAX 210 95.24.071
KENTRIKO (MAIN BRANCH)	109 - 111 Mesogion Av.	115 26	ATHENS	Tel: 210 69.75.457 FAX 210 69.75.932
KHFISIA	Kifissias Av. 310 & Gortinias	145 63	KIFISIA	Tel: 210 62.02.072 FAX 210 62.02.072
KOLOKOTRONI	13 Kolokotroni	105 62	ATHENS	Tel: 210 32.30.751 FAX 210 32.36.595
KOLONAKI	Kapsali 7	106 74	ATHENS	Tel: 210 72.94.344 FAX 210 72.94.346
KORAI	Korai 7	105 64	ATHENS	Tel: 210 32.14.282 FAX 210 33.19.678
KOROPI	251 Vassileos Konstantinou Ave.	194 00	KOROPI ATTIKIS	Tel: 210 60.21.737 FAX 210 66.27.284
LARGE CLIENTS CENTER ATHENS	Kifissias Av. 280	152 32	CHALANDRI	Tel: 210 68.39.590 FAX 210 68.95.608
MARNI	11 Marni	104 33	ATHENS	Tel: 210 52.23.313 FAX 210 52.24.670

N. IONIA	56- 62 El. Venizelou	14231	N. IONIA	Tel: 21027.91.118 FAX 210 27.14.100
N. MAKRI	Marathonos Av. & N. Plastira	19005	N. MAKRI	Tel: 22940.91.244 FAX 22940 96.276
N. SMYRNI	Omirou 73 & El. Venizelou 32	17121	N. SMYRNI ATTIKIS	Tel: 21093.39.245 FAX 210 93.39.803
N.FALIRO	66-68 Athinon - Pireos	18547	PIRAEUS	Tel: 21048.25.278 FAX 210 48.21.975
NAFSTATHMOS SALAMINAS	Navy Yard Salamina	18900	SALAMINA	Tel: 21046.74.240 FAX 210 46.72.054
NIKEA	13 Davaki Square & P. Ralli	18454	NIKEA	Tel: 21049.51.605 FAX 210 49.51.769
NON PERFORMING LOANS	109-111 Mesogion Ave.	115 10	ATHENS	Tel: 210 69.75.171 FAX 210 69.75.907
OMONIA	65 Stadiou	105 51	ATHENS	Tel: 210 69.75.662 FAX 210 32.47.372
P. FALIRO	Ag. Alexandrou 34-36	175 61	PIRAEUS	Tel: 210 98.14.746 FAX 210 98.15.026
PAGRATI	89 Ymittou	116 33	ATHENS	Tel: 210 75.17.750 FAX 210 75.10.710
PALLINI	Marathonos Av. & iakinthou	153 44	PALLINI	Tel: 210 66.66.870 FAX 210 66.64.160
PAPAGOU	Ioan. Metaxa Square	156 69	PAPAGOU	Tel: 210 62.27.060 FAX 210 65.16.300
PATISSION	343 Patission	111 44	ATHENS	Tel: 210 22.83.596 FAX 210 20.21.172
PERISTERI	201 Thebon & Ag.Vassiliou	121 34	PERISTERI	Tel: 210 57.43.408 FAX 210 57.23.073
PIRAEUS	21-23 D. Gounari	185 31	PIRAEUS	Tel: 210 41.79.933 FAX 210 41.22.919
PIRAEUS B'	Hroon politexniou 59	185 35	PIRAEUS	Tel: 210 42.87.158 FAX 210 45.99.898
PSIXIKOU	L. Kifisias 264-266 & Omirou 1	154 51	PSIXIKO	Tel: 210 67.76.177 FAX 210 67.53.360
STRATOPEDO PAPAGOU	Stratopedo Papagou	10 20	ATHENS	Tel: 210 65.53.060 FAX 210 65.34.012
SYNTAGMA SQUARE	1 Hermou & Syntagma Sq.	105 63	ATHENS	Tel: 210 69.75.561 FAX 210 32.45.075
VIRONA	1 Chimaras & Kiprou	162 32	VIRONAS	Tel: 210 76.54.021 FAX 210 76.54.020
VOULA	94 Vas.Pavlou	166 73	VOULA	Tel: 210 89.55.120 FAX 210 89.92.793
VRILISSIA	62 L. Pedelis	152 35	VRILISSIA	Tel: 210 80.34.815 FAX 210 61.39.140

## ACHAIA

PATRA	104 Mesonos	262 21	PATRA	Tel: 2610 276174 FAX 2610 623993
PATRA B'	89 Ellinos Stratioti & Lamakos	264 41	PATRA	Tel: 2610 437723 FAX 2610 437727

## ARGOLIDA

ARGOS	Aghiou Petrou Square	212 00	ARGOS	Tel: 27510 25760 FAX 27510 24690
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## ARKADIA

TRIPOLI	13 28th Octovriou	221	00	TRIPOLI	Tel.: 2710 223791 FAX 2710 224294
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## ARTA

ARTA	16 Philellinon	471	00	ARTA	Tel.: 26810 79101 FAX 26810 73101
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## CHANIA

CHANIA	35 A. Papandreou-1 Archontaki	733	00	CHANIA	Tel.: 28210 27710 FAX 28210 27715
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KISSAMOY STR.	97 Kissamou	731	00	CHANIA	Tel.: 28210 70037 FAX 28210 70090
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PEDIO VOLIS KRITIS	Pedio Volis Kritis	731	00	SOUDA	Tel.: 28210 63165 FAX 28210 63165
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## CHIOS

CHIOS	Vounakiou Sq.	821	00	CHIOS	Tel.: 22710 22425 FAX 22710 22425
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## CORINTHIA

KIATO	Klisthenous 30	202	00	KIATO	Tel.: 27420 24171 FAX 27420 24232
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KORINTHOS	18 Ethn. Antistassis	201	00	KORINTHOS	Tel.: 27410 26442 FAX 27410 26443
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LOUTRAKI	1 Alkyonidon & Ethn. Antistassis	203	00	LOUTRAKI	Tel.: 27440 64564 FAX 27440 24089
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## DODECANISSA

RHODES	65 Amerikis & G. Efstathiou	851	00	RHODES	Tel.: 22410 23903 FAX 22410 26502
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## DRAMA

DRAMA	9 Karaiskaki	661	00	DRAMA	Tel.: 25210 45221 FAX 25210 46556
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## ELIA

PYRGOS	38 Patreon & G Douka	271	00	PYRGOS	Tel.: 26210 25768 FAX 26210 36250
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## EMATHIA

VERIA	5 El. Venizelou	591	00	VERIA	Tel.: 23310 22848 FAX 23310 76818
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## ETOLOAKARNANIA

AGRINIO 5 Anastasiadi 301 00 AGRINIO Tel: 26410 21694 FAX 26410 21697

## EVIA

CHALKIDA 32 El. Venizelou 341 00 CHALKIS Tel: 22210 81227 FAX 22210 81227

## EVROS

ALEXANDROUPOLI 325 Dimokratias Ave. 681 00 ALEXANDROUPOLI Tel: 25510 23172 FAX 25510 23173

ORESTIADA Konstantinupoleos 191 682 00 ORESTIADA Tel: 25520 81370 FAX 25520 26020

## FLORINA

FLORINA Paulou Mela 76 531 00 FLORINA Tel: 23850 23636 FAX 23850 45542

## FTHIOTIDA

LAMIA 3 Kapodistriou 351 00 LAMIA Tel: 22310 25855 FAX 22310 27230

## HERAKLION

DIMOKRATIAS AVENUE 61 Dimokratias Av. 713 06 HERAKLION Tel: 2810 330152 FAX 2810 330669

HERAKLION CRETE 6 Kyrilou Loukareos 712 01 HERAKLION Tel: 2810 286419 FAX 2810 288293

GROUP BRANCH IRAKLIO 137 Ethnikis Antistaseos Ave. 713 06 HERAKLION Tel: 2810 337501 FAX 2810 337510

## IOANNINA

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KEFALOVRYSSO Kefalovryssos 440 06 KEFALOVRYSSO Tel: 26557 41444 FAX 26557 41444

## KARDITSA

KARDITSA M. Iezekiil & Kolokotroni 431 00 KARDITSA Tel: 24410 27986 FAX 24410 27989

# Branch Network



page: 60

## KAVALA

<b>CHRYSSOUPOLI</b>	91 El. Venizelou	642	00	CHRYSSOUPOLI	Tel: 25910 22403	FAX	25910 47105
<b>GROUP BRANCH KAVALAS</b>	8 Ethnikis Antistaseos	654	03	KAVALA	Tel: 2510 459803	FAX	2510 489835
<b>KAVALA</b>	P Mela - 3 K. Palama	653	02	KAVALA	Tel: 2510 832678	FAX	2510 832701

## KERKYRA (CORFU)

<b>KERKYRA</b>	3 S. Samara	491	00	KERKYRA	Tel: 26610 30460	FAX	26610 47802
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## KILKIS

<b>KILKIS</b>	59 21st Iouniou - Kafkassou	611	00	KILKIS	Tel: 23410 24560	FAX	23410 24561
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## KOZANI

<b>KOZANI</b>	2 Pandoras Megaro Mitropolis	501	00	KOZANI	Tel: 24610 36333	FAX	24610 36333
<b>PTOLEMAIDA</b>	63 25th Martiou	502	00	PTOLEMAIDA	Tel: 24630 26262	FAX	24630 26262

## LAKONIA

<b>SPARTI</b>	73, I Gortsologlou	231	00	SPARTI	Tel: 27310 21003	FAX	27310 23612
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## LARISSA

<b>110 PTERIGA MACHIS</b>	110 Pteriga Machis	411	00	LARISSA	Tel: 2410 285207	FAX	2410 285207
<b>LARISSA</b>	Kiprou 24-28	412	22	LARISSA	Tel: 2410 536140	FAX	2410 536309
<b>LARISSA B'</b>	169 Iroon Polytechniou	412	23	LARISSA	Tel: 2410 283309	FAX	2410 551125

## LASITHI

<b>AG. NIKOLAOS</b>	11, 28th Octovriou	721	00	AGNIKOLAOS	Tel: 28410 23414	FAX	28410 23414
<b>IERAPETRA</b>	Kothri & Theotokopoulou	722	00	IERAPETRA	Tel: 28420 28072	FAX	28420 28072

## LESVOS

<b>LIMNOS</b>	Ipsipyliis Square	814	00	LIMNOS	Tel: 22540 25.855	FAX	22540 29897
<b>MYTILINI</b>	Archipelagous & Chiou	811	00	MYTILINI	Tel: 22510 20961	FAX	22510 43741

## MAGNISIA

<b>VOLOS</b>	75 Iassonos	382	21	VOLOS	Tel: 24210 29815	FAX	24210 31105
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## MESSINIA

<b>KALAMATA</b>	Sidirodromikou stathmou Av. 2	241	00	KALAMATA	Tel: 27210 28558	FAX	27210 63479
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## PELLA

<b>GIANNITSA</b>	D. & M. Papadopoulou 2	581	00	GIANNITSA	Tel: 23820 24182	FAX	23820 81236
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## PIERIA

<b>KATERINIS</b>	8 25th Martiu	601	00	KATERINI	Tel: 23510 46120	FAX	23510 25906
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## PREVEZA

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## RETHYMNO

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## RHODOPI

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## SERRES

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## THESPROTIA

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## THESSALONIKI

DIKITIRIOU 16 Diikitiroiou 546 30 THESSALONIKI Tel: 2310 536262 FAX 2310 531215

KALAMARIA Xilis 6 551 32 KALAMARIA Tel: 2310 410223 FAX 2310 403650

KALOCHORI. 39 28th Octovriou 570 09 KALOCHORI Tel: 2310 753082 FAX 2310 753045

### LARGE CLIENTS CENTER THESSALONIKI

Tsimiski 43 546 24 THESSALONIKI Tel: 2310 519.801 FAX 2310 256754

25<sup>TH</sup> MARTIOU 201 Vassilisis Olgas 546 46 THESSALONIKI Tel: 2310 411123 FAX 2310 411146

MONASTIRIOU 185 Monastiriou 546 27 THESSALONIKI Tel: 2310 541674 FAX 2310 544034

NEAPOLI 155 Papandreou Andr. 567 28 THESSALONIKI Tel: 2310 632990 FAX 2310 630906

PEREA 36 Ambelokipon & Kritis 570 19 THESSALONIKI Tel: 2392 076164 FAX 2392 076167

STAVROUPOLI Lagada 301 - 303 564 30 THESSALONIKI Tel: 2310 649598 FAX 2310 587730

TOUBA 158 Grigoriou Laabraki&Epidavrou 543 52 THESSALONIKI Tel: 2310 902500 FAX 2310 910999

TSIMISKI 6 Tsimiski 546 24 THESSALONIKI Tel: 2310 236130 FAX 2310 225149

## TRIKALA

TRIKALON 5 Dion. Skylosofou 421 00 TRIKALA Tel: 24310 23630 FAX 24310 30800

## VIOTIA

LEVADIA Boufidou 25 & Christodolou 321 00 LEVADIA Tel: 22610 87160 FAX 22610 25386

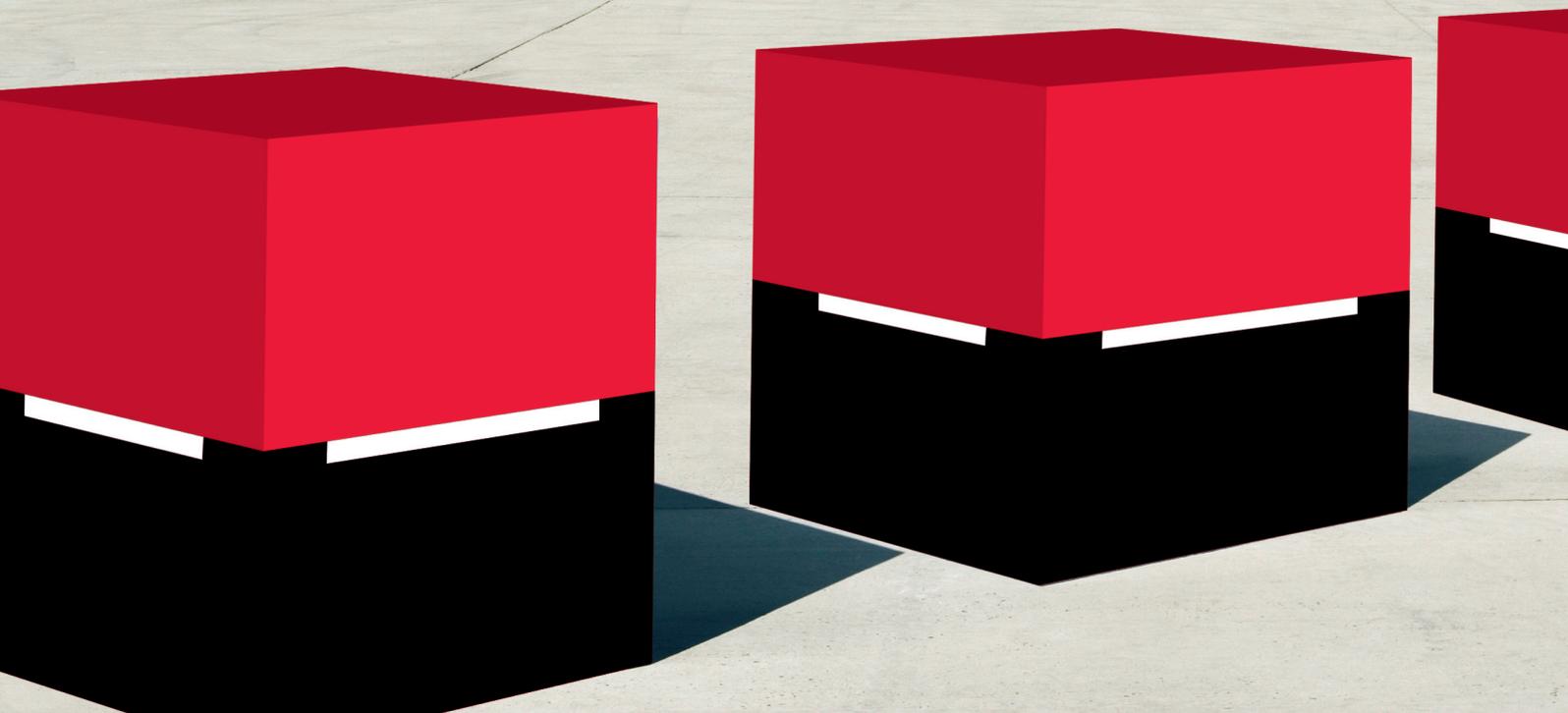
TANAGRA E.A.B. Tanagra 320 09 SCHIMATARI Tel: 22620 58548 FAX 22620 58548

THIVA Epameinoda 30 & Drakou 20 322 00 THEBES Tel: 22620 23.950 FAX 22620 89463

## XANTHI

XANTHI 4th Octovriou - Messologiou 671 00 XANTHI Tel: 25410 28013 FAX 25410 28014

Financial Statements  
of 31.12.2005  
GENIKI Bank Group



GENIKI Bank

A better Bank for a better life

A N N U A L  
R E P O R T 2005



# BOD'S Annual Report



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## **BOD'S ANNUAL REPORT FOR GENERAL BANK OF GREECE SA (YEAR 01.01.2005-31.12.2005)**

Ladies and Gentlemen Shareholders,

We would like to submit for approval the financial statements of the Bank, on single and consolidated basis, which have to do with the year from 1/1/2005 till 31/12/2005, stating, then, a detailed analysis of them, starting by the figures of the Balance Sheet. These financial statements are approved by the Board of Directors of the Bank by the meeting on March 17, 2006.

### **A. FINANCIAL STATEMENTS OF THE BANK**

#### **TOTAL ASSETS & LIABILITIES**

On 31.12.2005, the total Assets & Liabilities reached the amount of 3,510,114 thousand euro whereas at the end of the previous year they were amounted to 3,542,375 thousand euro. Namely, a decrease by 0.9% is displayed.

#### **CASH IN HAND AND DEPOSITS WITH CENTRAL BANK**

On December 31, 2005, the total of the Bank's cash in hand reached the amount of 105,438 thousand euro compared to 67,097 thousand euro at the end of 2004, displaying an increase by 57%.

The change by 38,341 thousand euro comes from the increase:

- Our main cash at bank (Cash in hand and collected cheques) by 7,616 thousand euro.

- Our deposits with the Bank of Greece by 30,725 thousand euro.

#### **CLAIMS TO CREDIT INSTITUTIONS**

On December 31, 2005, the total of our claims to Credit Institutions (local and foreign) amounted to 286,322 thousand euro compared to 91,668 thousand euro at the end of 2004 displaying an increase of 212% .

The change (increase) of 194,654 thousand euro comes from:

a. the increase

- Of our interbank sight and overnights deposits by 77,347

thousand euro

- Of our time deposits to Credit Institutions by 124,524 thousand euro

b. the decrease

- Of the loans to Credit Institutions by 7,217 thousand euro.

### **DERIVATIVES FOR FINANCIAL INSTRUMENTS**

The Bank is using derivatives for financial instruments for its own account, mainly for the hedging of the risks and for the account of its customers.

These products are recorded in the Bank's book on their acquisition cost. On daily basis, they are reevaluated on their fair value, as it is defined by the market prices or, wherever they do not exist, by the reevaluation models and Cash Flows analysis.

The results of the reevaluation on fair value of the derivatives which hedge the cash flows of the figures of the Balance Sheet, are directly recorded in the equity, on the fair value reserves, whereas the results of the reevaluation of the derivatives which hedge the fair value of the figures of the assets and of the derivatives of the commercial portfolio, are recorded in the results of the year.

On 31.12.2005, the Bank did not identify on the results of the year significant amounts from the non-operating relations of hedging by the year, which ended on December 31, 2005. In the assessed financial statements, derivatives of commercial portfolio with a profitable position amounted to 7,592 thousand euro are included in the figures of Assets and derivatives with a loss-making position amounted to 3,574 thousand euro are included in the figures of Liabilities.

### **LOANS & CLAIMS TO CUSTOMERS**

On December 31, 2005, the total of any kind of our loans to the economy amounted to 2,579,604 thousand euro, after the deduction of the provisions for non-performing claims, compared to 2,429,617 thousand euro of the last day of the previous year, displaying an increase by 6%.

## EVOLUTION OF THE PERFORMING LOANS

The performing loans displayed an increase by 120,848 thousand euro. In details:

On 31.12.2005, the loans through credit cards amounted to 202,301 thousand euro compared to 210,642 thousand euro at the end of 2004, displaying a decrease of -8,341 thousand euro or a percentage -4%.

On 31.12.2005, the loans with the form of consumer loans, of any form, amounted to 242,289 thousand euro compared to 210,121 thousand euro at the end of 2004, displaying an increase of 32,168 thousand euro or a percentage of 15%.

On 31.12.2005, any kind of housing loans amounted to 676,105 thousand euro compared to 507,642 thousand euro at the end of 2004, displaying an increase of 168,463 thousand euro or a percentage of 33%.

On 31.12.2005, the loans to Traders, Natural or Legal persons, amounted to 1,059,288 thousand euro compared to 1,232,360 thousand euro on 31.12.2004 displaying a decrease of -173,072 thousand euro or a percentage of 14%.

On 31.12.2005, the financings to SA companies under the form of bonded loans amounted to 300,864 thousand euro compared to 199,234 thousand euro on 31.12.2004, displaying an increase of 101,630 thousand euro or a percentage of 51%.

## EVOLUTION OF DOUBTFUL LOANS

On 31.12.2005, the doubtful loans amounted to 355,051 thousand euro compared to 269,064 thousand euro on 31.12.2004, displaying an increase of 85,987 thousand euro or a percentage of 32%.

## OTHER CLAIMS

On 31.12.2005, the other claims amounted to 9,891 thousand euro compared to 1,554 thousand euro on 31.12.2004, displaying an increase of 8,337 thousand euro.

## PROVISIONS FOR NON-PERFORMING CLAIMS

On 31.12.2005, the provisions for non-performing loans amounted to 266,184 thousand euro compared to 201,000 thousand euro on 31.12.2004 displaying an increase of 32.5%. The change (increase) of 65,184 thousand euro is due to:

- The increase of the provisions by: 68,331 thousand euro due to the application of IAS 39 (01.01.2005) 39,877 thousand euro due to the provisions charging the results of the year 2005
- The decrease of the provisions by 43,024 thousand euro, which were used for write-offs of non-susceptible of collection claims by loans.

## AVAILABLE FOR SALE PORTFOLIO

On 31.12.2005, the amount of the current value of the available for sale portfolio securities amounted to 260,810 thousand euro compared to 700,241 thousand euro on 31.12.2004 displaying a decrease by 63%.

The change (decrease) by 439,431 thousand euro is due to the Bank Management Decision to reorganize this specific portfolio aiming to the limitation of the risk, the increase of the efficiency of the Bank and comes from:

By the increase by:

- 3,595 thousand euro of the value of the bonded loans to companies with the state guarantee, the bonds of which are not quoted in the Stock Exchange.

By the decrease by:

- 369,577 thousand euro of the value of the Greek State bonded loans
- 72,985 thousand euro of the value of the bonded loans of state guarantee, which are quoted in the Stock Exchange
- 4,506 thousand euro of the value of the shares no quoted in the Stock Exchange
- 5,958 thousand euro of the value of the shares of the mutual funds.

## PARTICIPATIONS IN SUBSIDIARIES AND IN AFFILIATES

The decrease by 3,063 thousand euro is mainly due to the sell of the non-related to the Bank activity company A.I.S., which had as activity the production and the sell of software and which for years was loss making.

# BOD'S Annual Report



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## INTANGIBLE ASSETS

On 31.12.2005, the intangible assets amounted to 13,076 thousand euro compared to 14,426 thousand euro on 31.12.2004 displaying a decrease by 1,350 thousand euro.

## TANGIBLE ASSETS

On 31.12.2005, the tangible assets amounted to 124,253 thousand euro compared to 115,776 thousand euro on 31.12.2004, displaying an increase by 7.5%.

The change (increase) by 8,477 thousand euro is mainly due to the expenses realized for the reorganization and the modernization part of the Bank's branches following the standards and the practice of Société Générale .

## DEFERRED TAX CLAIMS & LIABILITIES

On 31.12.2005, the deferred tax claims amounted to 65,651 thousand euro compared to 42,192 thousand euro on 31.12.2004, displaying an increase by 23,459 thousand euro. This increase is mainly due to provisions for the non-performing claims because of the application of IAS 39 by 1.1.2005, which are not tax deductible for the assessed year and the presentation of a negative taxable income of the year 2005.

On 31.12.2005, the deferred tax liabilities amounted to 8,003 thousand euro compared to 3,777 on 31.12.2004 displaying an increase by 4,226 thousand euro. This increase is mainly due to the reevaluation of the financial derivatives and to the difference by the accounting management of the fixed assets according to IFRS.

The deferred taxes are calculated according to the method of the full liability for all the temporary tax differences, which come up between the tax basis of the figures of the Assets and Liabilities and of their related accounting values, as they are displayed in the financial statements of the Bank, produced according to IFRS.

The calculation of the deferred tax claims is performed only when we have the possibility to be identified by the tax authorities in the future and according to the tax ration which will be applicable on the year that this identification is expected.

## OTHER ASSETS

At the end of 2005, Other Assets reached the amount of 57,488 thousand euro compared to 68,415 thousand euro at the end of 2004.

The total decrease which amounted to 10,927 thousand euro is due to:

a. the decrease:

- of the accruals and deferred accounts by 7,261 thousand euro
- of the paid transactions margins by 7,802 thousand euro
- of the transactions settlement accounts by 3,432 thousand euro

b. the increase:

- of the prepaid tax by 528 thousand euro
- of the other assets by 7,040 thousand euro.

## DUE TO CREDIT INSTITUTIONS

On December 31, 2005, the total of our dues to Credit Institutions, not only local but also foreign, amounted to 623,552 thousand euro compared to 443,328 thousand euro at the end of 2004, displaying an increase by 41%.

The change (increase) by 180,224 thousand euro is due to:

- the increase of the time deposits to Credit Institutions by 245,344 thousand euro.
- the decrease of the sight deposits to Credit Institutions by 65,120 thousand euro.

## DUE TO CUSTOMERS

At the end of the year 2005, any kind of dues to customers, in which the REPOS are included, amounted to 2,470,868 thousand euro compared to 2,728,510 thousand euro of the year 2004, displaying a decrease by 9.5%.

The noticed change (decrease) of 257,642 thousand euro is due to:

a. the increase

- by 10,888 thousand euro of the Savings deposits
- by 381,829 thousand euro of the time deposits
- by 1,897 thousand euro of the payable cheques

- by 867 thousand euro of the other liabilities

b. the decrease

- by 649,140 thousand euro of the liabilities from REPOS
- by 3,983 thousand euro of the sight deposits.

## STAFF BENEFITS PROVISIONS

On 31.12.2005, the provisions for indemnity of the exited staff amounted to 20,668 thousand euro compared to 20,716 thousand euro on 31.12.2004. This amount is destined to cover the future obligations of the Bank about payment of indemnity of exited staff due to retirement or after the full fifteen years service.

## RISKS & CHARGES PROVISIONS

At the end of 2005, the risks & charges provisions amounted to 17,695 thousand euro compared to 19,707 thousand euro at the end of 2004, displaying a decrease by 2,012 thousand euro and are destined for the cover of future obligations of the Bank from extraordinary risks and taxes.

## OTHER LIABILITIES

At the end of 2005, other liabilities reached the amount of 55,922 thousand euro compared to 45,440 thousand euro on 31.12.2004, displaying an increase by 23%.

The total change (increase) of 10,482 thousand euro comes from:

a. by the increase of

- the accruals and deferred accounts by 642 thousand euro
- our dues to Social Security by 88 thousand euro
- the collections of third parties accounts by 2,403 thousand euro
- the other liabilities by 8,141 thousand euro

b. by the decrease

- of the payable taxes by 792 thousand euro.



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## BANK'S EQUITY

In the Balance Sheet of December 31, 2005, the Shareholders' Equity of the Bank (Share Capital, Reserves and Results carried forward) amounted to 209,949 thousand euro compared to 181,068 thousand euro at the end of 2004.

The mentioned change (increase) of 28,881 thousand euro is due to:

a. the increase

- by 96,256 thousand euro of the paid Share Capital due to the increase of the Share Capital by cash payment.

The increase was performed on July 2005, after a decision taken by the Extraordinary General Meeting of the shareholders of the Bank dated on May 12, 2005, with the issuance of 16,682,268 common nominal shares with a nominal value of 5.77 euro and availability price of 6 euro per share. The result of the increase increased by 96,256 thousand euro the Share Capital of the Bank, whereas the rest, after a deduction of the expenses from the increase of the Share Capital, without taxes, has increased the difference from the issuance of the Share premium

- by 2,977 thousand euro of the difference from the issuance of the Share Premium

- by 161 thousand euro of the reserves

- by 1,107 thousand euro on the sell of shares that the Bank owned on December 31, 2004

b. the increase of the negative Result carried forward by 71,620 thousand euro which is due to:

b1: the decrease of the negative result carried forward

- by 31 thousand euro from transfer of reserves and other reasons

b2: the increase of the negative result carried forward

- by 16,032 thousand euro in the negative operating results of the Bank on December 31, 2005

- by 55,619 thousand euro in the first application of IAS 39 on 01.01.2005.

## OTHER OPERATING INCOME

On 31.12.2005, other operating income amounted to 174,663 thousand euro compared to 159,581 thousand euro on 31.12.2004 displaying an increase compared to the previous year by 15,082 thousand euro or by a percentage 9.5%.

Particularly, the interests net income amounted to 144,083 thousand euro compared to 143,656 thousand euro of the previous year displaying an increase by 0.3%.

Fees & commissions net income from intermediary

transactions amounted to 25,884 thousand euro compared to 28,620 thousand euro of the previous year, displaying a decrease by 9.5%.

The decrease is due to the limitation of the commissions because of the application of decisions by the Bank of Greece, which do not allow the collection of the commissions from loans accounts, which may be integrated in the loans interest rate.

Dividends income amounted to 1,541 thousand euro compared to 2,581 thousand euro of the previous year displaying a decrease by 40%.

The results of the financial transactions amounted to (profits) 1,322 thousand euro compared to (losses) -20,117 thousand euro of the previous year.

This change is mainly due to the profits generated by the liquidation of the Greek state bonds portfolio, which was realized within the year 2005.

The other operating income amounted to 1,833 thousand euro compared to 4,841 thousand euro of the previous year, displaying a decrease by 62%. The decrease is mainly due to the fact that by the year 2004, occasional profits amounted to 2 millions euro, which will not be repeated in the future, were generated.

## OTHER OPERATING EXPENSES

By 2005, other operating expenses amounted to 192,025 thousand euro compared to 258,883 thousand euro in 2004, displaying a decrease by 66,858 thousand euro and by a percentage of 26%.

Particularly, the provisions for credit and other risks amounted to 37,805 thousand euro compared to 101,528 thousand euro of the previous year, displaying a decrease by 63,723 thousand euro or by a percentage of 62.5%.

By the year 2005, the provisions amounted to 37,8 millions euro are significantly inferior to the provisions of the previous year but importantly higher compared to the expected provisions for the size of the Bank and affected so badly the result of the year that losses were displayed.

Staff fees and expenses amounted to 85,212 thousand euro compared to 81,269 thousand euro of the previous year, displaying an increase of 5% approximately. This increase is due to the cost-of-living index increase of the staff wages and the increase due to the purchase of the Societe Generale Hellas branches by Geniki Bank and the staff transfer ,which

followed, on 01.11.2004.

The General administrative expenses amounted to 55,068 thousand euro compared to 56,475 thousand euro of the previous year displaying a decrease by 2.5%.

The amortizations amounted to 13,940 thousand euro compared to 19,611 thousand euro of the previous year displaying a decrease by 29%.

If by the total other operating income (174,663 thousand euro) the staff fees and expenses are deducted (85,212 thousand euro), the General administrative expenses (55,068 thousand euro) and the amortizations (13,940 thousand euro), a result before provisions and before taxes of profit 20,443 thousand euro comes up compared to the profit of 2,226 euro by the previous year.

After the deduction of the provisions (37,805 thousand euro), the result before taxes of the year 2005 amounted to a loss of 17,362 thousand euro compared to a loss of 99,302 thousand euro of the previous year.

The above result (loss) before taxes of 17,362 thousand euro:  
a. is increased with the impossible to be priced taxes amounted to 1,292 thousand euro.

b. is decreased with the positive deferred tax result amounted to 2,622 thousand euro and formed the final result of the year 2005 to a loss amounted to 16,032 thousand euro compared to a loss of 77,899 thousand euro of the year 2004 and is transferred to the next year.

## B. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

### 1. EVOLUTION OF THE GROUP OPERATIONS

The other operating income of the Group amounted to 178,912 thousand euro compared to 164,097 thousand euro of the relative last period, displaying an increase of 14,815 thousand euro or a percentage of 9%.

The other operating expenses of the Group, including the non performing provisions, amounted to 194,529 thousand euro compared to 266,486 thousand euro of the related last period, displaying a decrease by 71,957 thousand euro or a percentage of -27.5%.

The ratio of the losses by consolidated companies with

the equity method, which charged the results of the Group, amounted to 123 thousand euro compared to a loss of 14 thousand euro of the related last period.

The partial categories of the other operating income are displayed in the Consolidated Financial Statement of the Year with the criteria of the branch of the activity of the consolidated companies and are analyzed in thousand euro as follows:

ACTIVITY	2005	2004
Banking Operations	174.663	159.582
Insurance Agency Services	985	856
Financial Leasing Services	5.690	5.804
Credit Cards Management Services	9.577	11.833
Issuance Services Provision or Bonded Loans Management	4.126	4.123
Provision of advices on financial issues	204	1.799
Provision of Securities Services	-	1.560
Mutual Funds Management Services	-	2.036
Provision of Services on Financial Issues	-	1.986
<b>TOTAL OPERATING INCOME BEFORE CONSOLIDATION</b>	<b>195.245</b>	<b>189.579</b>
<b>MINUS : ELIMINATIONS OF INTERCOMPANY TRANSACTIONS</b>	<b>(16.333)</b>	<b>(25.482)</b>
<b>TOTAL OTHER OPERATING INCOME</b>	<b>178.912</b>	<b>164.097</b>

The Group's result before taxes and provisions for non-performing claims for the year 2005 is formed into a profit of 23,627 thousand euro compared to a profit of 2,347 thousand euro of the previous year. After the deduction of the provisions amounted to 39,367 thousand euro, the Group's result before taxes for the year 2005 is formed into a loss 15,740 thousand euro compared to a loss of 102,403 thousand euro of the previous year.

The below Group's result before taxes

a. is increasing with the no possible to be priced taxes amounted to 1,577 thousand euro

b. is decreasing with the positive deferred tax result amounted to 3,235 thousand euro and the final result of the Group for the year 2005 is formed into a loss of 14,082 thousand euro

# BOD'S Annual Report



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compared to a loss of 82,458 thousand euro of the year 2004 transferred to the result carried forward.

## **GENIKI FINANCE**

The total income by the year 2005 amounted to 204 thousand euro compared to 1,799 thousand euro of the previous period, displaying a decrease of 1,595 thousand euro.

The results of the year were formed into a loss of 281 thousand euro compared to profits of 1,207 thousand euro of the previous year displaying a decrease by 1,488 thousand euro.

## **ADVANCED INFORMATION SERVICES (A.I.S)**

This company was sold on January 31, 2005 and charged the results of the year with a loss of 75 thousand euro.

## **GENERAL CARDS & FINANCIAL SERVICES**

This company is activating at the management and the promotion of credit cards and is pretending to an autonomous presence in the Greek Market.

The total income of the company during the year 2005 amounted to 9,577 thousand euro compared to 11,833 thousand euro on the previous year, displaying a decrease by 2,256 thousand euro.

In 2005, the profits before taxes became 411 thousand euro compared to 1,112 thousand euro in 2004, displaying a decrease by 701 thousand euro.

## **GENIKI LEASING S.A.**

By the year 2005, the total income of the company amounted to 5,690 thousand euro compared to 5,804 thousand euro of the previous year, displaying a decrease by 114 thousand euro.

By the year 2005, the losses of the company amounted to 1,319 thousand euro compared to losses of 2,594 thousand euro of the previous year, displaying an increase of the loss by 1,275 thousand euro.

## **GENERAL INSURANCE AGENCY LTD**

By the year 2005, the total income amounted to 985 thousand euro compared to 856 thousand euro of the previous period, displaying an increase by 129 thousand euro.

For the year 2005, the results were formed into 117 thousand

euro profit compared to 340 thousand euro by the year 2004, i.e. they displayed a decrease by 223 thousand euro.

## **GBG FINANCE PLC**

The company was established on November 2001 as vehicle of issuance of subordinated loan of the Bank and has its HQs in London. By the year 2005, its turnover amounted to 4,126 thousand euro compared to 4,123 thousand euro, displaying an increase by 3 thousand euro.

By the year 2005, the company performed profits of 5 thousand euro compared to 7 thousand euro of the previous year, displaying a decrease of 2 thousand euro.

## **2. EXPECTED PROGRESS OF THE COMPANIES OF THE GROUP**

### **GENIKI FINANCE**

By the beginning of the year 2002, the company was reactivated in the provision of financial advices.

### **ATHENS INVESTORS SERVICES**

In the context of the reorganization of the companies of the Group and its occupation with clearly banking operations, on 31.12.2005, this specific company stopped to exist in the Geniki Group due to its sell.

### **GENERAL CARDS & FINANCIAL SERVICES**

The perspectives of development of its operations for the year 2006 are expected to be promising.

### **GENAP S.A.**

It is under liquidation since 31.12.2002. Its participation in the consolidated Balance Sheet is a loss of 52 thousand euro.

### **GENERAL INSURANCE AGENCY LTD**

In the context of the designed strategic planning, the Bank established on 10.2.2000 'GENERAL INSURANCE AGENCY LTD' aiming to the cover of the whole sector of insurance operations of the Bank.

After a decision taken by the Management of the Bank, this company is transformed to a Societe Anonyme with the name 'GENERAL INSURANCE AGENCY S.A.'.

# BOD'S Annual Report

## **GEOGNOMON S.A.**

It is under liquidation since 30.6.2005.

Its participation in the consolidated balance sheet is a loss of 103 thousand euro.

## **OTHER INFORMATION**

There are not other important facts, which were intervened from the closing of the year till the composition of the present report, which should be mentioned.

Athens, March 17, 2006

THE CHAIRMAN

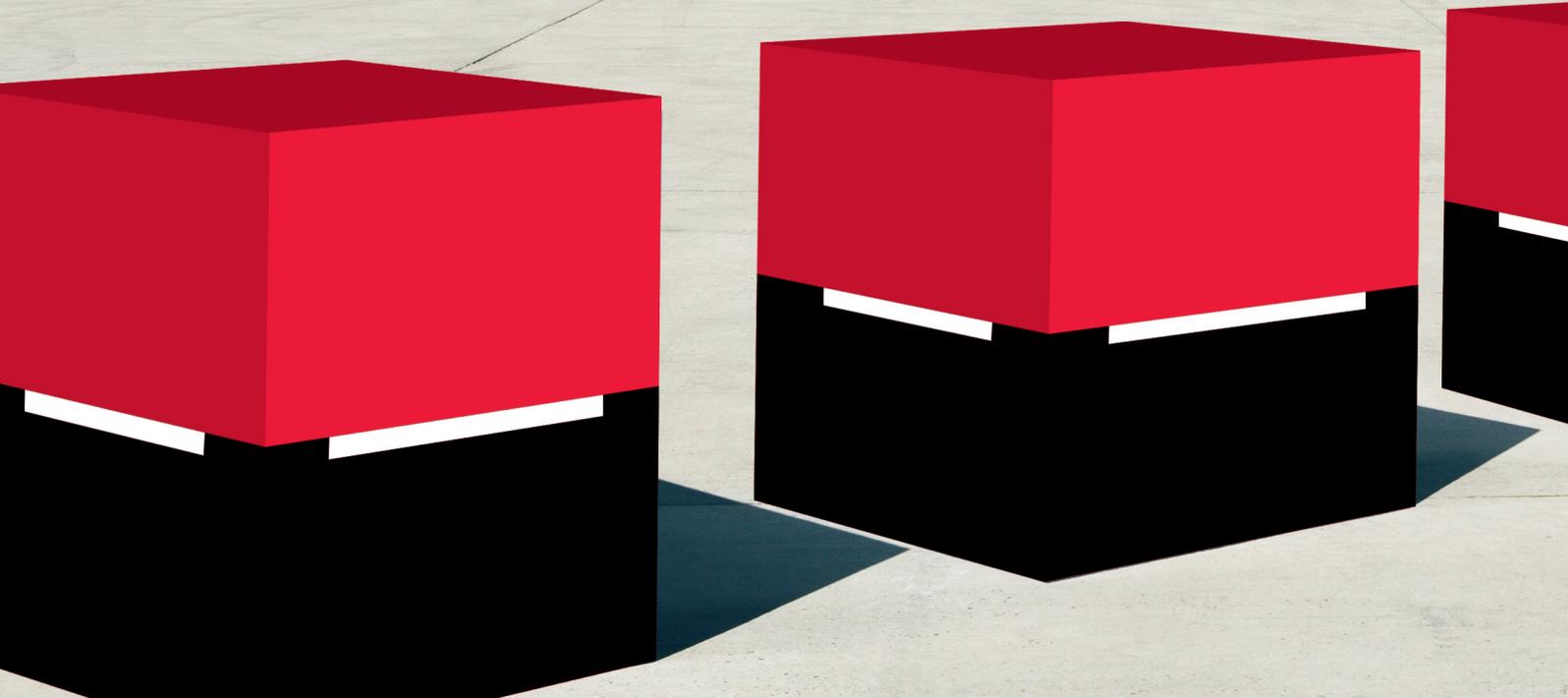
TRYFON J. KOUTALIDIS  
ID No A151367

**GENIKI Bank**  
A better Bank for a better life

A N N U A L  
R E P O R T 20**05**

*page: 9*

# Consolidated Financial Statements



GENIKI Bank  
A better Bank for a better life

A N N U A L  
R E P O R T 2005





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**GENIKI**  
7 Bank

### **Auditor's Report**

To the Shareholders of the GENERAL BANK OF GREECE S.A.

We have audited the accompanying consolidated balance sheet of "General Bank of Greece S.A." (the "Bank") and its subsidiaries (the "Group") as of 31 December 2005 and the related consolidated statements of income, changes in shareholders equity and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall consolidated financial statement presentation as well as assessing the consistency of the Board of Director's report with the aforementioned financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Group, as of 31 December 2005, and of the results of its operations, its changes in shareholders equity and the cash flows for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Director's Report is consistent with the aforementioned financial statements.

Athens, 20 March 2006

Certified Public Accountant - Auditor

Nikolaos C. Sofianos

RN SOEL 12231  
**Deloitte.**

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# 2005 Consolidated financial statements - IFRS

## Consolidated Income Statement

	Notes	1.1 to 31.12.2005	1.1 to 31.12.2004
(amounts in '000 euro)			
Interest and similar income	4	197,169	204,455
Interest expense and similar charges	4	(50,475)	(58,462)
<b>Net interest income</b>		<b>146,694</b>	<b>145,993</b>
Fee and commission income	5	27,492	32,901
Fee and commission expense	5	(1,792)	(1,884)
<b>Net fee and commission income</b>		<b>25,700</b>	<b>31,017</b>
Dividend income	6	73	121
Financial operations results	7	1,271	(19,269)
Other operating income	8	5,174	6,235
<b>OPERATING INCOME</b>		<b>178,912</b>	<b>164,097</b>
Provisions for credit and other risks	16, 26	(39,367)	(104,750)
Staff cost and related expenses	9	(89,039)	(90,316)
Administration expenses	10	(51,964)	(51,351)
Depreciation and amortization	19, 20	(14,159)	(20,069)
<b>OPERATING EXPENSES</b>		<b>(194,529)</b>	<b>(266,486)</b>
Share of profit (loss) of associates	18	(123)	(14)
<b>Profit / (loss) before taxes</b>		<b>(15,740)</b>	<b>(102,403)</b>
Current tax	11	(1,577)	(1,498)
Deferred tax	11	3,235	21,443
<b>Profit / (loss)</b>		<b>(14,082)</b>	<b>(82,458)</b>
<b>Profit / (loss) attributable to equity holders of the Bank</b>		<b>(14,082)</b>	<b>(82,458)</b>
<b>Basic earnings / (loss) per share (in euro)</b>	12	<b>(0.29)</b>	<b>(2.12)</b>

ATHENS, MARCH 17, 2006

THE  
CHAIRMAN

TRYFON I. KOUTALIDIS

THE  
MANAGING  
DIRECTOR

JACQUES C. TOURNEBIZE

THE  
MANAGER OF  
FINANCIAL SERVICES DIVISION

EVAGELLOS E. SKALIDIS

The notes (pages 9 to 66) are an integral part of these consolidated financial statements.



## Consolidated Balance Sheet

	Notes	31.12.2005	31.12.2004
(amounts in '000 euro)			
<b>ASSETS</b>			
Cash and balances with central bank	13	106,692	67,101
Due from banks	14	286,403	91,734
Derivative financial instruments	15	7,592	-
Loans and advances to customers, net	16	2,571,875	2,415,263
Investment securities - available for sale	17	260,938	700,370
Investments in associate undertakings	18	1,143	1,266
Intangible assets	19	12,804	14,165
Property, plant and equipment	20	124,743	116,541
Deferred income tax assets	22	67,017	42,899
Other assets	21	62,133	76,408
<b>Total assets</b>		<b>3,501,340</b>	<b>3,525,747</b>
<b>LIABILITIES</b>			
Due to banks	23	622,107	440,988
Due to customers	24	2,457,351	2,710,897
Derivative financial instruments	15	3,574	-
Subordinated debt	25	99,883	99,829
Retirement benefit obligations	27	20,816	20,874
Risks & charges provisions	26	18,325	19,983
Deferred income tax liabilities	22	8,004	3,777
Other liabilities	28	60,733	49,757
<b>Total liabilities</b>		<b>3,290,793</b>	<b>3,346,105</b>
<b>EQUITY</b>			
Share capital	29	336,898	240,642
Share premium	30	62,620	59,643
Treasury shares	34	-	(773)
Other reserves and retained earnings	31, 32, 33	(188,971)	(119,870)
<b>Total equity</b>		<b>210,547</b>	<b>179,642</b>
<b>Total equity and liabilities</b>		<b>3,501,340</b>	<b>3,525,747</b>

ATHENS, MARCH 17, 2006

THE  
CHAIRMAN

TRYFON I. KOUTALIDIS

THE  
MANAGING  
DIRECTOR

JACQUES C. TOURNEBIZE

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EVAGELLOS E. SKALIDIS

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## Consolidated Statement of Changes in Equity

2004	Share capital	Share premium	Fair value revaluation reserve	Other reserves & retained earnings	Treasury shares	Total equity
				(amounts in '000 euro)		
At 01.01.2004	140,955	49,570	-	(15,725)	(790)	174,010
Share capital increase	78,000	10,073	-	-	-	88,073
Sale of treasury shares	-	-	-	-	17	17
Capitalization of reserves	21,687	-	-	(21,687)	-	-
Loss for the period	-	-	-	(82,458)	-	(82,458)
<b>At 31.12.2004</b>	<b>240,642</b>	<b>59,643</b>	<b>-</b>	<b>(119,870)</b>	<b>(773)</b>	<b>179,642</b>
				(amounts in '000 euro)		
2005	Share capital	Share premium	Fair value revaluation reserve	Other reserves & retained earnings	Treasury shares	Total equity
At 01.01.2005	240,642	59,643	-	(119,870)	(773)	179,642
First application of IAS 39 (01.01.2005)	-	-	5,134	(55,618)	-	(50,484)
Share Capital Increase	96,256	2,977	-	-	-	99,233
Sale of treasury shares	-	-	-	383	773	1,156
Fair value revaluation	-	-	(4,973)	-	-	(4,973)
Loss for the period	-	-	-	(14,082)	-	(14,082)
Other	-	-	-	55	-	55
<b>At 31.12.2005</b>	<b>336,898</b>	<b>62,620</b>	<b>161</b>	<b>(189,132)</b>	<b>-</b>	<b>210,547</b>

The notes (pages 9 to 66) are an integral part of these consolidated financial statements.

## Consolidated Cash Flow Statement

Cash flows from operating activities	31.12.2005	31.12.2004
	(amounts in '000 euro)	
Loss after tax	(14,082)	(82,458)
<i>Adjustment for:</i>		
Depreciation of property plan and equipment	10,619	14,368
Amortization of intangible assets	3,540	5,701
Impairment loss on loans	41,185	88,404
Provisions for staff benefits	1,756	6,408
Other provisions	(1,818)	16,346
Deferred income tax	(3,235)	(21,443)
(Profit) loss from sales of fixed assets	(153)	-
(Profit) loss from trading	(12,982)	(5,769)
Dividend income	(73)	(121)
Share of profit (loss) from associates	123	13
Foreign exchange (profit) loss on cash and cash equivalents	(858)	(1,211)
	<b>24,022</b>	<b>20,238</b>
<b>Net (increase) decrease of assets relating to operating activities:</b>		
Due from banks	(26,027)	(29,862)
Trading portfolio and derivatives	(4,551)	-
Loans and advances to customers	(266,128)	(30,951)
Other assets	14,857	(2,673)
<b>Net increase (decrease) of liabilities relating to operating activities</b>		
Due to banks	181,119	45,502
Due to customers	(253,546)	36,640
Other liabilities	9,135	14,856
<b>Net cash flows from operating activities</b>	<b>(321,119)</b>	<b>53,750</b>
<b>Cash flows from investing activities</b>		
Purchases of available for sale securities	(206,407)	(946,495)
Purchases of property and equipment	(31,970)	(6,369)
Purchases of intangible assets	(2,179)	(14,427)
Purchases of assets through auction	(2,342)	(2,752)
Dividends received	73	121
Proceeds from the sale of property and equipment	13,302	-
Proceeds from the sale of auction items	1,975	1,041
Proceeds from the sale of available for sale securities	655,599	793,986
<b>Net cash flows from investing activities</b>	<b>428,051</b>	<b>(174,895)</b>
<b>Financing activities cash flows</b>		
Payment of ordinary shares issuance expenses	(861)	(1,070)
Issue of ordinary shares	100,094	89,143
Sale / (purchase) of treasury shares	1,156	17
Repayment of subordinated loans	54	179
<b>Net cash flows from financing activities</b>	<b>100,443</b>	<b>88,269</b>
Foreign exchange (profit) loss on cash and cash equivalents	858	1,211
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>208,233</b>	<b>(31,665)</b>
Cash in hand and cash equivalents at the beginning of the period	128,973	160,638
<b>Cash in hand and cash equivalents at the end of the period</b>	<b>337,206</b>	<b>128,973</b>

The notes (pages 9 to 66) are an integral part of these consolidated financial statements.

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY 2005 TO 31 DECEMBER 2005**

**1. General**

- 1.1 The Group of Geniki Bank ("the Group") comprises seven entities operating in Greece and abroad. The parent company is General Bank of Greece SA ("the Bank") and its trade name is GENIKI BANK. Its registered office is located in Greece (109-111 Messogion Avenue, 115 10 Athens). It has the legal form of Societe Anonyme and operates in accordance with the provisions of Law 2190/1920 for Societes Anonymes, the provisions of Law 2076/1992 for Banking Institutions and Greek legislation and regulations stipulated by the supervisory authorities for the Greek Banking Industry and companies listed on the Athens Stock Exchange.
- 1.2 In accordance with its Articles of Association and applicable legislation and regulations, the Bank offers all banking services in Greece and abroad, for third parties as well as proprietary purposes. Group companies augment the service offering providing leasing, credit review, insurance brokerage and financial consulting services.
- 1.3 At 31 December 2005, the Group employed 2,284 persons.
- 1.4 The accounting periods of all Group entities are coterminous and coincide with the calendar year.
- 1.5 The consolidated financial statements of the Group are further consolidated up by SOCIETE GENERALE PARIS SA, that has a direct holding of 52.32% to the Bank, the parent entity of the Group.
- 1.6 The term of the Board of Directors (BoD) of the Bank, elected by the General Assembly of the Shareholders, on 28.2.2004, as amended after the resignations and replacements of its members, approved or pending, lapses on the first half of 2007. The composition of BoD is as follows.

TRYFON J. KOUTALIDIS	CHAIRMAN NON EXECUTIVE MEMBER FROM 19.4.2005
MELETIOS ROKAS	VICE CHAIRMAN NON EXECUTIVE MEMBER
JACQUES TOURNEBIZE	MANAGING DIRECTOR EXECUTIVE MEMBER
MICHEL FENOT	EXECUTIVE DIRECTOR EXECUTIVE MEMBER
PIERRE BONZOM	EXECUTIVE DIRECTOR EXECUTIVE MEMBER TILL 28.12.2005
PATRICK DEBAENE	EXECUTIVE DIRECTOR EXECUTIVE MEMBER FROM 28.12.2005
MARC BREILLOUT	NON EXECUTIVE MEMBER
JEAN LOUIS MATTEI	NON EXECUTIVE MEMBER
PHILIPPE VIGUE	NON EXECUTIVE MEMBER
ELIAS KALIVAS	NON EXECUTIVE MEMBER FROM 27.01.2005
CHRISTOS AKKAS	INDEPENDENT NON EXECUTIVE MEMBER
DIMITRIOS GOULOSSIS	INDEPENDENT NON EXECUTIVE MEMBER FROM 27.01.2005
IOANNIS VOUGIOUKALAKIS	SECRETARY

## **2. Summary of accounting policies**

### **2.1 Introduction**

2.1.1 These Consolidated financial statements cover the period from 1/1 to 31/12/2005. They have been prepared in accordance with International Financial Reporting Standards ("IFRS") and were approved by the BoD of the Bank on 17 March 2006. They have been signed by the Chairman of the BoD Mr. TRYFON I. KOUTALIDIS, the Managing Director Mr. JACQUES C. TOURNEBIZE and the Finance Director Mr. EVAGELLOS E. SKALIDES and should be approved by the General Assembly of the Shareholders of the Bank.

2.1.2 These Consolidated financial statements covering the period from 1/1 to 31/12/2005 are the first financial statements prepared under IFRSs. The financial statements have been prepared in accordance with the IFRSs adopted by the European Union. In accordance with the provisions of IFRS 1 "First Application of the International Reporting Standards", the Group IFRS transition date is 1 January 2004; IAS 32 and IAS 39 have been implemented from 1 January 2005 and thus comparative information for financial instruments has not been restated. Adjustments for the implementation of IAS 32 and IAS 39 have been made on the opening balance of the shareholders' equity (i.e. 1 January 2005) and 2004 comparatives are based on Greek Accounting Standards.

2.1.3 The Consolidated financial statements prepared for the periods ended until 31 December 2004 were produced in accordance with Greek Accounting Standards, as defined by the P.D. 384/1992 (Banking Industry Chart of Accounts) and Law 2190/1920 (Company law), as in force until 31 December 2004, which, in several cases, were different from IFRS.

2.1.4 In the transition to IFRS, the Management of the Bank adopted accounting principles, estimations, assumptions and applied specific policies, for the Bank and the Group, so that the financial statements for the reporting period and comparatives comply with IFRSs and Greek regulations and present the true and fair view of the financial position of the Group.

The impact of the application of IFRSs on the financial statements prepared under the previous accounting standards are presented in Note 40.

2.1.5 Amounts in the financial statements are displayed in thousands euros, unless referred otherwise.

### **2.2 Adoption of International Financial Reporting Standards (IFRS)**

#### **Interpretations and amendments to issued IFRSs, effective in 2005**

The following versions and interpretations of IFRSs are effective for periods starting on or after 1 January 2005:

- IFRIC 2, Member's Shares in Co-operative Entities and Similar Liabilities (effective from 1 January 2005). This interpretation is not relating to the Group.
- SIC 12 (amendment), Consolidation - Special Purpose Entities (effective from 1 January 2005)
- IAS 39 (amendment), for the transition and initial recognition of financial assets and liabilities (effective from 1 January 2005).

## **New standards, interpretations and amendments to issued IFRSs, not effective as yet**

The following standards, interpretations and amendments of issued standards will become effective for the Group for periods starting on or after 1 January 2006 and have not been early adopted.

- IAS19 (amendment), Employee benefits (effective from 1 January 2006).  
The amendment introduces an additional recognition option for actuarial gains or losses arising in post-employment defined benefit plans. In addition, the amendment clarifies that a contractual agreement between a multi-employer plan and participating employers determining how a surplus is to be distributed or a deficit funded will give rise to an asset or liability. In addition, new disclosures are added. Since, the Group has not the intention to change the adopted accounting policy for the recognition of the actuarial gains or losses, and does not participate in multi-employer plans, the amendment will only affect the extent and the form of the related disclosures. The amendment will be applied from 1 January 2006.
- IAS 39 (amendment), Cash flow hedging accounting of forecast intra-group transactions (effective from 1 January 2006). In accordance with the amendment, the foreign exchange risk of highly probable inter-company transactions can be hedged in the consolidated financial statements, provided that a) the currency of the transaction is different from the reporting currency of the entity participating in the transaction, and b) the foreign exchange risk will affect the consolidated profit or loss. This amendment has no significant impact on the financial position of the Group, since the Group has not outstanding inter-company transactions that could be considered as hedged items.



- IAS 39 (amendment), Fair Value Option (effective from 1 January 2006). According to this amendment, limitations are set on the financial instruments that can be classified as at fair value through profit and loss. The management examined the amendment of IAS 39 and believes that it does not have a significant impact in the financial position of the Group.
- IAS 39 and IFRS 4 (amendment), Financial Guarantees (effective from 1 January 2006). According to the amendment, the issued financial guarantees, except those, considered as insurance contracts, are initially recognized at their fair value and are subsequently measured at the higher of: a) the unamortized amount of the received income and deferred income, and b) the required amount for the settlement of the liability as at the balance sheet date. The management examined the amendment of IAS 39 and believes that it does not have a significant impact on the financial position of the Group.
- IFRS 7, Financial Instruments: Disclosures and amendments to IAS 1, Presentation of Financial Statements (effective from 1 January 2007). IFRS 7 introduces new disclosures for improving disclosures for financial instruments. New quantitative and qualitative disclosures are required for risk exposures generated by financial instruments, including specific disclosures for credit risk, liquidity risk and market risk as well as sensitivity analysis for market risk. IFRS 7 superseded IAS 30 Disclosures in the Financial Statements of Banks and similar Financial Institutions as well as the disclosures requirements of IAS 32, Financial Instruments: Presentation. It is applicable to all entities implementing IFRS. The amendment of IAS 1 introduces new disclosures relating the management of an entity's capital. The management of the Group assessed the impact of IFRS 7 and IAS 1 amendments and concluded that new disclosures should be made for market risk sensitivity and capital management. The management of the Group will apply IFRS 7 and the amendments of IAS 1 for periods starting on or after 1 January 2007.
- IFRIC 4, Determining whether an arrangement contains a lease (effective from 1 January 2006). In accordance with IFRIC 4 the examination whether an agreement is or contains a lease shall be based on the substance of the agreement. It requires an assessment of whether: a) the fulfillment of the arrangement is dependent on the use of a specific asset or of assets; and b) the agreement conveys a right to use the asset. The management evaluated the impact of the IFRIC 4 at the activities of the Group and believes that it does not have a significant impact on its the financial position.

### 2.3 Consolidated Financial Statements

- 2.3.1 Consolidated financial statements comprise the financial positions and transactions of the Bank, its subsidiaries and the Bank associates after the elimination of intercompany receivables, liabilities and results.
- 2.3.2 Companies in which the Bank exercises control, directly or indirectly, are consolidated as subsidiaries whereas companies in which the Bank exercises significant influence but not control are accounted as associates.
- 2.3.3 Subsidiaries are consolidated with the method of the full consolidation whereas associates are consolidated with the equity method. Consolidation of subsidiaries starts from the date that control is obtained and stops at the day that control is lost.
- 2.3.4 The Group companies aligned their accounting policies with the policies of the Bank.
- 2.3.5 The Companies included in the consolidated financial statements of the Group are as follows:

No	COMPANY	ACTIVITY	POSITION	PERCENTAGE DIRECT & INDIRECT PARTICIPATION	CONSOLIDATION METHOD
1.	GENERAL BANK OF GREECE SA	BANK	PARENT		
2.	GENERAL FINANCIAL SERVICES SA	CONSULTING SERVICES	SUBSIDIARY	100%	FULL
3.	GENERAL INSURANCE AGENCY LTD	INSURANCE BROKER	SUBSIDIARY	100%	FULL
4.	GENIKI LEASING SA	LEASING	SUBSIDIARY	100%	FULL
5.	GBG FINANCE PLC (Special purpose entity)	SPECIAL PURPOSE ENTITY	SUBSIDIARY	100%	FULL
6.	GENAP SA (under liquidation)	TECHNICAL COMPANY	SUBSIDIARY	100%	EQUITY
7.	GEOGNOMON SA (under liquidation)	PROPERTY MANAGEMENT	AFFILIATE	20%	EQUITY
8.	ADVANCED INFORMATION SERVICES (AIS) S.A. (sold on 31.1.2005)	SOFTWARE DEVELOPMENT			FULL CONSOLIDATION OF THE RESULTS OF THE PERIOD FROM 1.1.2005 TO 31.1.2005

2.3.6 The aforementioned Group companies were consolidated with the same consolidation methods in 2005 and in 2004.

2.3.7 There were not new Group entities (subsidiaries or associates).

2.3.8 The following Companies were not consolidated in 2005 and were consolidated in 2004:

- GENIKI AEDAK Mutual funds management company: 100% of the holding was sold on 30 November 2004.
- GENIKI AXEPEY Stock brokerage company: Merged with the Bank (legal merger) on 31 October 2004.

ADVANCED INFORMATION SERVICES SA (A.I.S.) was sold on 31 January 2005. A.I.S. results for the period 1.1 to 31.1.2005 have been included in the Consolidated financial statements.

The above transactions have no significant impact in the Group turnover, results and shareholders' equity.

2.3.9 The Group share of the profits / losses of associates has been included in the Consolidated income statement.

## **2.4 Valuation of the foreign currency transactions**

The Group functional and presentation currency is the Euro. Receivables, liabilities and other balance sheet monetary items denominated in foreign currencies are measured at the exchange rates prevailing at year-end; foreign exchange differences are reflected in the income statement. There are no non monetary assets or liabilities denominated in foreign currency at the balance sheet date.

## **2.5 Derivative financial instruments and hedging**

(Effective for all Group entities from 1 January 2005)

Derivative financial instruments, e.g. interest rate swaps, futures, currency swaps, forwards, options (purchased) and other derivative instruments, are recognized in the financial statements initially at their cost and they are subsequently measured at their fair value. The derivative financial instruments are recognized as assets when their valuation results to profit for the Group or as liabilities when their valuation results to loss. Gains and losses of derivative financial instruments are included in the caption "Net trading income" in the Income Statement.

The Group holds or issues financial instruments containing embedded derivatives. The embedded derivative is separated from the host contract and is separately recognized and measured at fair value, when the characteristics of the embedded derivative are not closely related to the host contract.

Furthermore, the Group is using derivatives for risk management arising from changes in interests rates and foreign exchange rates. Derivatives used for hedging, are recognized either as fair value hedges or as cash flow hedges provided the following apply.

1. Preparation of proper documentation for each hedging relationship comprising: a) definition of hedging instrument, b) hedged item, c) scope and hedging strategy and d) hedging relationship between the hedging instrument and the hedged item.
2. Hedging is expected to be highly effective during the whole hedging period. A hedge is considered as highly effective when the hedge results are within a range of 80% and 125%.
3. The hedge remains effective during the hedging period.

### ***Fair value hedging***

In fair value hedges, meeting the aforementioned criteria, the gain or loss from remeasuring the hedging instrument at fair value are recognized in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in profit and loss. In cases where the hedging relationship is stopped, for reasons other than the derecognition of an interest bearing hedged item, the carrying amount of the fair value adjustment of the hedged item is progressively amortized in the income statement by its maturity. In case the hedged item is sold, the non amortized amount of the fair value is completely transferred to the profit or loss account.



### ***Cash Flows hedging***

Gains or losses from fair value changes of the hedging instruments (derivative) relating to the effective part of cash flow hedges are initially recognized in equity. Changes in the fair value of hedging instruments are removed from equity and recognized in profit or loss at the same time that the cash flows from the hedged item are recognized in the profit or loss.

When the hedging relation is not considered effective or is stopped, then, the changes in the fair value of the hedging instrument recognized in equity are recycled to the profit or loss.

### **2.6 Interest income and expense**

Interest is calculated with the effective interest rate (EIR) method. Interest income entails interest generated by all assets such as loans, bonds, amortization of bond premium and discount, interest on other receivables etc.

According to the stipulations of article 27 L.2076 / 1992, as amended, the calculation of interest on non performing loans stops six months after the last compounding / payment date for which interest is in arrears, wholly or in part: all stipulations pertaining to interest calculation on non performing loans are strictly applied.

Interest expense entails interest accrued on all liabilities such as deposits, repos, other liabilities etc. Interest calculation is performed with the effective interest rate and is classified as accrued and receivable.

Interest is also calculated on the present value of the recoverable cash flows from bad and non-performing loans with the effective interest rate method.

### **2.7 Commission income and expense**

Commission income and expense is recognized on accrual basis.

## 2.8 Securities

(Effective for all Group entities from 1 January 2005)

At their initial recognition securities are designated to the following four categories by the management of each Group company:

2.8.1 Financial assets at fair value through profit or loss. This category is subdivided to:

2.8.1.1 Held for trading

Securities acquired principally for the purpose to be sold in the near term are included in this sub-category. Securities are initially recognized and subsequently measured at fair value. Fair value differences as well as realized gains or losses arising on the sale of securities are reflected in the income statement. Interest arising on interest bearing securities is classified as interest income, whereas dividends are classified as dividend income. The Group has not used this category on 31 December 2005.

2.8.1.2 Designated as at fair value through profit or loss upon initial recognition

Securities designated as at fair value through profit or loss upon initial recognition are included in this sub-category. The Group has not used this category on 31 December 2005.

2.8.2 Held-to-maturity investments

Held-to-maturity investments are securities (with fixed or determinable payments and fixed maturity) for which there is positive intention and ability to be held to maturity. The Group had not classified any securities in this category on 31 December 2005.

2.8.3 Available-for-sale securities

Securities classified as available-for-sale may be sold or re-classified to the held-to-maturity category at the discretion of the Management. Securities classified as available-for-sale are initially recognized at their acquisition cost, which includes transaction costs directly attributable to their acquisition. They are subsequently measured at their fair value which is determined by reference to market prices or, if not available, with the use of valuation models.

Fair value changes are reflected in equity and recycled to the income statement when securities are sold or impaired.

## 2.9 Repos - Reverse repos

Repurchase agreements (Repos) and reverse repurchase agreements (Reverse repos), are reflected in the consolidated financial statements as follows:

#### 2.9.1 Repos

Securities remain at the ownership of the Group with no change in classification. Proceeds from the sale are recognized as liabilities to customers or banks.

#### 2.9.2 Reverse Repos

Purchased securities are not recognized as assets. The corresponding consideration is recognized as a receivable from customers or banks. The Group had not entered into such transactions on 31 December 2005.

#### 2.9.3 Difference between sale(purchase) and repurchase(sale) prices is treated as interest expense(interest income) and is recognized over the term of each agreement.

### 2.10 Loans, letters of guarantee, documentary credits

(Effective for all Group entities from 1 January 2005)

Accrued interest is included in the carrying amount of loans. The calculation of interest on non performing loans stops six months after last compounding / payment date for which interest is in arrears, wholly or in part: all stipulations pertaining to interest calculation on non performing loans are strictly applied in accordance with the stipulations of article 27 of Law 2076 / 1992, as amended. If there is objective evidence of impairment, the carrying amount of loans is reduced through use of an allowance account.

The amount of the provision is calculated as the difference between the carrying amount of the loan and the present value of the cash flows expected to be recovered: discounting is performed with the original effective interest rate; the related loss is reflected in the income statement.

The unwinding of the discounting of the expected cash flows is reflected in the income statement as interest income.

The adequacy of provisions is being reassessed at each balance sheet date, as follows:

- Loans and receivables from commercial clients are grouped per counterparty group or industry; loans and receivables from individuals are grouped per type of loan.
- Provisions for non-performing loans are calculated individually for loans with significant balances. Based on the individual calculations an overall loss ratio is calculated per counterparty or counterparty group.
- Provisions for non-performing loans with small balances are aggregated and assessed for objective evidence of impairment . Examples of objective evidence of impairment are :
  - Financial hardship of counterparties evidenced by defaults or delinquencies in interest or principal payments.
  - Pause of payments or bankruptcies of businesses in the industrial sector.
  - Creditors appeals to the courts for debt restructuring.
  - Deterioration of financial conditions in local, national and international level, due to damages from natural disasters leading to reduced value of real estate collaterals.

- Loss ratios calculated for clients with significant balances are applied on the aggregate positions of non-performing loans with small balances.

Provisions for performing loans are calculated by aggregating positions as described above. Bad debt ratio calculation is based on the percentage of loan migrations from performing to non-performing per aggregation pool and the relative size of each pool.

Provisions for letters of guarantee and documentary credits are following the same methodology, after taking into consideration their risk grade (low, medium, high).

If in subsequent periods the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement of the debtor's credit rating), the previously recognized impairment loss shall be reversed and will be recognized in profit or loss.

## **2.11 Goodwill**

Goodwill represents the excess of the cost of the acquisition over the acquirer's interest in the fair value of the identifiable assets and liabilities acquired, as at the date of the exchange transaction. Subsequent to its initial recognition goodwill is measured at its initial cost less accumulated impairment losses. Goodwill is tested annually for impairment.

Negative goodwill is reflected in the income statement of the Group.

Goodwill generated from the acquisition of businesses before 1 January 2004, has been deducted from equity, as permitted by IFRS 1. Goodwill generated from the acquisition of businesses after 1 January 2004, is recognized as an intangible asset; goodwill is not amortized but tested for impairment on an annual basis.



## 2.12 Intangible assets

Software and related development expenditure are recognized as intangible assets and amortized with a useful life of 3.33 years. Software maintenance expenses are recognized as expenses on an accrual basis.

Other purchases of intangible assets are recognized as such and are amortized in a period not exceeding 10 years.

Intangible assets are reviewed annually for impairment. Identified impairments losses are recognized in the profit and loss for the period.

## 2.13 Tangible assets (property, plant and equipment)

Own-used property of the Bank (other Group companies are not in possession of own-used property) was fair-valued at 31 December 2003 by independent valuers. Fair values have been used as deemed cost for IFRS transition purposes. The Bank follows the cost model for the subsequent measurement of own-used property.

Other tangible assets are carried at their historical cost less accumulated depreciation and impairment.

Tangible assets are reviewed annually for impairment. Identified impairments losses are recognized in the profit and loss for the period.

Depreciation rates are based on the estimated useful life of assets (straight-line depreciation method), as follows.

• Land	nil
• Data processing equipment	5 years (or 20%)
• Furniture	10 years (or 10%)
• Office equipment	5 years (or 20%)
• Other equipment	5 years (or 20%)
• Motor vehicles	5 to 7 years (or 14% to 20%)
• Improvements in third-party property	Over the shorter of the lease term and the useful life of improvements
• Own-used property	33 years (or 3%)

## 2.14 Leasing

### 2.14.1 Finance leases

#### A' Group as lessee

When the Group enters into financial leasing transactions as a lessee, recognizes the related assets as tangible fixed assets and the present value of minimum lease payments as liability.

Leasehold assets are depreciated with the same rates used for similar freehold fixed assets. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Finance charge is reflected in the income statement.

#### B' Group as lessor (GENERAL LEASING SA)

When the Group enters into financial leasing transactions as a lessor, the present value of minimum lease payments and any unguaranteed residual value accruing to the Group is recognized as a receivable. The difference between the undiscounted receivable (gross investment) and its present value is recognized as unearned finance income. Lease payments are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

### 2.14.2 Operating leases

Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

## 2.15 Cash and cash equivalents

Cash and cash equivalents (cash flow statement related definition) include cash in hand and other investments readily convertible to known amounts of cash with an original maturity of less than 3 months, such as unblocked deposits with the Bank of Greece, treasury bills, short term deposits with banks etc.

## 2.16 Provisions for risks and other liabilities

Provisions are recognized when the Group (a) has a present obligation resulting from past events; (b) it is probable that an outflow will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made.

## 2.17 Employee benefits

Employee benefits include short term benefits and post employment benefits (defined contributions plans and defined benefits plans). Accounting for defined benefit plans is based on actuarial studies performed by independent actuaries.



- Short Term benefits

Short term employee benefits (in money and/or in kind) are recognized as expenses on an accrual basis.

- Pensions

Pensions relate to the Group's participation in defined contribution plans, where the Group has not the obligation to pay the benefits if the pension fund fails to deliver them to its pensioners, with the reservation of the provisions of Law 3371/2005 (articles 57-69), regulating insurance/pension issues for employees working in the banking sector. Further analysis is provided in Note 27 below.

- Post employment benefits

In accordance with Greek legislation, a lump sum payment is paid to employees at their retirement. The lump-sum payment is based on the years of service and salary level at retirement. The related liability is calculated annually from independent actuaries and the difference between consecutive liabilities is charged to the profit or loss of the year.

## 2.18 Treasury shares

Treasury (own) shares are deducted from equity until their subsequent sale or cancellation (no treasury shares existed on 31 December 2005)

Gains or losses from the sale of treasury shares are recognized, net of tax, directly in equity.

## 2.19 Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated as above by adjusting profits or loss (the numerator) and/or weighted average number of ordinary shares (the denominator) for the effects of all dilutive potential ordinary shares.

## 2.20 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## 2.21 Taxation

Deferred taxes are calculated according to the balance sheet liability method for all temporary differences that arise between the tax and the accounting basis of assets and liabilities.

Temporary differences arise from provisions for non performing loans, provisions for staff leaving indemnity, amortization of interest related lending commissions, revaluation of assets, e.g. property, other receivables, etc.

Deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which deductible temporary differences / unused tax losses can be utilized, using the enacted tax rates that will be effective in the periods when utilization is expected.

Current income tax expense is calculated each year with the applicable rate.

## 2.22 Property acquired through auction

Real estate property acquired through auction is included in other assets; they are measured at the lower between carrying amount and fair value. They are not depreciated, but they are examined for impairment.

## 2.23 Segment reporting

Based on the existing administrative structure, existing Group operations and that the fact that all Group income is generated in Greece, the following apply:

a. Segment reporting is presented as follows (business segments):

- Retail banking
- Corporate banking
- Insurance related activities
- Financial leasing
- Other

b. Geographical segments reporting is not relevant.  
Business segments reporting is presented in Note 37.



## 2.24 Share Capital increase expenses

Capital increase expenses, net of related taxes, are reducing the proceeds from capital increases; in particular they are deducted from the share premium account.

## 2.25 Transactions with related parties

Related parties include companies, in which the Group exercises control or significant influence on their operations, key management personnel and their dependants and entities in which key management personnel exercise control or significant influence. All transactions with related parties, including interests rates and guarantees, are negotiated at arm's length terms.

## 2.26 Other

- The nature of business of the Group and its results are not seasonal.
- Expenses are recognized in on accrual basis.
- Dividend income is recognized in the period dividends are approved by the corporate bodies entitled to authorize profit appropriation.

## 3. Important accounting principles, estimates and subjective judgments

### 3.1 Important accounting principles and estimates

The preparation of financial statements in accordance with the International Financial Reporting Standards (IFRS) requires the Group Management to make subjective judgments, estimations and assumptions, which affect not only the carrying amount of assets and liabilities, but also the level of the income and expenses recognized in the consolidated financial statements. The Management of the Bank considers that the subjective judgments, estimations and assumptions, made for the preparation of the consolidated financial statements are appropriate and reflect the facts and conditions prevailing on 31 December 2005.

Some of the accounting principles adopted by the Group, from their nature, require the application of estimations methods, valuation assumptions and the exercise of other subjective judgment. The Group, has specifically recognized six accounting policies, which are material for the understanding of the financial statements, due to the requirement of applying subjective judgment, estimations and assumptions, together with the sensitivity of the financial statements in relation to them.

#### ***Recognition and valuation of financial instruments at fair value***

Financial assets and liabilities, held for trading purposes, are measured at their fair value as at balance sheet date and fair value differences are reflected in the income statement. Fair values of financial instruments traded in stock exchanges, are determined in accordance with their respective market values. In cases where the instruments are not traded in stock exchanges, or when no publicly available market prices exist, their fair value is determined with the use of various valuation models. Such models include discounted cash flow models, based on observable market parameters, and models where some parameters are not based on observable data.

Valuation models are mainly used for the valuation of over the counter (OTC) derivative instruments. All valuation models are validated before used for the generation of financial information and are periodically reassessed after their first use. In some cases, model results are compared not only with market prices of similar instruments but also with actual prices. Variables used in the models comprise actual and implied volatilities, time values etc.

Valuation models are applied consistently for each period. However, fair value calculation involves significant degree of judgment. Due to this reason, the management is re-examining valuations generated by the aforementioned models to cater for the inherent model risk (e.g. parameters used, model assumptions etc)

Although the calculation of fair values requires the application of a high degree of subjective judgment, the management believes that fair values used in the preparation of the financial statements reflect prevailing financial conditions and a degree of caution (prudence) in the exercise of judgments, in compliance with the applicable controlling procedures.

### ***Application of IAS 32 and IAS 39 from January 1, 2005***

The Group is applying the revised IAS 32 and IAS 39 for the period started on 1 January 2005. In accordance with the relevant exemption provided by IFRS 1, comparatives for the previous period have not been restated.

### ***Subsidiaries and associates***

Consolidated financial statements comprise the financial positions and transactions of the Bank, its subsidiaries and associates after the elimination of intercompany receivables, liabilities and results. Companies in which the Bank exercises control, directly or indirectly, are consolidated as subsidiaries whereas companies in which the Bank exercises significant influence, but not control, are accounted as associates. Subsidiaries are consolidated with the method of the full consolidation whereas the associates are consolidated with the equity method. Consolidation of subsidiaries starts from the date that control is obtained and stops from the day that control of the company is lost.

### ***Provisions for losses from loans and advances to customers***

Loss provisions from loans and advances to customers are resulting from a continuous evaluation of the customer portfolio and possible losses. The evaluation of the customer portfolio is effected by officers responsible for each credit category, using specific methodology and guidance, which are reexamined and continuously improved. The methodology comprises two basic components: individual assessment of customers and assessments at an aggregate level. Objective evidence of impairment is examined at an individual level for all positions exceeding the amount of 300 thousand Euros, and collectively for positions of a lower value.

A loan is subjected to an impairment test, when payment of capital and/or interest is in arrears for a period exceeding 120 days for consumer loans and 180 days for all other loans and/or there is objective evidence of impairment, as at the date of the evaluation indicating that the borrower cannot meet its obligations. Usually, as objective evidence of impairment the following cases are considered among others: important financial difficulty of the borrower, deterioration of its credit standing, possible bankruptcy, etc.

The individual provisions relate to loans and advances separately examined for impairment and their calculation is based on the best possible estimation of the present value of the related recoverable future cash flows. For estimating the cash flows, the management estimates the financial position of each customer and the recoverable amount from the foreclosure of assets with fixed charges (e.g. pre-notation of property) or guarantees. Each case is evaluated separately, whereas the followed methodology and the estimation of recoverable cash flows are reviewed by independent parties.



Provisions for losses on aggregated positions take into consideration factors such as credit quality, portfolio size etc. For estimating the required provisions, assumptions are made in respect of models and parameters, adjusted for past experience and prevailing financial conditions.

Accuracy of provisions is dependent on the quality of the estimation of expected cash flows, at individual and aggregate level. Although the above estimations involve subjective judgments, the management believes that recognized provisions are adequate and sufficiently justified.

#### ***Provision for staff retirement indemnity***

The net staff retirement indemnity cost is estimated with actuarial techniques using assumptions for future pay levels and discounting factors. These assumptions are in compliance with annual salary increases effected by the collective labour agreements and relevant Group policies.

#### ***Useful life of fixed assets***

The management of the Group estimates the useful life of fixed assets and thus the corresponding depreciation charge. Management estimates are based on the expected usage pattern of buildings and other fixed assets subjected to depreciation, such as furniture and other equipment, motor vehicles, electronic and other equipment, which is expected not to change significantly. However, the management may change depreciation rates in cases where different estimates of useful life are required. Impairment losses and write offs are recognised when necessary.

### **3.2 Critical accounting judgements**

#### ***Impairment of available for sale financial assets***

The management of the Group implemented IAS 39 provisions relating to the impairment of available for sale financial assets. Subjective judgment is required for assessing the duration and extend of fair value reduction. In addition, the financial position, and the long-term perspective of the investee are examined, considering also factors such as the performance of the corresponding industrial sector, technology changes and operating and financial cash flows.

#### ***Income tax***

The Group is subject to income tax according the Greek Tax Legislation. The calculation of income tax expense requires the exercise of significant subjective judgment. In the context of the usual Group activity, there are many transactions and calculations for which the final tax assessment is not certain. The management of the Group has recognized provisions for income tax arising from an expected tax audit based on its estimates. In case the final level of income tax that will be assessed, differs from the recognized provision, the difference will affect the income tax (current and deferred) of the period of assessment.

# 2005 Consolidated financial statements - IFRS

## 4. Net interest income

	1.1 to 31.12.2005	1.1 to 31.12.2004
	(amounts in '000 euro)	
<u>Interest and similar income</u>		
Interest from due from banks	4,849	1,706
Interest from loans and advances to customers	164,337	172,266
Available for sale securities	8,344	15,052
Interest from restructured loans or non performing loans	14,321	10,248
Interest of finance leases	5,318	5,183
<b>Total interest income</b>	<b>197,169</b>	<b>204,455</b>
<u>Interest expense and similar charges</u>		
Interest from due to banks	9,618	8,038
Interest from due to customers	31,048	44,021
Interest from derivative financial instruments	7,084	4,131
Other interest expenses	2,725	2,272
<b>Total interest expense</b>	<b>50,475</b>	<b>58,462</b>
<b>Net interest income</b>	<b>146,694</b>	<b>145,993</b>

## 5. Net Fee and commissions income

	1.1 to 31.12.2005	1.1 to 31.12.2004
	(amounts in '000 euro)	
<u>Fees and commission income</u>		
Loans related commissions	9,924	14,630
Letters of guarantee	6,082	7,591
Imports-exports	1,655	2,411
Asset management - custody services	5,157	1,100
Funds transfer	2,783	3,085
Other	1,891	4,084
<b>Total fee and commissions income</b>	<b>27,492</b>	<b>32,901</b>
<u>Fees and commissions expense</u>		
Credit cards	1,091	1,143
Other	701	741
<b>Total commissions expenses</b>	<b>1,792</b>	<b>1,884</b>
<b>Net fee and commission income</b>	<b>25,700</b>	<b>31,017</b>

## 6. Dividend income

	1.1 to 31.12.2005	1.1 to 31.12.2004
	(amounts in '000 euro)	
Dividends from available-for-sale securities	73	121
<b>Total</b>	<b>73</b>	<b>121</b>



## 7. Financial operations results

	1.1 to 31.12.2005	1.1 to 31.12.2004
	(amounts in '000 euro)	
Available for sale securities	12,065	11,660
Derivatives	(11,652)	(29,647)
Foreign exchange contracts	858	(1,282)
<b>Total</b>	<b>1,271</b>	<b>(19,269)</b>

Net trading gains are due to the liquidation of the Greek government bonds portfolio and derivatives used for hedging these positions.

## 8. Other operating income

	1.1 to 31.12.2005	1.1 to 31.12.2004
	(amounts in '000 euro)	
Operating leasing and real estate property	96	586
Finance leases	238	103
Insurance brokerage	985	856
Stock exchange brokerage services	-	1,560
Other operating income	3,855	3,130
<b>Total</b>	<b>5,174</b>	<b>6,235</b>

Receivables from finance lease agreements where the Group acts as the lessor relate to real estate property leases to third parties.

The minimum receivable lease payments are analyzed as follows:

	31.12.2005	31.12.2004
	(amounts in '000 euro)	
- not later than one year	74	23
- later than one year and not later than five years	249	36
- later than five years	1	7
<b>Total</b>	<b>324</b>	<b>66</b>

The total income from property leases for 2005 amounts to 96 thousand euros and is included in other income.

## 9. Employee benefits

	1.1 to 31.12.2005	1.1 to 31.12.2004
	(amounts in '000 euro)	
Salaries	64,717	61,430
Social security contributions	19,025	17,370
Defined benefit plans	1,756	6,408
Other	3,541	5,108
<b>Total</b>	<b>89,039</b>	<b>90,316</b>

The increase in salaries is due to the salary adjustment imposed by the collective labour agreement and the legal merger (absorption) of the branch of Societe Generale Hellas with the Bank and the transfer of its staff, effected on 1 November 2004.

**10. General administration expenses**

	<b>1.1 to 31.12.2005</b>	<b>1.1 to 31.12.2004</b>
	(amounts in '000 euro)	
Third party fees	8,675	10,336
Lease payments	8,011	5,961
IT equipment leases - maintenance	4,103	4,498
IT expense	4,152	7,093
Promotion and advertising expense	4,345	2,653
Telecommunication - mail expense	3,743	4,122
Insurance premiums	750	791
Credit cards promotion, management and follow up expense	1,333	2,016
Other general administrative expenses	15,651	12,874
Taxes	1,201	1,007
<b>Total</b>	<b>51,964</b>	<b>51,351</b>

**11. Income tax**

	<b>1.1 to 31.12.2005</b>	<b>1.1 to 31.12.2004</b>
	(amounts in '000 euro)	
Current tax	1,577	1,498
Deferred tax	(3,235)	(21,443)
<b>Total income tax</b>	<b>(1,658)</b>	<b>(19,945)</b>

Additional information on deferred tax income is presented in Note 22. The reconciliation of the theoretical tax to the actual tax is presented below.

	<b>31.12.2005</b>	<b>31.12.2004</b>
	(amounts in '000 euro)	
<b>Loss before tax</b>	<b>(15,740)</b>	<b>(102,403)</b>
Tax calculation at 32% (2004: 35%)	(5,037)	(35,841)
Impact of tax rate change	4,081	11,310
Non taxable income	(493)	(1,388)
Non tax deductible expenses	636	4,333
Tax audit differences	-	224
Other	(845)	1,417
<b>Total</b>	<b>(1,658)</b>	<b>(19,945)</b>



## 12. Earnings (losses) per share

	1.1 to 31.12.2005	1.1 to 31.12.2004
	(amounts in '000 euro)	
Profit / (loss) attributable to equity holders of the Bank	(14,082)	(82,458)
Weighted average number of shares	48,601,982	38,921,903
<b>Basic earnings / (loss) per share (in euro)</b>	<b>(0,29)</b>	<b>(2,12)</b>

## 13. Cash and balances with Central Bank

	31.12.2005	31.12.2004
	(amounts in '000 euro)	
Cash in hand	43,354	34,488
Balances with Central Bank	63,338	32,613
<b>Total</b>	<b>106,692</b>	<b>67,101</b>
Due from banks (short term)	230,514	61,872
<b>Cash and cash equivalents (cash flows statement related)</b>	<b>337,206</b>	<b>128,973</b>

## 14. Due from banks

	31.12.2005	31.12.2004
	(amounts in '000 euro)	
Current and overnight accounts	80,084	2,707
Time deposits	197,440	72,934
Loans	8,879	16,093
<b>Total</b>	<b>286,403</b>	<b>91,734</b>

## 15. Derivative financial instruments

The Group classifies derivatives as held for trading or hedging at the inception of each transaction. Hedging relationships may be subsequently broken in accordance with Management intentions or changes in market conditions. Derivatives used by the Group include foreign exchange and interest rate swaps, foreign exchange forwards, options and financial futures.

Interest rate swaps are contracts for exchanging cash flows based on pre-agreed notional amounts and fixed or variable rates for specific periods; foreign exchange swaps are contracts for the exchange of cash flows in different currencies; foreign exchange forwards are contracts for the exchange of currencies at future dates; financial futures are contracts for buying or selling underlying financial instruments at future dates; options are contracts where the buyer of the option has the right but not the obligation to buy or sell the underlying financial instrument at or up to a future date.

### Derivatives credit risk

Derivatives credit risk is measured as the net replacement cost, that would be incurred if profitable contracts were defaulted and the position were not otherwise recoverable. Credit risk management for derivatives takes into consideration current replacement cost as at the balance sheet date as well as estimates of possible future changes in the value of contracts for their remaining life. Derivatives counterparties are other commercial banks, brokers / stock brokers. Derivatives credit risk is mitigated by taking collaterals determined individually for each counterparty. Requirement and level of collateral is assessed in accordance with counterparty creditworthiness.

### Asset and liability management (ALM)

The Group manages interest rate risk with the use of derivative contracts (interest rate related derivatives) for minimizing the effect of changes in interest rates in the profit and loss of the Group. The objective is to avoid significant hits in the net interest margin of the Group.

Gains or losses from derivatives held for cash flow hedging are transferred from equity to profit and loss account in the same line item where results from hedged items are recognized. In the following 12 months net losses recognized in equity, amounting to 533 thousand euro, approximately, are expected to be transferred to the profit or loss. These net losses are expected to increase the related expense from the hedged element.

### Fair value and cash flow hedging

The Group is using interest rate related derivatives as hedging instruments to hedge against fair value changes of fixed rate assets and liabilities due to changes in interests rates. The Group is using, also, derivatives to hedge cash flow exposures of variable rate assets and liabilities and forecasted future transactions.

As at 31 December 2005, the Group has not recognized significant amounts for hedge ineffectiveness.



	Contracts nominal value	31.12.2005	
		Assets	Liabilities
Fair value			
(amounts in '000 euro)			
<b>Derivatives</b>			
<b>a. Foreign exchange</b>			
FX forwards	2,232	11	11
FX swaps	226,798	662	1,496
<b>Total OTC</b>	<b>229,030</b>	<b>673</b>	<b>1,507</b>
Futures	17,500	-	144
<b>Total exchange traded</b>	<b>17,500</b>	<b>-</b>	<b>144</b>
<b>b. Interest rate</b>			
Options / caps / floors / collars	322,900	6,626	-
<b>Total OTC</b>	<b>322,900</b>	<b>6,626</b>	<b>-</b>
<b>Derivatives held for hedging</b>			
<b>a Interest rate</b>			
Interest rate swaps used for fair value hedging	73,000	214	1,285
Interest rate swaps used for cash flow hedging	50,000	79	638
<b>Total OTC</b>	<b>123,000</b>	<b>293</b>	<b>1,923</b>
<b>Grand Total</b>	<b>692,430</b>	<b>7,592</b>	<b>3,574</b>

IAS 39 has been applied from 1 January 2005 and thus, derivatives were recognized on that date for the first time.

**16. Loans and advances to customers, net**

	<b>31.12.2005</b>	<b>31.12.2004</b>
	(amounts in '000 euro)	
<b>Individuals</b>	<b>1,211,836</b>	<b>981,960</b>
Mortgages	682,820	508,225
Consumer	274,563	231,327
Credit cards	254,453	242,408
<b>Corporate</b>	<b>1,623,401</b>	<b>1,638,602</b>
Open credits and loans	1,323,197	1,447,870
Bond loans for Corporates	184,834	83,218
Leasing	115,370	107,514
<b>Others</b>	<b>9,892</b>	<b>1,554</b>
<b>Total loans and advances to customers</b>	<b>2,845,129</b>	<b>2,622,116</b>
<b>Less: Provisions for impairment</b>	<b>(273,254)</b>	<b>(206,853)</b>
<b>Total</b>	<b>2,571,875</b>	<b>2,415,263</b>

**Provisions for impairment of loans**

	<b>31.12.2005</b>	<b>31.12.2004</b>
	(amounts in '000 euro)	
Opening balance	206,853	123,453
Application of IAS 39 (1.1.2005)	68,331	-
Additions	41,185	88,404
Recoveries	-	1,535
Amount written off	(43,115)	(6,539)
<b>Closing balance</b>	<b>273,254</b>	<b>206,853</b>

The future cash flows from minimum lease payments and unguaranteed residual value where the Group is the lessor, are analyzed as follows:

	<b>31.12.2005</b>	<b>31.12.2004</b>
	(amounts in '000 euro)	
- not later than one year	23,089	20,453
- later than one year and not later than five years	53,739	53,442
- later than five years	62,880	57,799
<b>Total</b>	<b>139,708</b>	<b>131,694</b>



## 17. Available for sale securities

	31.12.2005			Fair Value
	Cost	Valuation gain	Valuation loss	
	(amounts in '000 euro)			
Government securities	21,097	337	-	21,434
Other securities				
- listed	160,784	421	(12)	161,193
- Not listed	76,889	955	-	77,844
Shares				
- Not listed	339	-	-	339
- Mutual funds	128	-	-	128
<b>Total</b>	<b>259,237</b>	<b>1,713</b>	<b>(12)</b>	<b>260,938</b>

	31.12.2004			Current Value
	Cost	Valuation Profits	Valuation Losses	
	(amounts in '000 euro)			
Government securities	391,011	-	-	391,011
Other securities				
- listed	234,178	-	-	234,178
- Not listed	64,249	-	-	64,249
<b>Securities (associates and affiliates)</b>				
Shares				
- Not listed	4,845	-	-	4,845
- Mutual funds	6,087	-	-	6,087
<b>Total</b>	<b>700,370</b>	<b>-</b>	<b>-</b>	<b>700,370</b>

Portfolio of available-for-sale securities has been restructured for risk minimization.

Portfolio of available-for-sale securities contains securities subjected to fair value hedge accounting and, therefore, changes in their fair value, attributable to the hedged risk, are recognized in the profit or loss.

# 2005 Consolidated financial statements - IFRS

## 18. Investments in associate undertakings

	31.12.2005	31.12.2004
	(amounts in '000 euro)	
Opening balance	1,266	1,280
Share of profit (loss) from associates	(123)	(14)
<b>Closing balance</b>	<b>1,143</b>	<b>1,266</b>

Associate undertakings of the Group are listed below.

Entity name	Activity	Location	31.12.2005		31.12.2004		Comment
			Direct participation	Indirect participation	Direct participation	Indirect participation	
GEOGNOMON SA	Property Management	Athens	20%	0%	20%	0%	Under liquidation from 30.9.2005

Profit (loss) and Group share of profit (loss), as at 31 December 2005 and 31 December 2004, respectively, is presented below.

Entity name	31.12.2005		
	(amounts in '000 euro)		
Entity name	Shareholders equity	Loss for the period	Group share of profits /(losses)
GEOGNOMON SA	1,224	(355)	20%

Entity name	31.12.2004		
	(amounts in '000 euro)		
Entity name	Shareholders equity	Loss for the period	Group share of profits /(losses)
GEOGNOMON SA	1,842	(448)	20%



## 19. Intangible assets

	31.12.2005		
	Other intangible assets	Software	Total
	(amounts in '000 euro)		
<b>Cost:</b>			
Opening balance	10,957	25,981	36,938
Additions	-	2,187	2,187
Write offs	-	(180)	(180)
<b>Closing balance</b>	<b>10,957</b>	<b>27,988</b>	<b>38,945</b>
<b>Accumulated amortization</b>			
Opening balance	-	22,773	22,773
Amortization	1,096	2,444	3,540
Write offs	-	(172)	(172)
<b>Closing balance</b>	<b>1,096</b>	<b>25,045</b>	<b>26,141</b>
<b>Opening net book balance</b>	<b>9,861</b>	<b>2,943</b>	<b>12,804</b>
<b>Closing net book balance</b>	<b>10,957</b>	<b>3,208</b>	<b>14,165</b>

	31.12.2004		
	Other intangible assets	Software	Total
	(amounts in '000 euro)		
<b>Cost:</b>			
Opening balance	-	22,511	22,511
Additions	10,957	3,470	14,427
<b>Closing balance</b>	<b>10,957</b>	<b>25,981</b>	<b>36,938</b>
<b>Accumulated amortization</b>			
Opening balance	-	17,072	17,072
Amortization	-	5,701	5,701
<b>Closing balance</b>	<b>-</b>	<b>22,773</b>	<b>22,773</b>
<b>Opening net book balance</b>	<b>10,957</b>	<b>3,208</b>	<b>14,165</b>
<b>Closing net book balance</b>	<b>-</b>	<b>5,439</b>	<b>5,439</b>

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On 1 November 2004, the Bank acquired the assets and liabilities of Societe Generale branches in Greece, for a consideration amounting to 10.957 thousands euro. Analysis of assets and liabilities acquired is presented below.

## ASSETS AND LIABILITIES ACQUIRED ON 1.11.2004

### ASSETS

(amounts in '000 euro)

Cash and balances with central bank	575
Due from banks	88,914
Loans and advances to customers, net	179,182
Debt securities including fixed income securities	
a. Government	44,233
b. Other issuers	94,284
Intangible fixed assets	11,040
Tangible fixed assets	313
Motor vehicles	97
Furniture, electronic and other equipment	119
Other assets	132
Prepaid expenses and accrued income	6,956

### TOTAL ASSETS

**425,845**

### LIABILITIES

Due to banks	
a. Demand	2,683
b. Notice	310,173
Due to customers	99,904
Other liabilities	472
Deferred income and accrued expenses	1,656

### TOTAL LIABILITIES

**414,888**

### EQUITY

**10,957**

### CONSIDERATION PAID

**10,957**

**20. Property, plant and equipment**

	Land	Leasehold land	Buildings	Leasehold buildings	Improvements in leased (operating) property	Motor vehicles and equipment	Assets under construction	Total
<b>Cost</b>								
Opening balance 01.01.2005	16,900	1,930	77,921	5,625	23,046	49,124	1,861	176,407
Additions	-	-	4,127	-	6,940	6,154	14,749	31,970
Write offs / disposals	(11)	-	(1,030)	-	(6)	(4,705)	(11,985)	(17,737)
<b>Closing balance 31.12.2005</b>	<b>16,889</b>	<b>1,930</b>	<b>81,018</b>	<b>5,625</b>	<b>29,980</b>	<b>50,573</b>	<b>4,625</b>	<b>190,640</b>
<b>Accumulated depreciation</b>								
Opening balance 01.01.2005	-	-	10,012	259	13,955	35,640	-	59,866
Depreciation	-	-	2,782	170	2,055	5,612	-	10,619
Write offs / disposals	-	-	(311)	-	(2)	(4,275)	-	(4,588)
<b>Closing balance 31.12.2005</b>	<b>-</b>	<b>-</b>	<b>12,483</b>	<b>429</b>	<b>16,008</b>	<b>36,977</b>	<b>-</b>	<b>65,897</b>
<b>Opening net book balance</b>	<b>16,889</b>	<b>1,930</b>	<b>68,535</b>	<b>5,196</b>	<b>13,972</b>	<b>13,596</b>	<b>4,625</b>	<b>124,743</b>
<b>Closing net book balance</b>	<b>16,900</b>	<b>1,930</b>	<b>67,909</b>	<b>5,366</b>	<b>9,091</b>	<b>13,484</b>	<b>1,861</b>	<b>116,541</b>

# 2005 Consolidated financial statements - IFRS

	Land	Leasehold land	Buildings	Leasehold buildings	Improvements in leased (operating) property	Motor vehicles and equipment	Assets under construction	Total
<b>Cost</b>								
Opening balance 01.01.2004	16,898	1,930	76,876	5,625	20,719	45,042	2,949	170,039
Additions	2	-	1,045	-	2,327	4,082	2,752	10,208
Write offs / disposals	-	-	-	-	-	-	(3,840)	(3,840)
<b>Closing balance 31.12.2004</b>	<b>16,900</b>	<b>1,930</b>	<b>77,921</b>	<b>5,625</b>	<b>23,046</b>	<b>49,124</b>	<b>1,861</b>	<b>176,407</b>
<b>Accumulated depreciation</b>								
Opening balance 01.01.2004	-	-	7,256	90	11,704	26,448	-	45,498
Depreciation	-	-	2,756	169	2,251	9,192	-	14,368
<b>Closing balance 31.12.2004</b>	<b>-</b>	<b>-</b>	<b>10,012</b>	<b>259</b>	<b>13,955</b>	<b>35,640</b>	<b>-</b>	<b>59,866</b>
<b>Opening net book balance</b>	<b>16,900</b>	<b>1,930</b>	<b>67,909</b>	<b>5,366</b>	<b>9,091</b>	<b>13,484</b>	<b>1,861</b>	<b>116,541</b>
<b>Closing net book balance</b>	<b>16,898</b>	<b>1,930</b>	<b>69,620</b>	<b>5,535</b>	<b>9,015</b>	<b>18,594</b>	<b>2,948</b>	<b>124,540</b>



## 21. Other assets

	31.12.2005	31.12.2004
	(amounts in '000 euro)	
Prepaid expenses	5,327	7,534
Other receivables	-	5,043
Prepaid tax	7,359	6,642
Assets acquired through auctions	10,083	9,716
Margins paid	1,989	9,711
Settlement accounts (cheques)	4,012	7,444
Staff advances	3,091	3,306
Other	30,272	27,012
<b>Total</b>	<b>62,133</b>	<b>76,408</b>

### Assets acquired through auctions

	31.12.2005	31.12.2004
	(amounts in '000 euro)	
<b>Cost:</b>		
Opening balance	9,993	8,288
Additions	2,342	2,752
Disposals, write offs	(1,975)	(1,047)
<b>Closing balance</b>	<b>10,360</b>	<b>9,993</b>
<b>Accumulated depreciation</b>		
Opening balance	277	283
Disposals, write offs	-	(6)
<b>Closing balance</b>	<b>277</b>	<b>277</b>
<b>Opening net book value</b>	<b>10,083</b>	<b>9,716</b>
<b>Closing net book value</b>	<b>9,716</b>	<b>8,005</b>

## 22. Deferred tax assets and liabilities

	31.12.2005	31.12.2004
	(amounts in '000 euro)	
<b>Deferred tax assets</b>		
Tax loss carried forward	18,676	8,969
Provisions for non performing loans	36,465	23,034
Defined benefits obligations	4,907	4,960
Loans commissions and claims to customers	2,993	2,350
Available for sale portfolio	3,668	3,586
Other risks provisions	308	-
<b>Total</b>	<b>67,017</b>	<b>42,899</b>
<b>Deferred tax liabilities</b>		
Derivatives and financial instruments	2,630	-
Fixed assets	5,374	3,777
<b>Total</b>	<b>8,004</b>	<b>3,777</b>

## 23. Due to banks

	<b>31.12.2005</b>	<b>31.12.2004</b>
	(amounts in '000 euro)	
Demand	44,148	109,267
Term	577,959	331,721
<b>Total</b>	<b>622,107</b>	<b>440,988</b>

## 24. Due to customers

	<b>31.12.2005</b>	<b>31.12.2004</b>
	(amounts in '000 euro)	
Demand	303,698	311,939
Savings	1,121,822	1,110,934
Term	880,868	492,286
Repos	108,989	756,529
Cheques payable	8,200	6,303
Other liabilities	33,774	32,906
<b>Total</b>	<b>2,457,351</b>	<b>2,710,897</b>

The shift of volumes from repos to term deposits, is due to the introduction of taxation of repos.

## 25. Subordinated debt

	<b>31.12.2005</b>	<b>31.12.2004</b>
	(amounts in '000 euro)	
Subordinated bond loan	99,883	99,829

GBG FINANCE P.L.C, a 100% subsidiary of the Group, issued a subordinated bond loan guaranteed by the Bank amounting to 100 millions euro, maturing on 18.12.2011. The bond was issued on 19.12.2001 with par value 100 millions euro, variable interest rate based on the quarterly Euribor plus 190 basis points for the five first years and interest rate based on the quarterly interbank rate plus 340 basis points for the remaining period to maturity. Interest payments are made every quarter (March 19, June 19, September 19 and December 19).

## 26. Provisions

	<b>31.12.2005</b>	<b>31.12.2004</b>
	(amounts in '000 euro)	
Opening balance	19,983	3,637
Charge for the period	2,585	16,346
Reversal of provisions	(4,403)	-
Recoveries	160	-
<b>Closing balance</b>	<b>18,325</b>	<b>19,983</b>



## 27. Provisions for employee benefits

(amounts in '000 euro)

<b>Balance 1.1.2004</b>	<b>19,964</b>
Accrued expense	6,408
Payments	(5,498)
<b>Balance 1.1.2005</b>	<b>20,874</b>
Accrued expense	1,756
Contributions paid	(1,814)
<b>Balance 31.12.2005</b>	<b>20,816</b>

### Income statement

**31.12.2005** **31.12.2004**

(amounts in '000 euro)

Current service cost	881	853
Interest cost	875	650
Voluntary exit cost	-	4,905
<b>Total (as included in the employee cost)</b>	<b>1,756</b>	<b>6,408</b>

Significant actuarial assumptions are presented below.

**31.12.2005** **31.12.2004**

(amounts in '000 euro)

Discounting rate	3,71-4,46%	4,28%
Salary increase rate	4,16-5,38%	3,75-4,5%

## 28. Other Liabilities

**31.12.2005** **31.12.2004**

(amounts in '000 euro)

Deferred income	2,600	2,874
Accrued expenses	2,364	1,045
Amounts due to social security funds	3,250	3,186
Account payable	14,027	11,049
Dividends payable	102	143
Taxes - duties	2,859	6,265
Withholdings and contributions for third parties	8,224	5,822
Other	27,307	19,373
<b>Total</b>	<b>60,733</b>	<b>49,757</b>

**31.12.2005** **31.12.2004**

(amounts in '000 euro)

### Liabilities for current income tax and other taxes

Current income tax	44	1,583
Other taxes	2,815	4,682
<b>Total</b>	<b>2,859</b>	<b>6,265</b>

**29. Share Capital**

	31.12.2005	
	Number of shares (pieces)	Paid in capital (amounts in '000 euro)
Opening balance	41,705,671	240,642
Share capital increase paid in cash	16,682,268	96,256
<b>Closing balance</b>	<b>58,387,939</b>	<b>336,898</b>

	31.12.2004	
	Number of shares (pieces)	Paid in capital (amounts in '000 euro)
Opening balance	26,848,528	140,955
Capitalization of property revaluation reserve		21,687
Rights issue (paid in cash)	14,857,143	78,000
<b>Closing balance</b>	<b>41,705,671</b>	<b>240,642</b>

On July 2005, after a decision taken by the Ordinary General Assembly of Shareholders on 12 May 2005, the Bank proceeded to a right issue of 16.682.268 ordinary (par value of 5.77 euros per share) offered at 6 euros per share, with a right of 4 new shares for 10 outstanding.

Rights issue proceeds increased the Share Capital of the Bank by 96,256,686.36 euro: the remaining proceeds of the issue, after deducting issue expenses, net of the corresponding tax, increased the share premium account.

After the increase, the paid in Share Capital of the Bank amounts to 336,898,408.03 euro and is divided to 58,387,939 ordinary shares with a par value of 5.77 euro.

**30. Share premium**

	31.12.2005	31.12.2004
	(amounts in '000 euro)	
Opening balance	59,643	49,570
Less: Rights issue expenses , net of tax	(861)	(1,069)
Rights issue (paid in cash)	3,838	11,142
<b>Balance at the end of the period</b>	<b>62,620</b>	<b>59,643</b>

**Rights issue taxation effect (amounts in '000 euro)**

Rights issue related expenses	1,266
Less income tax (32%)	(405)
<b>Rights issue expenses, net of tax</b>	<b>861</b>



### 31. Fair value revaluation reserve

	31.12.2005	31.12.2004
	(amounts in '000 euro)	
Opening balance	-	-
Opening balance adjustment (revaluation first application of IAS 39 - 1.1.2005)	6,846	-
Deferred tax liability on revaluation (first application of IAS 39 - 1.1.2005)	(1,712)	-
Valuation of available for sale portfolio	(7,423)	-
Hedging derivatives valuation	790	-
Deferred tax liability/asset	1,660	-
<b>Closing balance</b>	<b>161</b>	<b>-</b>

### 32. Other reserves

	31.12.2005	31.12.2004
	(amounts in '000 euro)	
Other reserves are analyzed as follows:		
Statutory reserves	5,477	5,477
Non-taxed reserves	-	-
Other reserves	21,874	21,869
<b>Total</b>	<b>27,351</b>	<b>27,346</b>

### 33. Retained earnings

	31.12.2005	31.12.2004
	(amounts in '000 euro)	
Opening balance	(147,216)	(62,558)
Opening balance adjustment (IAS39 first implementation)	(55,618)	-
Profit and loss for the period	(14,082)	(82,458)
Sale of treasury shares	383	-
Transfers to other reserves	-	(2,200)
Other	50	-
<b>Closing balance</b>	<b>(216,483)</b>	<b>(147,216)</b>

**34. Treasury shares**

	<b>31.12.2005</b>	
	<b>Number of shares</b>	<b>Cost</b>
	(amounts in '000 euro)	
Opening balance	140,540	773
Sales	(140,540)	(773)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

	<b>31.12.2004</b>	
	<b>Number of shares</b>	<b>Cost</b>
	(amounts in '000 euro)	
Opening balance	140,540	773
<b>Closing balance</b>	<b>140,540</b>	<b>773</b>

Treasury shares held by Group companies at 31.12.2004 are analyzed as follows:

<b>Company name</b>	<b>Shares Number</b>	<b>Cost</b>
	(amounts in '000 euro)	
GENIKI BANK	137,420	724
GENERAL CARDS	3,120	49
<b>Total</b>	<b>140,540</b>	<b>773</b>

## **35. Contingent liabilities and commitments**

### **35.1 Legal cases**

Pending litigation cases against the Group are not expected to have a significant impact on its financial position and future operation.

### **35.2 Tax issues**

Group entities have been audited by the tax authorities as presented below.

- Geniki Bank SA up to 1999 (included)
- General Cards SA up to 2001 (included)
- General Finance SA up to 2002 (included)
- General Insurance Brokerage up to 2002 (included)
- General Leasing SA up to 2002 (included)
- GBG Finance PLC (tax resident in the United Kingdom) has not been audited for the years 2001 to 2004 (included)
- Geognomon SA has not been audited for the years 2002 to 2004 (included), whereas from 1/07/2005 is under liquidation
- GENAP SA from 30.10.2002 is under liquidation and has been audited for all tax subjects up to this date. It has not been tax audited for the liquidation period i.e. after 31.10.2002
- General Securities (AXEPEY), merged in 2004 with the Bank, has been tax audited up to the year 2001.

Due to the fact that the tax audit may disallow some expenses for tax purposes, it is probable that additional taxes will be assessed; such taxes are not going to have a significant impact on the financial position of the Group.

### **35.3 Social security issues**

The employees of Geniki Bank are socially secured in IKA (main fund) and therefore, the provisions of Law 3371/2005 relating to the transfer of employees to IKA-ETAM will not have an effect in the Group. The employees of the Bank have set up - without any participation of the Bank in the set-up, management and administration - a supplementary fund for pensions and lump-sum payments at retirement. The only obligation of the Bank in respect of the supplementary fund is the payment of contributions. In accordance with the provisions of Law 3371/2005, the employees can decide to dissolve and transfer their fund as provided under Law 3371/2005 (IKA - ETEAM - ETAT). The effect on the contributions payable by the Bank in future periods or other impact from the introduction of the Law 3371/2005 cannot be assessed.

### **35.4 Leasing**

#### **35.4.1 Operating leases**

The obligations of the Group (as lessee) from leases relate to the occupancy of premises used for its operations. The duration of leases varies from 9 to 12 years with an option to renew or extend their duration at the agreement of both counterparties. Lease payments are usually adjusted annually on the basis of the consumer inflation index Group policy is to renew such contracts.

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The future minimum lease payments for operating leases are as follows:

	<b>31.12.2005</b>	<b>31.12.2004</b>
	(amounts in '000 euro)	
- not later than one year	8,065	6,539
- later than one year and not later than five years	26,362	21,204
- later than five years	19,823	16,256
<b>Total</b>	<b>54,250</b>	<b>43,999</b>

The total expenses of the Group for real estate leases for 2005 amount to 7,651 thousands euro and are included in administration expenses.

## 35.4.2 Finance leasing

The future minimum lease payments and unguaranteed residual values from finance leases where the Group is the lessor (including sale and leaseback transactions) are analyzed as follows:

	<b>31.12.2005</b>	<b>31.12.2004</b>
	(amounts in '000 euro)	
- not later than one year	728	718
- later than one year and not later than five years	2,913	2,876
- later than five years	1,795	2,491
<b>Total</b>	<b>5,436</b>	<b>6,085</b>

## 35.5 Off balance sheet liabilities

	<b>31.12.2005</b>	<b>31.12.2004</b>
	(amounts in '000 euro)	
Documentary credits	5,245	6,175
Letters of Guarantee	635,152	644,518
<b>Total</b>	<b>640,397</b>	<b>650,693</b>

## 35.6 Pledged assets

	<b>31.12.2005</b>	<b>31.12.2004</b>
	(amounts in '000 euro)	
Greek Government Bonds	20,000	20,000
<b>Total</b>	<b>20,000</b>	<b>20,000</b>

The above bonds are pledged as a collateral of the current account held with the Bank of Greece (intraday funding account).



### 36. Group entities

Group subsidiaries are listed below.

Company Name	Activity	HQs	31.12.2005		31.12.2004	
			Direct holding	Indirect holding	Direct holding	Indirect holding
GENERAL CARDS & FINANCIAL SERVICES SA	BANK	ATHENS	89%	11%	89%	11%
GENERAL FINANCE SA	CONSULTING SERVICES	ATHENS	100%		100%	
GENERAL INSURANCE AGENCY LTD	INSURANCE BROKER	ATHENS	80%	20%	80%	20%
GENERAL LEASING SA	LEASING	ATHENS	65%	35%	65%	35%
GBG FINANCE P.L.C	SPECIAL PURPOSE ENTITY	UNITED KINGDOM	99%	1%	99%	1%
ATHENS INVESTOR SERVICES	SOFTWARE DEVELOPMENT	ATHENS			100%	
GENAP SA	CONSTRUCTION	ATHENS	100%		92%	8%

Athens Investor Services SA (A.I.S. S.A.), a subsidiary of the Group, was sold on 31 January 2005.

GENAP SA is under liquidation from October 31, 2002.

The share of the Group profit/(loss) of each subsidiary, on 31 December 2005 and 31 December 2004 are presented below.

Company	31.12.2005		
	Equity	Profit / loss for the period	Group share
	(amounts in '000 euro)		
GENERAL CARDS & FINANCIAL SERVICES SA	4,704	244	100%
GENERAL FINANCE SA	746	36	100%
GENERAL INSURANCE AGENCY LTD	269	28	100%
GENERAL LEASING SA	6,097	(3,215)	100%
GBG FINANCE P.L.C	33	5	100%
ATHENS INVESTOR SERVICES	200	(53)	100%
GENAP SA	850	(219)	100%

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31.12.2004

Company	Equity	Profit / loss for the period	Group share
	(amounts in '000 euro)		
GENERAL CARDS & FINANCIAL SERVICES SA	4,460	548	100%
GENERAL FINANCE SA	1,027	1,277	100%
GENERAL INSURANCE AGENCY LTD	268	216	100%
GENERAL LEASING SA	8,036	(1,277)	100%
GBG FINANCE PLC	33	6	100%
ATHENS INVESTOR SERVICES	919	(175)	100%
GENAP SA	897	(171)	100%

## 37. Segment report

### Analysis by business sector

31.12.2005

	Retail	Corporate	Insurance	Leasing	Other	Eliminations	Total
Net interest income	70,846	73,237	-	5,318	-	(2,707)	146,694
Net commissions	8,290	17,594	-	106	-	(290)	25,700
Other income	-	4,696	985	266	13,907	(13,336)	6,518
<b>Total income</b>	<b>79,136</b>	<b>95,527</b>	<b>985</b>	<b>5,690</b>	<b>13,907</b>	<b>(16,333)</b>	<b>178,912</b>
Expenses	(57,346)	(82,934)	(555)	(803)	(13,752)	14,387	(141,003)
Provisions	(15,455)	(22,351)	(177)	(1,384)	-	-	(39,367)
<b>Net results before tax and depreciation</b>	<b>6,335</b>	<b>(9,758)</b>	<b>253</b>	<b>3,503</b>	<b>155</b>	<b>(1,946)</b>	<b>(1,458)</b>

### Other information

Assets	1,211,700	2,300,474	1,700	113,743	101,207	(227,484)	3,501,340
Liabilities	1,657,746	1,854,428	1,700	113,743	101,207	(227,484)	3,501,340
Capital expenditure	7,883	14,067	-	223	-	-	22,173
Depreciation	5,687	8,253	16	12	191	-	14,159



	31.12.2004						
	Retail Banking	Corporate Banking	Insurance	Leasing	Other	Intercompany transactions	Total
Net interest income	59,974	83,683	-	5,615	245	(3,524)	145,993
Net commissions	4,444	24,176	-	82	2,533	(218)	31,017
Other income	-	(12,695)	856	107	20,559	(21,740)	(12,913)
<b>Total income</b>	<b>64,418</b>	<b>95,164</b>	<b>856</b>	<b>5,804</b>	<b>23,337</b>	<b>(25,482)</b>	<b>164,097</b>
Expenses	(44,847)	(92,386)	(494)	(5,192)	(18,854)	20,106	(141,667)
Provisions	(33,179)	(68,349)	-	(3,122)	(100)	-	(104,750)
<b>Net results before tax and depreciation</b>	<b>(13,608)</b>	<b>(65,571)</b>	<b>362</b>	<b>(2,510)</b>	<b>4,383</b>	<b>(5,376)</b>	<b>(82,320)</b>
<b>Other information</b>							
Assets	985,302	2,557,073	1,567	124,148	110,296	(252,639)	3,525,747
Liabilities	1,329,955	2,212,420	1,567	124,148	110,296	(252,639)	3,525,747
Capital expenditure	3,213	17,582	-	-	-	-	20,795
Depreciation	6,320	13,291	22	84	352	-	20,069

Retail banking segment includes individuals and self-employed professionals. Product offering includes deposits (on demand, savings, term, repos, swaps), loans (mortgages - consumer), custody services, debit and credit cards.

Corporate banking segment includes trading entities, traders or legal entities belonging to the public or private sector. Product offering includes deposits (on demand, savings, term, repos, swaps), loans of all types, letters of guarantee, bond loans, derivatives, funds transfer, foreign exchange.

Insurance segment includes the activities of the subsidiary General Insurance Agency LTD, offering related products.

Leasing segment includes the activities of the subsidiary General Leasing SA, offering related products.

Other segment includes non financial services offered by the Group.

In segment income and expense transfers between segments are included: such transfers are performed at arm's length terms.

## **38. Risk management**

### **38.1 Introduction**

The Group is exposed to the financial risks listed below.

#### **Credit risk**

Risk of loss arising from inability of the Group's customers or other counterparties to meet their financial commitments.

#### **Market risk**

Risk of loss resulting from changes in market prices and their volatility.

#### **Foreign exchange risk**

Risk of loss resulting from changes in foreign exchange rates.

#### **Interest rate risk**

Risk of loss resulting from changes in interest rates affecting the net interest margin of the Group.

#### **Liquidity Risk**

Risk of loss arising when an entity has not adequate liquidity to meet its financial obligations when due.

The ultimate corporate body responsible for Group risk management is the Asset - Liability Committee (ALCO), which at Group level:

1. Monitors the enforcement of risk limits set by the Group Management.
2. Validates the software tools used by the ALM unit and initiates the introduction of new tools for Group risk management purposes.
3. Validates the monitoring methodology of financial risks.
4. Monitors and follows changes in the financial market and commercial environment affecting the financial risk position of the Group and manages risk positions.
5. Based on reporting generated by the ALM unit for risk positions for the current and future periods (up to 15 years), monitors and manages the following risks.
  - 5.1 Liquidity risk, per currency (Euro, USD, other).
  - 5.2 Interest rate risk (variable, fixed, mixed), per currency (Euro, USD, other).
  - 5.3 Performs sensibility analysis for interest rate changes.
  - 5.4 Decides on the introduction of new hedging instruments.



### 38.2 Market Risk

Risk of loss resulting from changes in market prices and their volatility (foreign exchange rates, interest rates, commodities, shares etc). Losses may also be incurred in asset - liability management. Risk limits has been requested and agreed with Societe General S.A., the parent company of the Greek Group in respect of the following.

1. Foreign exchange risk limits. Intraday and end-of-day limits have been set and are daily monitored.

2. Credit risk limits (inter-bank and bonds). Limits are daily monitored.

There are no positions in equities. Bund futures, are used for hedging the portfolio of Greek government bonds. Positions are monitored on a daily basis.

Credit VAR International (CVI), a new software tool developed by Societe Generale and already used by many Societe banks, is at a final testing for implementation in Greece This tool monitors and measures the credit value at Risk - CvaR of foreign exchange forwards and swaps.

CVI will facilitate and support calculations for Basel II.

### 38.3 Credit Risk

Particular emphasis is placed by the Management of the Group for the effective management of credit risk. Societe Generale standards for the assessment of the creditworthiness of counterparties have been implemented since Societe Generale acquired the Group.

For the assesement of counterparty creditworthiness and the related credit ranking and authorization of credit limits, qualitative and quantitative data are taken into consideration such as future prospects, geographical region, industrial sector etc. In addition, calibrated models are used for distinguishing different counterparty categories. Such counterparty categories include central governments, municipalities, public sector companies, large entities with turnover exceeding 15m Euro, entities with turnover 0.7 to 15m Euro and small entities with a turnover less than 0.7m Euro. For the definition of limits, all credit limits approved by various Bank units or Group subsidiaries are taken into consideration. Also limits relating to off-balance sheet and on-balance sheet positions are aggregated. Creditworthiness and performance are systematically monitored.

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## 38.4 Foreign exchange Risk

The Bank is the only Group entity with FX positions. The Management of the Bank has set low limits for FX exposure, which are daily monitored. The foreign exchange position of the Bank, as at 31 December 2005 and 31 December 2004, respectively, is as follows.

	31.12.2005						TOTAL
	USD	GBP	CHF	JPY	OTHER	EURO	
	(amounts in '000 euro)						
<b>(I) ASSETS</b>							
Cash and balances with central bank	209	69	12	6	54	106,342	106,692
Due from banks	12,692	9,032	2,203	348	8,358	253,770	286,403
Derivative financial instruments	152	-	-	429	-	7,011	7,592
Loans and advances to customers, net	58,395	172	1,152	8,522	-	2,503,634	2,571,875
Investment securities - available for sale	33,065	-	-	-	-	227,873	260,938
Investments in associate undertakings	-	-	-	-	-	1,143	1,143
Intangible assets	-	-	-	-	-	12,804	12,804
Property, plant and equipment	-	-	-	-	-	124,743	124,743
Deferred income tax assets	-	-	-	-	-	67,017	67,017
Other assets	675	30	33	-	19	61,376	62,133
<b>TOTAL (I)</b>	<b>105,188</b>	<b>9,303</b>	<b>3,400</b>	<b>9,305</b>	<b>8,431</b>	<b>3,365,713</b>	<b>3,501,340</b>
<b>(II) LIABILITIES</b>							
Due to banks	17,995	2,198	6	36	-	601,872	622,107
Due to customers	86,768	7,031	348	6,957	8,417	2,347,830	2,457,351
Derivative financial instruments	184	-	1	-	-	3,389	3,574
Subordinated debt	-	-	-	-	-	99,883	99,883
Retirement benefit obligations	-	-	-	-	-	20,816	20,816
Risks & charges provisions	-	-	-	-	-	18,325	18,325
Deferred income tax liabilities	-	-	-	-	-	8,004	8,004
Other liabilities	261	72	22	43	18	60,317	60,733
<b>TOTAL (II)</b>	<b>105,208</b>	<b>9,301</b>	<b>377</b>	<b>7,036</b>	<b>8,435</b>	<b>3,160,436</b>	<b>3,290,793</b>
<b>EQUITY (III)</b>	-	-	-	-	-	<b>210,547</b>	<b>210,547</b>
<b>GRAND TOTAL (II + III)</b>	<b>105,208</b>	<b>9,301</b>	<b>377</b>	<b>7,036</b>	<b>8,435</b>	<b>3,370,983</b>	<b>3,501,340</b>
<b>GAP</b>	<b>(20)</b>	<b>2</b>	<b>3,023</b>	<b>2,269</b>	<b>(4)</b>	<b>(5,270)</b>	<b>-</b>



31.12.2004

	USD	GBP	CHF	JPY	OTHER	EURO	TOTAL
	(amounts in '000 euro)						
<b>(I) ASSETS</b>							
Cash and balances with central bank	229	153	12	9	64	66,634	67,101
Due from banks	17,613	15,005	7,271	264	8,479	43,102	91,734
Derivative financial instruments	64,329	454	2,315	9,785	-	2,338,380	2,415,263
Loans and advances to customers, net	-	-	-	-	-	700,370	700,370
Investment securities - available for sale	-	-	-	-	-	1,266	1,266
Investments in associate undertakings	-	-	-	-	-	14,165	14,165
Intangible assets	-	-	-	-	-	116,541	116,541
Property, plant and equipment	-	-	-	-	-	42,899	42,899
Deferred income tax assets	-	-	-	-	-	76,408	76,408
<b>TOTAL (I)</b>	<b>82,171</b>	<b>15,612</b>	<b>9,598</b>	<b>10,058</b>	<b>8,543</b>	<b>3,399,765</b>	<b>3,525,747</b>
<b>(II) LIABILITIES</b>							
Due to banks	15,580	2,132	22	360	-	422,894	440,988
Due to customers	66,509	13,128	9,531	9,571	8,481	2,603,677	2,710,897
Subordinated debt	-	-	-	-	-	99,829	99,829
Retirement benefit obligations	-	-	-	-	-	20,874	20,874
Risks & charges provisions	-	-	-	-	-	19,983	19,983
Deferred income tax liabilities	-	-	-	-	-	3,777	3,777
Other liabilities	-	-	-	-	-	49,757	49,757
<b>TOTAL (II)</b>	<b>82,089</b>	<b>15,260</b>	<b>9,553</b>	<b>9,931</b>	<b>8,481</b>	<b>3,220,791</b>	<b>3,346,105</b>
<b>EQUITY (III)</b>	-	-	-	-	-	<b>179,642</b>	<b>179,642</b>
<b>GROSS TOTAL (II + III)</b>	<b>82,089</b>	<b>15,260</b>	<b>9,553</b>	<b>9,931</b>	<b>8,481</b>	<b>3,400,433</b>	<b>3,525,747</b>
<b>GAP</b>	<b>82</b>	<b>352</b>	<b>45</b>	<b>127</b>	<b>62</b>	<b>(668)</b>	<b>-</b>

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## 38.5 Interest rate Risk

Assets and liabilities are analyzed in time bands depending on the next interest rate reprising date. Sensitivity analysis is performed for assessing the possible effect of changes in interest rates in the results of the Group.

31.12.2005

ASSETS	TOTAL	1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	NON INTEREST BAR-ING
Cash and balances with central bank	106,692	63,338	-	-	-	-	43,354
Due from banks	286,403	95,593	133,854	56,377	-	-	579
Loans and advances to customers, net	2,571,875	1,964,544	197,159	234,073	140,508	35,591	-
Investment securities - available for sale	260,938	-	15,142	245,796	-	-	-
Other	275,432	-	-	-	-	-	275,432
<b>TOTAL</b>	<b>3,501,340</b>	<b>2,123,475</b>	<b>346,155</b>	<b>536,246</b>	<b>140,508</b>	<b>35,591</b>	<b>319,365</b>

LIABILITIES	TOTAL	1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	NON INTEREST BAR-ING
Due to banks	622,107	151,394	36,433	434,280	-	-	-
Due to customers	2,457,351	1,702,905	342,392	348,844	63,210	-	-
Other	211,335	-	99,884	3,574	-	-	107,877
<b>TOTAL</b>	<b>3,290,793</b>	<b>1,854,299</b>	<b>478,709</b>	<b>786,698</b>	<b>63,210</b>	<b>0</b>	<b>107,877</b>



31.12.2004

ASSETS	TOTAL	1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	NON INTEREST BAR-ING
Cash and balances with central bank	67,101	32,613	-	-	-	-	34,488
Due from banks	91,734	46,148	31,494	13,700	-	-	392
Loans and advances to customers, net	2,415,263	1,660,537	369,804	333,622	51,300	-	-
Investment securities - available for sale	700,370	65,811	125,700	508,859	-	-	-
E. Other	251,279	-	-	-	-	-	251,279
<b>TOTAL</b>	<b>3,525,747</b>	<b>1,805,109</b>	<b>526,998</b>	<b>856,181</b>	<b>51,300</b>	<b>0</b>	<b>286,159</b>

LIABILITIES	TOTAL	1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	NON INTEREST BAR-ING
Due to banks	440,988	172,338	232,720	35,930	-	-	-
Due to customers	2,710,897	1,777,336	612,607	274,742	46,212	-	-
Other	194,220	-	99,829	-	-	-	94,391
<b>TOTAL</b>	<b>3,346,105</b>	<b>1,949,674</b>	<b>945,156</b>	<b>310,672</b>	<b>46,212</b>	<b>0</b>	<b>94,391</b>

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## 38.6 Liquidity Risk

Assets and liabilities are analyzed in time bands in accordance with their remaining time to maturity (liquidity gap analysis). Analysis for 31 December 2005 and 31 December 2004 is presented below.

	31.12.2005					TOTAL
	< 1 MONTH	1 till 3 MONTHS	3 till 6 MONTHS	6 till 12 MONTHS	> 1 YEAR	
	(amounts in '000 euro)					
<b>ASSETS</b>						
Cash and balances with central bank	106,692	-	-	-	-	106,692
Due from banks	118,882	147,455	8,160	6,584	5,322	286,403
Derivative financial instruments	293	546	2	125	6,626	7,592
Loans and advances to customers, net	487,677	439,369	359,023	118,553	1,167,253	2,571,875
Investment securities - available for sale	147,367	24,589	1,090	80,460	7,432	260,938
Investments in associate undertakings	-	-	-	-	1,143	1,143
Intangible assets	-	-	-	-	12,804	12,804
Property, plant and equipment	-	-	-	-	124,743	124,743
Deferred income tax assets	-	-	-	-	67,017	67,017
Other assets	11,807	416	624	1,248	48,038	62,133
<b>Total Assets</b>	<b>872,718</b>	<b>612,375</b>	<b>368,899</b>	<b>206,970</b>	<b>1,440,378</b>	<b>3,501,340</b>
<b>LIABILITIES</b>						
Due to banks	394,723	80,859	30,008	96,000	20,517	622,107
Due to customers	2,041,686	195,292	153,180	38,086	29,107	2,457,351
Derivative financial instruments	837	555	519	150	1,513	3,574
Subordinated debt	-	-	-	-	99,883	99,883
Retirement benefit obligations	-	-	-	-	20,816	20,816
Risks & charges provisions	-	-	-	-	18,325	18,325
Deferred income tax liabilities	-	-	-	-	8,004	8,004
Other liabilities	16,551	1,362	-	-	42,820	60,733
<b>Total Liabilities</b>	<b>2,453,797</b>	<b>278,068</b>	<b>183,707</b>	<b>134,236</b>	<b>240,985</b>	<b>3,290,793</b>
<b>EQUITY</b>	-	-	-	-	<b>210,547</b>	<b>210,547</b>
<b>Total equity and liabilities</b>	<b>2,453,797</b>	<b>278,068</b>	<b>183,707</b>	<b>134,236</b>	<b>451,532</b>	<b>3,501,340</b>
<b>GAP</b>	<b>(1,581,079)</b>	<b>334,307</b>	<b>185,192</b>	<b>72,734</b>	<b>988,846</b>	<b>-</b>

The Group has assured sufficient liquidity limits by its parent company (Societe Generale).

	31.12.2004					TOTAL
	< 1 MONTH	1 till 3 MONTHS	3 till 6 MONTHS	6 till 12 MONTHS	> 1 YEAR	
(amounts in '000 euro)						
<b>ASSETS</b>						
Cash and balances with central bank	67,101	-	-	-	-	67,101
Due from banks	56,888	16,349	1,846	362	16,289	91,734
Derivative financial instruments	256,415	369,115	328,273	322,411	1,139,049	2,415,263
Loans and advances to customers, net	-	37,128	1,837	826	660,579	700,370
Investment securities - available for sale	-	-	-	-	1,266	1,266
Investments in associate undertakings	-	-	-	-	116,541	116,541
Intangible assets	-	-	-	-	14,165	14,165
Property, plant and equipment	-	-	-	-	42,899	42,899
Deferred income tax assets	-	-	-	-	76,408	76,408
<b>Total Assets</b>	<b>380,404</b>	<b>422,592</b>	<b>331,956</b>	<b>323,599</b>	<b>2,067,196</b>	<b>3,525,747</b>
<b>LIABILITIES</b>						
Due to banks	382,240	8,533	18,893	700	30,622	440,988
Due to customers	1,761,607	239,121	41,490	35,389	633,290	2,710,897
Subordinated debt	-	-	-	-	99,829	99,829
Retirement benefit obligations	-	-	-	-	20,874	20,874
Risks & charges provisions	-	-	-	-	19,983	19,983
Deferred income tax liabilities	-	-	-	-	3,777	3,777
Other liabilities	-	-	-	-	49,757	49,757
<b>Total Liabilities</b>	<b>2,143,847</b>	<b>247,654</b>	<b>60,383</b>	<b>36,089</b>	<b>858,132</b>	<b>3,346,105</b>
<b>EQUITY</b>	-	-	-	-	179,642	179,642
<b>Total equity and liabilities</b>	<b>2,143,847</b>	<b>247,654</b>	<b>60,383</b>	<b>36,089</b>	<b>1,037,774</b>	<b>3,525,747</b>
<b>GAP</b>	<b>(1,763,443)</b>	<b>174,938</b>	<b>271,573</b>	<b>287,510</b>	<b>1,029,422</b>	<b>-</b>

#### Comments:

For mitigating liquidity risk, the Group:

- actively promotes the sale of products offering liquidity to the Group, such as savings and term deposits with maturities exceeding one month and maintains credits lines in the money market;
- actively monitors short-term cash flow requirements for daily, weekly and monthly periods.

**38.7 Fair value of financial assets and liabilities**

	31.12.2005		31.12.2004	
	Nominal Value	Fair Value	Nominal Value	Fair Value
	(amounts in '000 euro)			
Cash and balances with central bank	106,692	106,692	67,101	67,101
Due from banks	286,403	286,403	91,734	91,734
Loans and advances to customers, net	2,571,875	2,573,464	2,415,263	2,416,163
	Nominal Value	Fair Value	Nominal Value	Fair Value
Due to banks	622,107	622,107	440,988	440,988
Due to customers	2,457,351	2,457,351	2,710,897	2,710,897
Subordinated debt	99,883	101,122	99,829	102,331

**38.8 Capital adequacy**

	31.12.2005	31.12.2004
	(amounts in '000 euro)	
Risk weighted assets (credit risk)	2,762	2,713
Risk weighted assets (market risk)	-	15
Total risk weighted assets	<b>2,762</b>	<b>2,728</b>
Upper tier I capital	218	149
Tier I capital	205	132
Tier I + Tier II capital	297	199
Upper tier I ratio	7.89%	5.45%
Tier I ratio	7.42%	4.85%
<b>Capital adequacy ratio (Tier I + Tier II)</b>	<b>10.77%</b>	<b>7.29%</b>



### 39. Related parties transactions

Related party outstanding balances and results are as follows.

#### Associates

(amounts in '000 euro)

#### *Assets*

Due from banks	156,634
Derivative financial instruments	3,514
<b>Total</b>	<b>160,148</b>

#### *Liabilities*

Due to banks	311,030
<b>Total</b>	<b>311,030</b>

#### *Income*

Interest and similar income	2,374
<b>Total</b>	<b>2,374</b>

#### *Expenses*

Interest expense and similar charges	4,336
<b>Total</b>	<b>4,336</b>

The remuneration of the Board of Directors (BoD) members and General Managers, charged to the profit or loss, amounts to 1,150 thousand euros (2005) and 1,748 (2004). Employer contributions amount to 61 thousand euros (2005) and 44 thousand euros (2004).

There no outstanding loans granted to BoD or the General Managers of the Bank and their deposits amount to 256 thousand euros as at 31.12.2005.

# 2005 Consolidated financial statements - IFRS

## 40. Transition to IFRS

Equity reconciliation	31 December 2004	31 December 2003
	(amounts in '000 euro)	
<b>Opening ordinary shareholders' equity under Greek GAAP</b>	<b>145,613</b>	<b>218,614</b>
Provision for staff benefits	(211)	(18,728)
Depreciation difference / fixed assets write-offs	5,138	4,763
Loan provisions	-	(37,000)
Amortization of loans commission income (IAS 18)	(9,108)	(8,349)
Recognition of receivables from financial leases	2,598	(2,375)
Other adjustments	(2,802)	(39)
Purchase of treasury shares		(790)
Deferred tax	38,414	17,914
<b>Opening ordinary shareholders' equity under IFRS</b>	<b>179,642</b>	<b>174,010</b>

Consolidated profit or loss reconciliation	Year-ended 31 December 2004
	(amounts in '000 euro)
<b>Loss under Greek GAAP</b>	<b>(161,354)</b>
Loan provisions	36,706
Provision for staff benefits	16,248
Intangible assets write-offs	-
Depreciation difference / fixed assets write-offs	5,191
Amortization of loans commission income (IAS 18)	(759)
Leasing Recognition	(2,130)
Deferred tax	21,443
Other adjustments	2,197
<b>Group loss for the period under IFRS</b>	<b>(82,458)</b>



## Consolidated balance sheet reconciliation at 31/12/2004

	IFRS	Greek GAAP	Adjustment
		(amounts in '000 euro)	
<b>ASSETS</b>			
Cash and balances with central bank	67,101	67,141	(40)
Due from banks	91,734	91,495	239
Loans and advances to customers, net	2,415,263	2,236,012	179,251
Investment securities - available for sale	700,370	767,712	(67,342)
Investments in associate undertakings	1,266	1,251	15
Intangible assets	14,165	15,646	(1,481)
Property, plant and equipment	116,541	206,392	(89,851)
Deferred income tax assets	42,899	-	42,899
Other assets	76,408	93,678	(17,270)
Treasury shares	-	773	(773)
<b>Total assets</b>	<b>3,525,747</b>	<b>3,480,100</b>	<b>45,647</b>
<b>LIABILITIES</b>			
Due to banks	440,988	432,670	8,318
Due to customers	2,710,897	2,679,034	31,863
Subordinated debt	99,829	100,000	(171)
Retirement benefit obligations	20,874	-	20,874
Risks & charges provisions	19,983	42,287	(22,304)
Deferred income tax liabilities	3,777	-	3,777
Other liabilities	49,757	77,035	(27,278)
<b>Total Liabilities</b>	<b>3,346,105</b>	<b>3,331,026</b>	<b>15,079</b>
<b>EQUITY</b>			
Share capital	240,642	240,642	-
Share premium	59,643	62,611	(2,968)
Treasury shares	(773)	-	(773)
Other reserves and retained earnings	(119,870)	(154,179)	34,309
<b>Total equity</b>	<b>179,642</b>	<b>149,074</b>	<b>30,568</b>
<b>Total equity and liabilities</b>	<b>3,525,747</b>	<b>3,480,100</b>	<b>45,647</b>

# 2005 Consolidated financial statements - IFRS

## Consolidated income statement reconciliation (1.1.2004 to 31.12.2004)

	IFRS	Greek GAAP (amounts in '000 euro)	Adjustment
Interest and similar income	204,455	195,248	9,207
Interest expense and similar charges	(58,462)	(67,301)	8,839
<b>Net interest income</b>	<b>145,993</b>	<b>127,947</b>	<b>18,046</b>
Fee and commission income	32,901	42,134	(9,233)
Fee and commission expense	(1,884)	(673)	(1,211)
<b>Net fee and commission income</b>	<b>31,017</b>	<b>41,461</b>	<b>(10,444)</b>
Dividend income	121	121	0
Net trading income	(19,269)	(11,100)	(8,169)
Other operating income	6,235	28,984	(22,749)
<b>OPERATING INCOME</b>	<b>164,097</b>	<b>187,413</b>	<b>(23,316)</b>
Provisions for credit and other risks	(104,750)	(139,420)	34,670
Staff cost and related expenses	(90,316)	(105,851)	15,535
Administration expenses	(51,351)	(54,722)	3,371
Depreciation and amortization	(20,069)	(44,735)	24,666
<b>OPERATING EXPENSES</b>	<b>(266,486)</b>	<b>(344,728)</b>	<b>78,242</b>
Share of profit (loss) from associates	(14)	-	(14)
<b>Profit / (loss) before taxes</b>	<b>(102,403)</b>	<b>(157,315)</b>	<b>54,912</b>
Current tax	(1,498)	(4,039)	2,541
Deferred tax	21,443	-	21,443
<b>Profit / (loss)</b>	<b>(82,458)</b>	<b>(161,354)</b>	<b>78,896</b>



## Consolidated cash flow statement reconciliation (1/1/2004 to 31/12/2004)

	IFRS	GREEK ACCOUNTING PRINCIPLES	EVOLUTION
Net cash flows from operating activities (a)	53,750	44,295	9,455
Net cash flows from investing activities (b)	(174,895)	(183,666)	8,771
Net cash flows from financing activities (c)	88,269	106,146	(17,877)
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	(32,876)	(33,225)	349
Foreign exchange (profit) loss on cash and cash equivalents	1,211	0	1,211
<b>Total inflows/(outflows) of the period</b>	<b>(31,665)</b>	<b>(33,225)</b>	1,560
<b>Cash in hand and cash equivalents at the beginning of the period</b>	<b>160,638</b>	<b>176,162</b>	<b>(15,524)</b>
<b>Cash in hand and cash equivalents at the end of the period</b>	<b>128,973</b>	<b>142,937</b>	<b>(13,964)</b>

The main differences of the cash flow statement between Greek GAAP and IFRS are as follows.

- Under IFRS, cash and cash equivalents include balances with banks having maturities not exceeding 3 months.
- FX differences have been allocated to various lines of the cash flow statement.
- Adjustments made in balance sheet figures.

The following analysis explains the material adjustments effected to the financial statements prepared under Greek GAAP.

### 1. Defined benefit obligations (IAS 19)

Liabilities relating to employee defined benefit plans have been recognized. Such liabilities were recognized under Greek GAAP in accordance with the Greek labour legislation.

### 2. Effective interest rate (IAS 18 & IAS 39)

Under IFRS, interest income and expense has been recognized with the effective interest method. Under Greek GAAP, fees (e.g. loan commissions) relating to the origination of financial instruments measured at amortized cost were recognized upfront.

### 3. Property, plant, equipments and intangible assets (IAS 16, IAS 38 and IFRS1)

The Group follows the cost model for property, plant, equipment (IAS 16) and intangible assets (IAS 38).

In accordance with Greek GAAP, and in line with Greek tax legislation, property is revalued every 4 years with the use of predefined indexes. The last tax revaluation has been effected on 31 December 2004.

Under IFRS fixed assets are depreciated over their remaining useful life. Under Greek GAAP fixed assets were depreciated in accordance with statutory depreciation rates.

Under IFRS intangible assets are recognized only when IAS 38 requirements are met. Under Greek GAAP various expenses were capitalized.

#### *4. Treasury shares (IAS 32)*

Treasury shares, held by Group subsidiaries not consolidated under Greek GAAP, have been recognized as such in the consolidated financial statements.

#### *5. Provisions for income tax (IAS 37)*

Provisions for the open tax years have been made for probable outflows that can be reliably estimated. No such provisions were made under Greek GAAP.

#### *6. Leasing and government grants (IAS 17 and IAS 20)*

Under IFRS, the present value of minimum lease payments are recognized as receivables (lessor). Under Greek GAAP all leases (finance and operating) are accounted for as operating leases.

Under IFRS, government grants are recognized as deferred income. Under Greek GAAP, government grants are recognized as part of the equity.

#### *7. Impairment of loans and advances (IAS 39)*

Loans and advances are recognized at their recoverable amount when there is objective evidence of impairment.

#### *8. Dividends (IAS 10)*

Under IFRS, dividends are recognized as a liability when approved by the General Assembly of shareholders. Under Greek GAAP, the dividends are recognized as a liability when proposed by the Board of Directors.

#### *9. Consolidation (IAS 27)*

Under IFRS, all entities controlled by the Group are consolidated. Under Greek GAAP, controlled entities with dissimilar activities are not consolidated.

#### *10. Income tax (IAS 12)*

In accordance with IAS 12, deferred tax is calculated with the balance sheet method for all temporary differences between the tax and the accounting basis of assets and liabilities. Under Greek GAAP, there is no requirement for deferred tax.

Furthermore, after the application of IAS 32 and IAS 39, from 1 January 2005, the following apply.



#### *11. Securities*

According to IAS 39, securities, with the exemption of those at fair value through profit or loss are recognized at their fair value plus transaction costs directly attributable to the acquisition. After initial recognition, securities held at fair value through profit or loss and available-for-sale securities are measured at their fair value. Under Greek GAAP, securities are initially recognized at their acquisition cost and are subsequently measured at the lower between their acquisition cost and current value on a portfolio basis.

Under IFRS, the Group follows trade date accounting, whereas under Greek GAAP settlement date accounting was followed.

#### *12. Derivatives*

According to IAS 39, all derivatives are recognized at their fair value. Under Greek GAAP, all exchange traded derivatives were recognized at fair values and non traded derivatives were recognized at cost.

#### **41. Reclassification**

Previous period figures have been reclassified for comparability.

#### **42. Events after the balance sheet date**

There are no events after the balance sheet date.



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