

PROTONBANK

PROTON BANK S.A.
ANNUAL REPORT 2006

In Accordance With The Provisions Of
The Hellenic Capital Markets Commission Board Of Directors'
Decision No. 7/372/15.02.2006 As In Force

ATHENS, April 2007

Contents

1. Message from the Chairman of the Board of Directors	3
2. Board of Directors' report for "PROTON BANK S.A." for the year ended 31 December 2006	4
3. Developments and Prospects of the Bank	6
3.1 The General Macroeconomic Environment & Trends in the Banking Sector	6
3.2 Bank Strategy	7
4. Activities of the Bank	9
4.1 Basic Financial Figures.....	9
4.2 Background in brief.....	9
4.3 Bank Activities	10
4.4 Risk Factors.....	18
4.5 Subsidiary Companies	19
5. Important Information about the Bank	26
5.1 Merger by absorption of OMEGA BANK S.A. and PROTON SECURITIES S.A.	26
5.1.1 Brief Information about the Merger	26
5.1.2 Acquisition consequences on the property structure of the absorbing company.....	27
5.2 Transferring PROTON shares to IRF EUROPEAN FINANCE INVESTMENTS.....	27
5.3 Transferring Proton's shares to Drawbridge Global Macro Fund	28
5.4 Acquiring 51% of International Life.....	28
5.5 Commencing merger procedure for the absorption of PROTON ASSET MANAGEMENT SA and OMEGA MUTUAL FUNDS MANAGEMENT COMPANY SA by PROTON MUTUAL FUNDS MANAGEMENT COMPANY SA.....	29
5.6 Information about the Bank's share capital	29
5.7 Information about the Bank's Human Resources	32
6. Condensed Financial Data And Information	33
7. Independent Auditors' Report.....	35
8. Consolidated Financial Statements	37
9. Independent Auditor's Report	90
10. Annual Non Consolidated Financial Statements	91
11. PROTON BANK S.A Transactions Report with its Affiliated Companies from 1.1.2006 until 31.12.2006 pursuant to article 2, para. 4 of Law 3016/2002	138
12. Explanatory Report to the Ordinary General Meeting of the Shareholders of "PROTON BANK S.A."(according to article 11a L. 3371/2005)	139
13. Table of corresponding references with the information of Article 10 of Law 3401/2005	143
14. General Information regarding the Annual Report	145
14.1 Information concerning the drafting of the Annual Report and the Bank's Auditors.....	145
14.2 Ordinary Audit	146
14.3 References	147
14.4 Documentation available to the public.....	147

1. Message from the Chairman of the Board of Directors

Dear Shareholders and Associates

2006 was a year of considerable progress for our Bank. The merger project with Omega was completed in a short period of time and was particularly successful. The new company is already characterised by functional homogeneity in the provision of investment projects. However, what is more important to us is the fact that there is homogeneity in the organisational structure of the new company to the extent that there is no trace left to remind us of the fact that just six months ago the people of Proton worked in different organisations with different structures, internal procedures, cultures, etc.

At the same time, our financials continued to perform profitably and turnover from traditional investment banking activities, such as mergers-acquisitions, SE transactions and fund management, increased. The trust that significant institutional investors from abroad have showed to Proton and the fact that they have chosen strategic participation in our organisation's share capital is also an absolute indication of our successful course to date.

However, the trust we enjoy from the shareholders does not allow us to be self-content. It is our duty to move forward. Our main objectives for 2007 are: a) to expand the product base of our Bank and to expand into new activities, such as leasing and bancassurance; b) to expand the Bank's income resources; c) to expand our branches network throughout Greece, and d) to further intensify the Bank's successful presence in Investment Banking. In the intensely competitive environment of the banking and financial sector, Proton relies, on the one hand, on its strong capital basis and, on the other hand, on the skills of its personnel and the trust of its shareholders.

Athens, 5 March 2007
The Chairman of the Board of Directors

Angeliki Frangou

2. Board of Directors' report for the year ended 31 December 2006

Dear Shareholders,

The prospects of the world economy sound favourable for the upcoming year 2007, where the Greek economy is expected to achieve further expansion with growth rates perceptibly higher than those of the Eurozone. The Greek governmental policy in economics keeps on focusing in the establishment of a permanently constant macroeconomic environment, while the relevant rates of economic growth are achieved through the private consumption, the investments, and the structural changes. In addition, the domestic banking system operates and is defined within the restrictions of economy and market. The credit stretching and more specifically the range of financial services in commercial banking remains the major area whereas the Greek banking institution compete. The conditions of a such competition become continuously more intense, as this is clearly depicted in a further reduction in spreads of the weighted average interest rates on loans and deposits, and in the elimination of differences between public-controlled and private-owned banks. At the same time, a high degree of business concentration emerges in the Greek banking system where the focus on competition lies on profitability and market shares. Within this context, a significant advantage for niche, specialized banking institutions arises where they can offer quickly, effectively and flexible universal services covering the whole spectrum of the financing needs of their customers.

The year 2006 has been a period of significant business development for PROTON BANK and its Group. The merger by absorption with the OMEGA Bank and its Group together with the PROTON Securities, which was successfully completed on 29 September 2006, has expanded the PROTON's capital base, total shareholders' equity and net profits. As such, the improvement in performance enables us to immediately further the functional and operational infrastructures aiming mainly at quality and increased market shares.

With the merger by absorption with the OMEGA Bank, PROTON's is strengthening and deepening client relationships in businesses, such as: retail banking, credit cards, and bancassurance, where we did not have any presence at all before.

As of 31 December 2006, PROTON Bank serves its clients by utilizing a network of 21 branches. In addition, we continue to upgrade our products and services by establishing and operating business units in leasing and shipping banking.

Moreover, the Bank maintained its strong presence in investment banking, asset/wealth management and brokerage services, where solid track record and good reputation has already been gained.

Throughout the Group's effort towards growth and expansion, the issues of product/service quality, business excellence in client servicing, as well as job satisfaction of our personnel, which presently totalled to 640 people, have remained and definitely constitute among the management's top priority.

By reviewing growth and performance, our client satisfaction remains the fundamental indication in order to remain successful, which is unavoidably depicted in the market price of the PROTON Bank's share. Thus, our continued commitment to enhance competitive edge lies on a business vision and all-encompassing strategy by capitalizing on our shareholders' confidence and trust to enhance their own wealth.

Our key strategic goals for 2007 are:

- Expansion of our branch network with 11 new branches, totalled to 32 across Greece by the end of 2007, and the pursuance on increasing market share on small to medium-sized enterprises
- Strengthening of our client and product base, both through selective investment in South-eastern Europe and friendly cooperation with other banking institutions.
- Penetration in bancassurance through the acquisition of a 51% stake in International Life, Insurance Group. The phase of rationalisation and restructuring, through which the domestic insurance sector presently goes through, offers important business opportunities, which we intend to exploit, in terms of complementary business, cross selling, alternative distribution networks.
- Maintenance on its investment banking culture and emphasis on investment banking products and services, as our Bank has a competitive advantage.

Dear Shareholders,

The financial figures and the income statement as these are depicted in the Non-Consolidated and Consolidated Financial Statements reveal an accelerated pace of growth.

Consolidated total assets amount to € 1.584.575 thousands as at 31 December 2006, mainly due to merger by absorption with the OMEGA Group that took place on 29 September 2006.

Non-consolidated loans and receivables from customers amount to € 947.338 thousands, while an improvement in the quality of the Group's credit portfolio resulted to an increase of loan impairment provisions by € 39.298 thousands and of other credit risk provisions by € 5.014 thousands.

Non-consolidated net profits rose by 56,83% to € 32.651 thousands.

Consolidated net profits after minority interest rose by 54,17% to € 34.014 thousands.

Based on the satisfactory performance of the Bank and the Group as a whole, the Board of Directors decided to propose to the annual Regular General Meeting of Shareholders a dividend of 0,28 Euro per share, amounting to a total of 17.551 thousands euro, for 2006.

We aim to create a dynamic banking institution, being surrounded by participating interests which cover the whole spectrum of the financial sector, where the business is built on elements such as vision, trustworthiness, consistency, and high values. The operating performance results from diligence, persistence and stamina, and since the distribution of interests of PROTON Bank's shares shows a significant dispersion, the Board's commitment remains, through an efficient risk management, to improve profitability, to increase return on investments, and to raise the dividend payout ratio. Targeting, therefore, for its next performance cycle through further expansion and restructuring by directly interacting with the prospects and opportunities offered by a global business environment, information and innovative technologies, the PROTON Group seeks a dynamic, political self-balanced growth and expansion.

Athens, 5 March 2007

The Vice-Chairman and Executive Member of the Board of Directors

Anthony I. Athanassoglou

3. Developments and Prospects of the Bank

3.1 The General Macroeconomic Environment & Trends in the Banking Sector

3.1.1 The General Macroeconomic Environment

Developments for the Greek economy were positive during 2006 with a growth rate in the real GDP that is estimated to have exceeded 4%, while inflation slightly subsided to 3.2% in comparison with 3.5% in 2005. On the other hand, the balance deficit of current transactions expanded considerably reaching €23.6 billion in comparison with €14.6 billion in 2005, thus reflecting the continuing competition problems of Greek economy.

Greek economy is expected to continue to grow in the year 2007 at a rate that will be noticeably higher than the average rate of the Eurozone. This rate is maintained by private consumption and investments, while the gradual improvement seen in the last few years in the field of exports is also encouraging. An additional factor supporting the expansion of economic activity are structural changes which although progressing slowly do indicate a systematic effort to reorganise the wider public sector and deregulate markets. Consequently, GDP is expected to continue to increase at a rate of over 4% in 2007 and over the years up to 2009. In all events, fiscal adjustments are still a major challenge for the Greek economy. Indeed, in 2007 the achieved fiscal progress is expected to lead the country outside the procedure of excessive Government deficit and the supervision of the European Commission; however, it is clear that Government deficit must continue to decrease in the forthcoming years, since the excessive public sector debt does not permit an expansive fiscal policy to be followed.

With reference to the international economic situation, 2006 was generally a good year for international economy. It is estimated that the GDP grew to 4.9%. The Chinese economy has considerably contributed to the growth of the international GDP (the estimated rate of the GPD growth amounts to GDP 8.5%). The macroeconomic developments in the Eurozone and in America were positive where the GDP rate of growth is estimated at 2.5%. The fact that macroeconomic results were achieved in a period of limited monetary policy for the international economy, where both the Central European Bank and the Central Bank of the USA (FED) proceeded to increase their basic interest rates throughout the year: EKT by 125 base units and FED with 100 base units. It is also worth noting that high fluctuations in the price of oil did not seem to influence economic activity to a great extent.

The wider macroeconomic conditions of the international economy are expected to remain favourable in 2007, despite the fact that the economic activity on a global scale may slow down both in developed and emerging economies. Even though in the developed economies in Europe and America, it will be difficult to repeat the rate of GDP growth seen in 2006, we nevertheless reckon that any slow-down in the international economic activity will not be to such a degree as to create anxieties or to create substantial differences in comparison with 2006.

3.1.2 Trends in the Banking Sector

The wider trends and prospects of European credit systems, in combination with the fact of gradual elimination of individual characteristics in the context of the European Union, have indicated the need for designing new compatible strategic choices for Greek banks, and for this reason their operations fall within the following framework: a) providing a wider range of banking services, b) reducing operational costs, c) penetrating new emerging markets, especially in countries of the Balkan peninsula.

Having already moved in this direction with a greater or lesser degree of success, the future steps for the domestic banking system are defined by the limitations of the economy and the market. Expanding the range of banking services, especially consumer and housing loans in the domestic market continue to be the most important competition field among banks, thus exercising pressure on the fluidity of the banking system. Even though there is still enough space for expansion in the field of consumer credit, slower growth rates are

expected in the forthcoming lending years since the loan balance of Greek households as a GDP percentage is approaching the average rate of Eurozone countries.

Despite their major expansion over recent years, Greek banks are significantly lagging behind in size compared to large European banks and expansion abroad is thus limited to neighbouring countries, while the degree of specialisation in the domestic banking system is noticeably lower compared to specialisation in large European banks.

Rearrangements in the banking sector continue in this framework like in several other sectors of the economy. In the Greek banking sector apart from small-medium-sized banks, important developments have been observed in large banks (Commercial-Credit Agricole, National Bank and Eurobank in Turkey and the Balkans, etc). These rearrangements are expected to continue as the banks will not stop seeking new ways in order to fully exploit their comparative advantages and achieve quantitative expansion.

An important development in the course of the banking system is, from this year onwards, the application of the 2004 Treaty of the Basel Commission. Among the advantages of Basel II, it is estimated that correlating the customers' solvency with the bank's capital debts means that a more rational pricing of the banking products is possible.

In this context and given the fact that that there is a great need for restructuring and funding investment opportunities found in the Greek economy, there are considerable advantages in small specialised organisations which can offer standardised services in an efficient and flexible way, thus covering the entirety of the financial needs of a customer company, both in investment and commercial banking.

3.2 Bank Strategy

The successful completion of merging with Omega Bank in 2006 is an important strategic move for the Bank. The new reality that has now dawned on Proton with the potential of becoming more intensely involved in commercial banking sectors, where the Bank's presence was limited in the past, facilitates the Bank's policy for balanced development and activity expansion. The bank's objectives for the future are as follows:

- To expand into new activities by developing new products and services.
- To expand the Bank's income resources.
- To develop a nationwide network of branches.
- To intensify its successful presence in Investment Banking further.

The Bank's main objective for the future years is to achieve high turnover rates and respective market shares. To this end the Bank's strategy is based on two modes of action: firstly, the Bank is expanding its range of products and, secondly, it is expanding its income resources.

The expansion of activities to Commercial Banking aims mainly at making banking products and services available to Small and Medium Enterprises and Individuals, as well as to leasing. Not only are the greatest needs for company reconstruction and investment funding found in the SME sector, but there is also shortage in specialised products and services in the domestic market. The Bank is moving towards attracting new clients and intensifying its relationship with every company by covering all its financial needs.

At the same time, the Bank continues to develop its branch network since this is a prerequisite for the creation of repeated considerable size income. The Bank's network numbers 25 branches today, while its extension to 75 branches throughout Greece until 2010 is a key objective.

In addition, the Group's expansion into the bancassurance sector aims at utilising the opportunity for cross selling in complex deposit/investment products and simultaneous use of alternative distribution networks. An

important move that the Bank has made towards this direction is its recent decision to take part with a majority participation in the share capital of International Life, a company which numbers 50 branches, 45 representation points and 120,000 clients contributing a sum which amounts to €150 million in the funds being managed.

At the same time, intensifying and bolstering its activities in the fields of assets management and capital market services has been the Bank's strategic aim from its establishment to this day as the Bank has a comparative advantage in these fields.

4. Activities of the Bank

4.1 Basic Financial Figures

	2006		2005	
	GROUP	BANK	GROUP	BANK
Regulatory Capital (in thousand €)	207,864	230,021	154,078	171,153
BIS Tier 1 Ratio	17.88%	18.86%	55.05%	52.29%
BIS Total Capital Ratio	14.82%	16.26%	45.56%	47.66%
Efficiency Ratio	44.38%	36.92%	33.86%	17.16%
Return on Assets (before tax)	2.48%	2.38%	9.07%	7.88%
Cover percentage of doubtful loans with provisions	107.30%	107.30%	N/A	N/A

N.B. PROTON BANK S.A. has merged by absorption with OMEGA BANK S.A. and PROTON SECURITIES S.A. and as a result the Financial Figures of the Bank and the Group for the 2006 and 2005 accounting periods cannot be compared.

4.2 Background in brief

The Bank was established in September 2001 with the original corporate name ARROW INVESTMENT BANK S.A. (Government Gazette 8262/19.9.2001). By means of a decision reached by the Extraordinary General Meeting on 7.11.2001 the corporate name was changed to PROTON INVESTMENT BANK trading as PROTON INVESTMENT BANK and that name remains today (Government Gazette 170/9.1.2002). On 4th October 2006, the completion of a merger between OMEGA BANK S.A. and PROTON INVESTMENT BANK was entered in the Companies Register held by the Ministry of Development and the entry was given the reference number K2-14055, while its articles of association were amended and the company changed its name to PROTON BANK S.A." trading as PROTON BANK as currently in force (Gazette 11051/9.10.2006) according to the decision reached by the Extraordinary General Assembly of its shareholders held on 7 September 2007.

The Bank is registered in the Public Companies Register of the Ministry of Development, Registration Number 49841/06/B/31 and holds an operating permit from the Banking and Credit Affairs Committee of the Bank of Greece (Decision No. 104/1/18.6.2001). The Bank has a network of 25 branches and is registered in the Municipality of Athens in 20 Esslin & Amaliados Street, 115 23 (tel: 210 6970000).

PROTON INVESTMENT BANK S.A. commenced full operations in February 2002. The founding shareholders of the Bank were the late Ioannis Markopoulos, Antonios Athanasologou and Elias Lianos, leading executives of the financial sector. The latter, together with the heirs of Ioannis Markopoulos, held 100% of the Bank's shares before the Bank was listed on ATHEX. The Bank followed a dynamic and developing course and was thus listed on ATHEX in December 2005. In December 2005 the Bank was listed on ATHEX. The public offering was a major success and demand was 7.5 times more than supply, attracting around 8.000 investors. Immediately after the successful public offering, the Bank merged with the three portfolio investment companies Arrow, Eurodynamiki and Exelixa. In 2006, it merged with OMEGA BANK and the new company's own funds rose to €400,877.

The Bank focused purely on investment banking as part of its initial strategic choices made by the founding shareholders. However, Proton Bank gradually broadened its range of products and services by creating or acquiring a number of companies in specialised areas of the financial sector, such as stock market exchanges,

portfolio management of institutional investors and mutual fund management. With the completion of the merger with OMEGA BANK S.A., the Bank is now the parent company of a Group which covers all the works and activities of the financial sector in Greece. It possesses considerable know-how in the provision of stock market services and investment banking, consumer and company credit, as well as in other fields of commercial banking, in general insurance and life insurance, as well as in the developing leasing market. All these services are offered through a very well organised and developing network of branches and nationwide alternative networks.

The Bank aims at individual customers, SME and institutional investors who are in need of specialised and modern financial tools and practices in an internationalised market environment and reliable management of invested capital in a wide range of choices. Proton pays particular attention to understanding the individual needs of each customer in order to succeed in this effort, so that the most advisable solution may be possible on both sides. The following remain as some of its main strategies and long-term objectives:

- Expanding market shares further
- Improving the quality of available services
- Limiting credit risk
- Maintaining high liquidity, solvency and capital adequacy rates
- Focusing of activities on the fields where the Group has a comparative advantage
- Maintaining low operational costs.

4.3 Bank Activities

PROTON BANK S.A. is a public banking company of the private sector and since the completion of the merger by absorption of the companies OMEGA BANK S.A. and PROTON SECURITIES, it provides a wide range of relevant services. Its main headquarters are in Greece while the objectives of the Bank are described in article 2 and article 3 of its memorandum of association and include the establishment, operation and management of branches, agencies and offices in Greece and abroad, as well as carrying out all legally established banking activities on the company's behalf or on behalf of other third parties.

In addition, the Bank is surrounded by subsidiary companies of the wider financial sector which provide stock market services, insurance products and leasing products in addition to banking activities.

At the same time, the products and services provided to date are expected to expand paying particular attention to the modernisation of the Bank's organisational structure, the development of commercial banking and the operational restructuring of its branches by utilising the opportunity for cross selling in complex deposit/investment products. In order to achieve these objectives, the branch network is being designed, restructured and expanded while technological opportunities are also being utilised for the development of electronic networks that offer automated high quality services.

Finally, the efficient management of human resources features in the fundamental policy for the development of the Bank, thus attracting, creating and utilising skilled and committed personnel who are able to function in a globalised and highly competitive environment.

The following table shows a turnover breakdown for the accounting periods of 2005 and 2006 according to IAS/IGRS:

TURNOVER BREAKDOWN	GROUP				BANK			
	2006		2005		2006		2005	
Interest & similar income	26,615	30.3%	3,960	11.2%	26,967	34.6%	3,427	14%
Fee and commission income	22,533	25.6%	12,096	34.2%	20,174	26.1%	3,684	15.1%
Income from insurance activities	7,284	8.3%						
Results from financial transactions	27,966	31.8%	17,517	49.5%	27,256	35.3%	14,844	60.8%
Dividend income	3,084	3.5%	1,273	3.6%	2,840	3.7%	1,938	7.9%
Other operating income	473	0.5%	522	1.5%	235	0.3%	506	2.1%
TOTAL TURNOVER	87,955	100.0%	35,368	100.0%	77,202	100.0%	24,399	100.0%

N.B. 1. Discrepancies in arithmetic calculations are due to rounding figures.

2. PROTON BANK S.A. has merged by absorption with OMEGA BANK S.A. and PROTON SECURITIES and as a result the Financial Figures of the Bank and the Group for the 2006 and 2005 accounting periods cannot be compared.

4.3.1 Bank Activities per Segment

Given the existing structure and organisation of the Bank's activities, as shaped following the completion of the merger, the units that follow below are more extensively presented in PROTON's operational activity.

❖ Consumer and Commercial Banking

- Commercial Banking
 - Corporate Banking
 - Shipping Finance
 - Small and Middle Enterprises / Branch Network
 - Leasing
- Banking for Individuals
- Deposit and Investment Products for Private Individuals
- Private Banking
- Credit for Private Individuals
 - Housing Loans
 - Housing – Personal Loans
 - Credit Cards

❖ Investment Banking

- Consultation Services
 - Acquisitions and Mergers
 - Financing and Financial Restructuring
 - Corporate Restructuring and Reorganisation
 - Strategic and Business Planning
 - Evaluations
- Capital Market Operations
 - IPOs
 - Primary Market – Public Bids
 - Secondary Market
 - Underwriting Greek and international bonds
- Brokerage
- Asset Management
- Private Equity

❖ Treasury

❖ Mutual Funds

4.3.1.1 Consumer and Commercial Banking

The Bank is developing a customer-centric system of loans and deposits adapted to market trends and needs with competitive interest rates for company customers operating in all the fields of the economy and for private individuals. At the same time, Commercial Banking offers a range of additional services such as issuing letters of guarantee, opening letters of credit, credit cards, leasing, insurance products, etc in order to establish and deepen long-standing relationships with customers, reduce operational cost, and utilise economies of scale and economies of scope.

In addition, the development of Commercial Banking aims at creating a considerable size of repeated income, while synergies with Investment Banking, utilising the opportunity for cross selling in structured banking products aim at intensifying the profitable course of the Bank in the near future. A competitive advantage of Commercial Banking is the continuous and increasing interaction of this field with each customer in the context of creating new and innovative forms of cooperation and ways of strengthening the production potential of the parties involved. The total amount of loans was increased by 18% in 2006.

The activities of Commercial Banking are shown in detail below:

4.3.1.1.1 Corporate Banking

Corporate Banking management aims at large companies that operate in the Greek market. It provides high added value services in order to meet the most specialised needs of large corporate customers in capital.

The Bank provides short-term financing in order to cover their needs in fluid capital, longer-term financing, financing of investment needs [participations and acquisitions], as well as, specialised financing products such as Joint Venture Loans (organisation – participation) and Normal / Convertible Bonds Loans (organisation – participation).

The Management's loan balance is adequately distributed with upgraded credit risk quality and profitability which is supported by relevant activities in addition to adequate lending margins.

Shipping

Proton Bank aspires with its managerial employees who have long-term experience in shipping to occupy an important position among Greek banks in the field of Shipping Finance and to create a portfolio of middle size customers.

2006, like 2005, was a good year for Greek and international shipping as this is reflected on fare levels and the price of ships. Proton Bank improved the quality and profitability of its loan portfolio, expanded its customer base and strengthened its position on the market by reliably and wisely applying its strategy with regard to shipping. The Bank's shipping portfolio increased by 30% in 2006, amounting to \$ 46.2 million in comparison to \$35.4 million in 2005.

Small and Medium Enterprises / Branch Network

Aiming at providing quality and practical services to Small and Medium Enterprises, Proton Bank offers a full range of products and services that are designed to cover efficiently the needs of modern companies through a network of 25 branches. The most important of these products and services are as follows:

- Short-term Loans to cover fluid capital
- Longer-term Loans for investments (purchase and refurbishment of tangible assets)
- Bond Loans
- Issuing Letters of Guarantee and opening Letters of Credit
- Sight Accounts, Time & Swap Accounts for the company's cash management

- Staff Wages
- Insurance Services and Products through Omega Insurance
- Corporate Credit Cards
- Collaboration with T.E.M.P.M.E
- Regional Corporate Programs of the Third Community Support Framework

Of course, the Bank operates in the field of Business Loans offered to independent professionals who need fluid capital in order to boost their professional activities (fluid capital, purchase of equipment) or in order to purchase / renovate their work environment. Low cost and flexible pricing are considerable advantages for every independent professional in search of reliable and practical cooperation.

Direct personal service combined with low lending cost and high returns on funds together with continuous qualitative upgrading and modernising loans and deposit products and services are our main objectives with a view to fully covering the increasing needs of customers by offering flexible and practical high quality solutions.

Leasing

Since Law 3483/2006 was voted through, allowing credit institutions to enter into leasing contracts, Proton Bank established a Leasing Management instead of setting up a company, thus utilising important synergies and limiting operation costs to a great extent. Consequently, it can offer direct and particularly quick tangible assets acquisition / utilisation (through lease back transactions) at particularly competitive prices, thus meeting the needs for fixed and fluctuating costs.

In its two-month operation, the Leasing Management achieved Proton Bank's awareness, on the one hand, and on the other hand satisfactory qualitative penetration in leasing as can be seen from its turnover amounting to 11.7 million Euros with real property at 64%, machinery at 24% and transportation means (business and private vehicles) at 12%.

4.3.1.1.2 Banking for Private Individuals

Deposit and Investment Products for Private Individuals

Proton Bank's branch network with fully trained staff provides flexible and quality deposit and investment products which meet the requirements of every modern depositor or investor who wants high returns on his capital, flexibility, directness and personal service.

Our main objectives are the continuous improvement on the quality of the deposit / investment products and services, the provision of high level services to customers, as well as the creation of innovative products that will help us strengthen our relationship with customers.

Apart from the branches themselves, Proton Bank has a network of 35 state-of-the art Automated Teller Machines (ATMs) installed in branches, central locations and large corporations where staff wages are paid through Proton Bank. All ATMs offer customers on-line/real time cash deposits into bank accounts. This service is offered for better and safer round-the-clock cash management.

Private Banking

Proton Bank operates dynamically in the field of Private Banking offering the most suitable products and tools for the efficient management of its customers' property with the help of its experienced staff.

The Bank manages deposits in Euros and foreign currency, Mutual Funds investing in the Greek market and in foreign markets, as well as in more specialised markets through affiliations with large banks abroad. In addition, it offers investments in domestic and foreign shares, debentures and structured products, derivatives and commodities.

In the context of tackling its customers' specialised needs, Proton Bank offers financing solutions for purchasing recreational craft as it specialises in this field.

Credit for Private Individuals

2006 was a good year in which the Greek market continued to expand in the field of private credit and we anticipate that in 2007 the growth rate in retail banking will continue to be vigorous with emphasis on housing loans, while, on the contrary, the growth rate in the field of credit cards is expected to subside.

Strategically aiming to dynamically expand in this field which is thought to be of excellent potential, Proton Bank continues to design and implement new modern credit products for private individuals.

The fields we operate in are as follows:

i) Housing Loans

Proton Bank offers a wide range of favourable solutions for market financing, the building and renovation of first and second homes, the purchase of land fit for building on and the transfer of housing loans from other banks on favourable terms.

ii) Consumer – Personal Loans

Proton Bank offers loans on competitive and flexible terms with the possibility of choice between amortisation consumer loans and open loans (recycling credit) according to the needs of each customer with a view to financing the consumer and personal needs of every private individual.

iii) Credit Cards

Despite the intensive environment in the field of credit cards, Proton Bank strengthened its position in 2006 reaching 40,200 credit cards, i.e., a number that is deemed satisfactory if the relatively small but expanding network of branches is also taken into account.

The Bank continues its successful co-branding with a great number of companies while its collaboration with Notos outlets for the issue of the credit card "Notos Galleries Visa" and its collaboration with Netropolitan Hospital for the issue of the credit card "Metropolitan Visa" are particularly important.

4.3.1.2 Investment Banking

Investment Banking is aimed at customers who are in search of projects that can make them utilise the opportunities offered by the globalisation of the economy and the internationalisation of markets by using modern resource management methods and utilising synergies. In detail, the services offered in this field are as follows:

4.3.1.2.1 Consultation Services

Mergers and Acquisitions

We collaborate with our customers in finding and targeting candidate companies for merger or acquisition and we carry out evaluations with a view to estimating a reasonable and fair price for the transaction under consideration and its individual special conditions illustrating its strategic & organisational consequences. We also help in financing with own / loan funds in order to finance acquisitions, coordinate the legal and other external consultants, and provide support in the relevant negotiations.

Financing and financial restructuring

We expand our customers' current and future needs on the basis of their strategies and their long-term prospects and provide consultation about financing in favour of their development through own or / and loan funds aiming at maximising the performance of their capital structure at low cost with attractive conditions.

Corporate restructuring and reorganisation

Our efforts focus on the long-term viability of the company and on strengthening its value, therefore on maintaining a trustful relationship with the company's investors and lenders. To this end, we put into effect the most suitable reengineering strategies according to each case with a view to utilising organisation growth opportunities, improving profitability and utilising implicit capital gain.

Strategic and Business Planning

We prepare strategic and business plans for our customers for the purpose of informing the Management or in order to present them to candidate investors. In addition, we provide consultancy services aiming at decentralising corporate strategies into distinct corporate tactics and we propose suitable performance control methodologies based on particular reference criteria.

Valuations

The Bank's staff have considerable know-how and experience in evaluating businesses in various fields by using internationally acceptable valuation methods (Estimate of Future Cash Flows, Capital Market Indexes, Comparable Transactions, Real Book value).

4.3.1.2.2 Capital Markets

IPOs

The bank offers issue consultancy and underwriting services for share issues and private placements, as well as placements with Greek and foreign institutional investors.

Moreover, the Group provides special negotiation services to companies with shares listed on the Athens Stock Exchange through the Stock Exchange Transactions Division, thus improving the performance of the shares of these companies in a lawful and transparent way (improving liquidity, increasing marketability, limiting sharp fluctuations, etc).

Primary Market – Public Bids

The Bank offers security issue services and unloading services to the investing public in the primary market providing consultancy services (determining the conditions of the issue, drafting information bulletins, coordinating procedures for the approval of information bulletins by the Stock Exchange and the Securities and Exchange Commission, etc), as well as main underwriting services or simple participation services in the schemes of other underwriters.

Secondary Market

The Bank provides consultancy services and underwriting services in order to increase share capital by paying cash, share sales to secondary markets through public bidding, approvals for renegotiating shares that have been suspended from trade; it lists companies which negotiate in foreign Stock Exchanges on the ATHEX and transfers companies to another ATHEX market with or without increasing the company's share capital.

In addition, the Group provides private placement services in listed companies in order to achieve the desired distribution and attract investors.

Underwriting Greek and International Bond Issues

The Bank provides Consultancy issue and administration services in the context of corporate bond issues (ordinary corporate bonds, convertible and swappable bonds, etc.) and in the context of Greek bond issue schemes (Greek treasury bonds, corporate bonds, foreign currency clause bonds) and international bond issues (international organisation or foreign company bonds).

4.3.1.2.3 Stock Exchange Transactions

The Company is a member of international stock exchanges, such as the EUREX (Germany), the Cyprus Stock Exchange, the Athens Stock Exchange where it functions as a specialist negotiator on the stock market and also as a market maker (type B) in derivative products (index/equity futures & options) as well as ET.E.S.E.P.

Based on the provision of reliable services, the Bank has developed a strong customer base comprising institutional investors and private investors. As a result, the Bank is invariably ranked among the ten bigger companies as regards its market share in the purchase of ATHEX shares, while it is also ranked among the first ten companies on the derivatives market.

Using state-of-the-art technology, Stock Exchange Transactions allow customers to have direct free access to an automated system (Straight Through Processing) of international stock exchange transactions which guarantees speed and safety while carrying out and verifying transactions. Apart from the Greek capital market, the Bank's customers enjoy direct access to the most important international capital markets: NYSE, AMEX, NASDAQ, U.S. Bulletin Board, CME, CBOT, NYMEX (USA), TSE, OSE, OME (Japan), XE-TRA, EUREX (Germany), EURONEXT, MONEP, MATIF (France), LSE, LIFFE, IPE (UK), SWX VIRT-X (Switzerland), AEX (Netherlands), Italian Stock Market (Italy), Stockholm Stock Exchange (Sweden), SIBE (Spain), HEX (Finland), ISE (Turkey). The Bank offers the following products and services:

- Negotiating shares in the ATHEX and in international stock exchanges
- Negotiating derivative products in the ATHEX and in international derivative stock exchanges
- Margin account transactions
- Negotiating bonds in Greece and abroad
- Negotiating commodities in international stock exchanges
- Underwriting public offerings and share capital increases
- Market making on ATHEX equity markets
- Type B market making for derivatives on the ATHEX

4.3.1.2.4 Customers' Asset Management

The Customers' Asset Management Department of Asset Management Division offers integrated Discretionary Asset Management Services to natural and legal persons.

Investment products provided by Asset Management are divided into four categories:

- Tailor Made Portfolios including the design of personal portfolios.
- Platinum Portfolios including grouped portfolios of a developing, balanced or conservative profile.
- Mutual Fund Portfolio Management from a wide range of products in international Mutual Fund Management Companies through affiliations that have been achieved.
- Derivative Products Management aimed at particularly aggressive investors who wish to utilise sharp market fluctuations (speculation trading) and short-term imbalances (arbitrage trading).

4.3.1.2.5 Private Equity Holdings

Private Equity and Venture Capital investment types are the object of the Private Equity Holdings Sector. The Holdings Sector manages a portfolio of investments that are not listed on the stock market and monitors the Bank's investments in Private Equity Funds abroad.

The object of the Private Equity Sector for the near future is the creation and management of a new Venture Capital Fund which will set up a wide range portfolio from innovative and dynamic SME in various business fields and at different maturity levels (early stage, development capital, bridge financing, etc). The Fund will mainly invest in Greek developing enterprises operating in Greece, the Balkans and Southeastern Europe.

4.3.1.3 Treasury

Active participation in selected exchange, money, title and derivative product markets is still an important income source for the Bank. In addition, the use of innovative market risk assessment methods for learning promptly the impact of interest rate changes, exchange rates and stock market indexes, as well as improving the existing administration mechanisms, contribute to the Group's growth and increase its productivity to a considerable extent.

4.3.1.4 Mutual Funds

Through its subsidiary companies Proton and Omega, as well as through alternative sales networks, the Bank offers differentiated Mutual Fund products aimed at domestic and foreign markets. The Group's investment policy is both to maintain its record high returns on the Mutual Funds it manages and the capital gains of its shareholders.

The 2006 total net assets and accumulated returns, as well as those of the previous three-year period, for each mutual fund and rating into categories as at 31 December 2006 are as follows:

Mutual Fund Category	Total Net Assets	Accumulated returns 01.01.2006- 31.12.2006	Accumulated returns 01.01.2004- 31.12.2006	Asset Rating on 31.12.2006
Proton Mega Trends Foreign Equity Fund	7,939.80	0.54%	23.34%	32/42
Proton High Income Foreign Bond Fund	2,353.03	-0.09%	11.38%	17/35
Proton Greek Balanced Fund	9,739.57	18.46%	52.01%	1/27
Omega INVEST, Domestic Equity Fund	9,940.09	22.78%	57.27%	34/63
Omega INCOME, Domestic Bond Fund	2,597.30	-0.55%	1.72%	27/31
Omega MONEY MARKET, Domestic Money Market Fund	13,377.58	1.87%	6.12%	17/25
Omega EUROPE BALANCED, Foreign Balanced Fund	961.24	4.68%	14.17%	17/19
BETA, Domestic Bond Fund	711.98	-0.65%	0.73%	29/31
EPENDITIKI KRITIS, Domestic Equity Fund	1,299.73	21.93%	49.61%	38/63
INTERLIFE, Domestic Balanced Fund	2,981.76	11.58%	-----	14/27
INTERLIFE, Domestic Equity Fund	1,543.95	-----	-----	63/63

Note: Mutual Funds do not have guaranteed returns and previous returns do not guarantee future ones.

4.4 Risk Factors

Investing in PROTON BANK S.A. shares is subject to a number of risks like any other investment in equity instruments. Both shareholders and prospective investors must carefully and systematically examine the risks stated below together with other information included in this Annual Report. If any of the events outlined below becomes real, the financial position and productivity of the Group's Bank may be substantially and adversely influenced and the price of shares may drop. In addition, other risks and uncertainties with regard to this matter which are not known as yet or those which are regarded as inconsequential may adversely affect the Bank's business activities.

4.4.1 Risks related to Political, Economic, Social, Technological, Environmental and Legal Factors (PESTEL analysis)

The most important challenges for the Bank derive from the deregulation of the credit system and its operation within the framework of a single financial and political environment of the Eurozone, the expansion of the European Union, market globalisation, the development of innovative communication and information processing systems, as well as the reengineering of the Greek banking system and stepped up competition. The course of Stock Exchanges in Greece and abroad plays an important role since it has an impact on the Bank's efforts to use further financial resources and differentiate and expand income resources with a view to minimising business risk.

4.4.2 Risks related to the activities of the Bank

Credit risk, market risk, liquidity risk, as well as operational risk are the main forms of the risks involved which the Bank monitors and manages through its Risk Management Division.

Credit Risk: Credit risk is defined as the impact on profits which may arise from the counterparty's inability to respond to and implement its contractual obligations. This risk derives mainly from being involved in commercial and investment banking and the derivatives market where the Bank is developing at a fast pace. Systematic monitoring of loan portfolios and adopting assessment models and methodologies with regard to potential future damages on the entire portfolio are control measures imposed by both the Bank's Management and the application of Basel II supervisory and regulatory framework.

Market Risk: Market risk is defined as the impact on profits which may arise from unfavourable changes in exchange rates, interest rates and share and commodity prices. Potential adverse or extreme fluctuations in prices on international markets may have a negative impact on the Bank's profitability. The Bank utilises policies and procedures in order to lay down the desirable market risk limits that are also permissible in accordance with the regulatory framework of the Bank of Greece.

Liquidity Risk: Liquidity risk is defined as the impact on the Bank's ability to achieve the necessary liquidity from the market in order to finance its current obligations. The Bank takes measures in order to limit this risk through the application of specialised policies and liquidity limits, through customer deposits and investment products, as well as, through the international interbanking market.

Operational Risk: Operational risk is defined as the impact that may arise from insufficient or improper internal procedures, human resources and systems or from external factors such as natural disasters or changes in the legal framework. Apart from the direct financial cost that may arise as a result of this risk, losing good reputation is another type of damage with direct consequences on the Bank's profitability or the stock market value of its shares. The Bank manages operational risk through a cluster of internal procedures, while the Internal Control Division ensures that they are fully complied with.

4.5 Subsidiary Companies

4.5.1 PROTON ASSET MANAGEMENT SA

The Company was established in 2000, initially trading as Arrow Asset Management S.A. and operates on the basis of authorisation from the Hellenic Capital Market Commission (Board of Directors decision No. 4/181/18.1.2000). At the General Meeting of shareholders on 28.6.2002 it was decided to change the corporate name to Proton Asset Management S.A. and this name remains to this day. The Company is the Group's asset management and investment arm.

The company's original seat was in the Municipality of Athens. The Extraordinary General Meeting of shareholders decided on 16.10.2002 to move the company's registered offices to the Municipality of Kallithea to the junction of 22 Saki Karagiorga St. and 1 Har. Trikoupi St.

Company share capital stands at € 3,600,000.00 divided into 1,200,000 common registered shares with a nominal value of € 3.00. The shareholder structure of the Company is as follows:

SHAREHOLDER STRUCTURE		
Shareholder	No. of shares	% holding:
PROTON BANK S.A.	1,198,000	99.90%
Antonios Athanasoglou	1,200	0.10%
Total	1,200,000	100%

Since the start of its operation, Proton Asset Management has made its distinct presence felt on the market, particularly in the field of fund management. The Company managed to build a strong track record within a very short time since the three institutional portfolios it managed (Arrow, Exelixa and Eurodynamiki up until their recent merger) achieved accumulated returns that were considerably better than market and competition returns.

Proton Asset Management continues to specialise in the management of institutional portfolios providing its customers with solutions regarding their financial design from simple investment advice to discretionary asset management. The fundamental choice and pursuit of Proton Asset Management is to develop collaborations with each separate client so that each client may be able to choose not only the parameters, such as risk, returns or the investment tools, but also the degree of his involvement and participation in the procedure of making investment decisions.

The table below shows the key financials of the company based on the IAS/IFRS for the 2005 and 2006 accounting periods:

(in thousands of €)	2006	2005
Total equity	7,001	6,107
Turnover	1,537	2,561
Earnings before tax	1,167	1,655
Earnings net of tax	894	1,397

4.5.2 PROTON MUTUAL FUNDS MANAGEMENT COMPANY S.A.

The company was established in 2002 as PROTON MUTUAL FUNDS MANAGEMENT COMPANY S.A. and aims at selling and managing mutual fund products invested in domestic and foreign markets.

The Company's registered offices are in the Municipality of Kallithea at the junction of 22 Saki Karagiorga St. and 1 Har. Trikoupi St.

The Company's share capital stands at € 1,200,000.00 divided into 120,000 common registered shares with a nominal value of € 10.00. The shareholder structure of the Company is as follows:

SHAREHOLDER STRUCTURE		
Shareholder	No. of shares	% holding:
PROTON BANK S.A.	119,880	99.90%
Elias Lianos	120	0.10%
Total	120,000	100%

PROTON MUTUAL FUNDS S.A. offers the following three differentiated mutual fund products on the Greek market:

Proton Mega Trends Foreign Equity Fund

This is aimed at investors who wish to place their assets in large global-range companies which set social trends and determine technological changes and seeks to achieve high added value by assuming high investment risk.

Proton High Income Foreign Bond Fund

This is aimed at investors with a medium-term investment who wish to achieve higher returns from placements in state and corporate bonds on the European capital markets by assuming average investment risk.

Proton Greek Balanced Fund

This fund is aimed at investors with medium-term investment who wish achieve higher returns by distributing their investments in equity and bond instruments and in domestic stock market means by assuming average investment risk.

The table below shows the key financials of the company based on the IAS/IFRS for the 2005 and 2006 accounting periods:

In thousands of €)	2006	2005
Total equity	1,366	1,259
Turnover	425	346
Earnings before tax	151	96
Earnings net of tax	107	68

4.5.3 FIRST GLOBAL BROKERS AD

PROTON BANK has a 82.49% holding in the share capital of First Global Brokers AD.

The Company was established in 2002 with the corporate name First Global Brokers AD and is the Group's brokering services arm in Serbia-Montenegro. In April 2005 PROTON BANK participated in the share capital increase of this company by rights issue acquiring 82.49% of the share capital for the sum of 48,298,000 dinars which at the euro/dinar exchange rate on 31.12.2005 corresponded to € 562,249.93.

The company's registered offices are in Belgrade in Serbia-Montenegro at Vuka Karadzica 6.

This company operates in the equities and bond market but is unable to manage client assets due to the statutory framework applicable to the capital market in Serbia-Montenegro. Moreover the company is a member of the Belgrade Exchange and the country's central depository.

The shareholder structure of the Company stands at 58,548,000 dinars (€741,113.92) divided into 5,712 common registered shares with a nominal value of 10,250 dinars.

The shareholder structure of the Company is as follows:

SHAREHOLDER STRUCTURE		
Shareholder	No. of shares	% holding:
PROTON BANK S.A.	4,712	82.49%
Ioannis Holevas	1,000	17.51%
Total	5,712	100%

The table below shows the key financials of the company based on the IAS/IFRS for the 2005 and 2006 accounting periods:

In thousands of €)*	2006	2005
Share capital	741	685
Total equity	308	118
Turnover	655	189
Earnings before tax	179	(231)
Earnings net of tax	179	(231)

4.5.4. OMEGA MUTUAL FUNDS MANAGEMENT COMPANY S.A.

Omega Mutual Funds Management Company S.A. (formerly S.G. Asset Management Greece S.A.) has been operating in the Greek market since 1992. After completing a merger with OMEGA BANK S.A, PROTON BANK S.A. contributes with 93.07% in the share capital of OMEGA S.A.

The company's registered offices are in the Municipality of Athens at the junction of 48 Stadiou Street and Santarosa Street.

The Company's investment strategy is both to maintain its record high returns on the Mutual Funds it manages and the capital gains of its shareholders. Accomplishing this strategy is based on the managers' experience in investments, the distribution of investments but also on continuously monitoring the risk undertaken.

The Company's share capital stands at € 1,387,946.86 divided into 473,702 common registered shares with a nominal value of € 2.93. The shareholder structure of the Company is as follows:

SHAREHOLDER STRUCTURE		
Shareholder	No. of shares	% holding:
PROTON BANK S.A.	440,852	93.07%
Philippos Boukouvalas	32,850	6.93%
Total	473,702	100%

As of 15 March 2007, the shareholder structure changed and PROTON BANK acquired 100% of the company's shares.

Omega INVEST, Domestic Equity Fund

Its assets are invested in Greece, mainly in big capitalisation company shares. Its reference index is the ATHEX General Index. It is aimed at investors with a medium-term investment and dynamic attitude who wish to achieve higher returns by assuming the investment risk associated with investments in the Athens Stock Exchange.

Omega INCOME, Domestic Bond Fund

The portfolio consists mainly of fixed interest rate Treasury Bonds with emphasis on ten-year Treasury Bonds issued by the Greek state. It is aimed at investors with medium-term investments and relatively conservative attitude.

Omega MONEY MARKET, Domestic Money Market Fund

Its assets are mainly placed in high-interest short-term deposits and secondly in company bonds that combine high nominal returns and issuer’s credit ability. It is aimed at investors with medium-term investments and conservative attitude.

Omega EUROPE BALANCED, Balanced global Fund

Its portfolio consists of big capitalisation European company shares which comprise the FTSE EUROTOP 100 reference index and Eurozone state bonds with emphasis mainly on 10-year issues by the German state. It is aimed at investors with medium-term investments and relatively conservative attitude who wish to achieve the greatest possible distribution of their investments by assuming medium investment risk in company bonds.

BETA, Domestic Bond Fund

The portfolio consists mainly of fixed interest rate Treasury Bonds with emphasis on ten-year Treasury Bonds issued by the Greek state every year. It is aimed at investors with medium-term investments and relatively conservative attitude.

EPENDITIKI KRITIS, Domestic Equity Fund

Its assets are invested in Greece, mainly in big capitalisation company shares. Its reference index is the ATHEX General Index. It is aimed at investors with a medium-term investment and dynamic attitude who wish to achieve higher returns by assuming the investment risk associated with investments in the Athens Stock Exchange.

INTERLIFE, Domestic Balanced Fund

Its assets are invested in Greece in a differentiated portfolio from that reserved for big capitalisation shares, Treasury Bonds of a balanced duration from 5 to 7 years and bank deposits. It is aimed at investors with medium-term investments and relatively conservative attitude.

INTERLIFE, Domestic Equity Fund

Its assets are invested in Greece, mainly in medium and small capitalisation company shares. Its reference index is the FTSE/XA MID 40 General Index. It is aimed at investors with a medium-term investment and dynamic attitude who wish to achieve higher returns by assuming the investment risk associated with investments in the Athens Stock Exchange.

The table below shows the key financials of the company based on the IAS/IFRS for the 2006 2006 accounting period (this is the first time that the company is included in integrated financial reports):

In thousands of €)	2006
Total equity	1,439
Turnover	629
Earnings before tax	100
Earnings net of tax	50

4.5.5 OMEGA KAHN FINANCIAL SERVICES S.A.

Omega Kahn Financial Services S.A. was founded in 2002 and headquartered in Geneva, Switzerland. The company manages international portfolios with a team of specialist economists providing high level investment services.

The company's share capital stands at CHF 100,000.00 divided into 1,000 common registered shares with a nominal value of CHF 100.00. The shareholder structure is as follows:

SHAREHOLDER STRUCTURE		
Shareholder	No. of shares	% holding:
PROTON BANK S.A.	800	80.00%
Kahn and Company Financial Experts S.A.	200	20.00%
Total	1,000	100%

The table below shows the key financials of the company based on the IAS/IFRS for the 2006 accounting period (this is the first time that the company is included in integrated financial reports):

In thousands of €	2006
Total equity	56
Turnover	-
Earnings before tax	(11)
Earnings net of tax	(11)

4.5.6 OMEGA FINANCIAL CONSULTANCY SERVICES, INFORMATION SYSTEMS AND REAL ESTATE MANAGEMENT S.A.

OMEGA FINANCIAL CONSULTANCY SERVICES, INFORMATION SYSTEMS AND REAL ESTATE MANAGEMENT S.A. was founded in 1994. The company operates in Greece in the field of investment-consultancy services, building and utilising real property and in informatics. It is registered in the Municipality of Athens and its offices are situated in Athens at 7 Esslin Street.

The company's share capital is the result of the company's merger with OMEGA BANK by absorption, where PROTON BANK has 100% of the shares, amounting to €327,252.50 divided into 11,150 common registered shares with a nominal value of €29.35.

The table below shows the key financials of the company based on the IAS/IFRS for the 2006 accounting period (this is the first time that the company is included in integrated financial reports):

In thousands of €	2006
Total equity	362
Turnover	876
Earnings before tax	(91)
Earnings net of tax	(119)

4.5.7 OMEGA INSURANCE S.A.

Omega Insurance (formerly Pegasus) is a general insurance company founded in 1974. The company operates in the following fields:

- Personal Injury Insurance
- Cargo Insurance
- Automobile Insurance
- Property Insurance
- Civil Liability Insurance

The company’s reinsurers include the biggest international insurance companies. The business plan is to focus on new activities and products so that the company can meet its customers’ needs.

The company’s headquarters are located in the Municipality of Athens at 5 Stadiou Street.

The company’s share capital stands at €1,939,125 divided into 646,375 common registered shares with a nominal value of €3.00. The shareholder structure is as follows:

SHAREHOLDER STRUCTURE		
Shareholder	No. of shares	% holding:
PROTON BANK S.A.	496,761	76.85%
OMEGA FINANCIAL CONSULTANCY SERVICES, INFORMATION SYSTEMS AND REAL ESTATE MANAGEMENT S.A.	38,314	5.93%
Others	111,300	17.22%
Total	646,375	100.00%

The table below shows the key financials of the company based on the IAS/IFRS for the 2006 accounting period (this is the first time that the company is included in integrated financial reports):

In thousands of €)	2006
Total equity	4,766
Turnover	41,135
Earnings before tax	(2,356)
Earnings net of tax	(119)

4.5.8 OMEGA INSURANCE AND REINSURANCE BROKERS S.A.

Omega Insurance is an insurance brokerage company founded in 2003. The company operates in all the fields of insurance brokerage offering insurance services with customer-centric structure regarding the definition of insurance needs, market expansion, insurance positioning and fast recovery of damages. As an indication, the services offered are as follows:

- Group Insurance
- Personal Injury, Life Insurance
- Crew Insurance
- Property Insurance, Profit Loss Insurance
- Credit and Guarantee Insurance
- General Civil Liability, Professional Liability & Product Liability Insurance
- Cash Insurance
- Automobile Insurance
- Breakdown Insurance
- Recreational Craft Insurance

The company collaborates with most foreign and domestic insurance companies operating in Greece, including all the Bank Insurance companies.

The company’s clientele numbers approximately 4,000 clients to date including some of the largest Greek Industrial and Commercial Companies operating in various fields: Steelworks, Paper mill, Chemical Industry, Pharmaceutical Industry, Construction, Shipping, Automobile Import and Trade, Clothes and Footwear Department Stores, Foodstuffs, Cosmetics, Provision of Services, etc. Since its establishment, the company has

achieved very high growth rates, while growing its clientele further is among the company's business plans with emphasis on the large Industrial and Commercial Risks, a field in which the company has been operating with great success.

The company's headquarters are located in the Municipality of Athens at 7 Esslin Street.

The company's share capital stands at €60,000,00 divided into 1,000 common registered shares with a nominal value of €60.00. The shareholder structure is as follows:

SHAREHOLDER STRUCTURE		
Shareholder	No. of shares	% holding:
PROTON BANK S.A.	660	66.00%
Constantinos Siachos	340	34.00%
Total	1,000	100.00%

The table below shows the key financials of the company based on the IAS/IFRS for the 2006 accounting period (this is the first time that the company is included in integrated financial reports):

In thousands of €	2006
Total equity	179
Turnover	763
Earnings before tax	165
Earnings net of tax	105

4.5.9 INTELLECTRON SYSTEMS S.A.

This company has gone bankrupt and cannot be integrated. The cost of participation in this company is zero (0) Euros.

The company's headquarters are in the Municipality of Thessalonica.

5. Important Information about the Bank

5.1 Merger by absorption of OMEGA BANK S.A. and PROTON SECURITIES S.A.

5.1.1 Brief Information on the Merger

On 29 September 2006 a merger was successfully completed between OMEGA BANK S.A. (absorbing company), OMEGA BANK S.A (first company absorbed by merger) and PROTON SECURITIES S.A. (second company absorbed by merger) through single, joint absorption by the absorbing company. The Merger Contract was signed by the representatives of the Companies being merged on 22 June 2006 and the merger was registered in the Public Companies Register on 29 September 2006.

The provisions of I.F.R.S. 3 “Business Combinations” which applies to all mergers as from 31 March 2004 were complied with. In particular, according to the standard described above, this merger was achieved through the purchase method.

By virtue of the Merger Contract, the following was provided:

- i. The securities ratio between the absorbing and the first company to be absorbed was 2.57214907969202 to 1.
- ii. The share capital of the absorbing company, which stood at 202,660,158.08 euros, rose on 29/9/2006 at the same time:
 - (a) by 78,770,708 euros, i.e. the share capital of the first company to be absorbed
 - (b) by 19,497.70 euros with capitalisation of a respective amount from the “earnings balance brought forward” account in order to maintain the selected exchange ratio of shares and rounding of the nominal value of each share owned by the absorbing company.
- iii. Regarding the absorption of the second company being absorbed, given the fact that the absorbing company owned all the shares of the second company being absorbed in application of article 78, Law 2190/1920 did not issue new shares and did not increase its share capital with the respective amount of the share capital of the second company being absorbed.

In particular, according to the securities ratio described above between the absorbing company and the first company being absorbed, each shareholder of the first company being absorbed exchanged one common registered share of nominal value of approximately four euros and four cents (€4.04), owned by the first company being absorbed, with 0.90 new common registered shares of the absorbing company of nominal value of four euros and forty-nine cents (€4.49) per share.

The merger of the absorbing company and the first company being absorbed was based on the intrinsic complementariness of the two banks. This factor was instrumental in the approach adopted by the two managements. This complementariness can be seen in almost all the fields of activity of the two banks, i.e.:

- Organisation niche culture with specialised products and services
- Lack of overlapping activities in the sales network
- Complementariness as regards customers, institutional/corporate and SME/private individuals
- Complementariness of products and services with investment banking and commercial/insurance products

In addition, acquiring the branches of the first company being absorbed substantially speeds up the implementation of the current business plan for the development of the Bank.

However, irrespective of this fact, the merger of these two organisations is expected to lead the new corporation to development and sizes that will allow a bigger market share and will also ensure repeated earnings of a greater size. All the prerequisites are in order so that the result of this merger will equal $1 + 1 > 2$ and this is the management’s fundamental expectation in respect of this pursuit.

5.1.2 Acquisition consequences on the property structure of the absorbing company

The absorption of the first company being absorbed by the absorbing company on the date of the acquisition, i.e. 29 September 2006, resulted in a rise of its assets and debts by 1,064,961 euros and 991,381 euros respectively. The price of recognisable assets and debts that were acquired on the day of the acquisition are as follows:

	Book value	Fair value adjustments	Fair value
Cash and balances with the Central Bank	11.169		11.169
Cash and cash equivalents	155.739		155.739
Loans and receivables	772.731		762.764
Financial assets at fair value through profit or loss	30.889	(9.967)	30.889
Available-for-sale financial assets	30.661		30.661
Derivative financial instruments (assets)	368		368
Investment in subsidiaries and associates	20.821		20.821
Property, plant and equipment	26.127		25.515
Intangible assets	4.322	(612)	4.322
Other assets	11.078		11.078
Deferred tax assets	1.056	2.492	3.548
Due to Banks	(85.417)		(85.417)
Derivative financial instruments (liabilities)	(2.128)		(2.128)
Due to customers	(897.699)		(897.699)
Other liabilities	(5.059)	513	(4.546)
Retirement benefit obligations	(1.078)	268	(810)
Fair value of net identifiable assets acquired	73.580	(7.305)	66.275

5.2 Transferring PROTON shares to IRF EUROPEAN FINANCE INVESTMENTS

On 30 June 2006, 28% of Proton’s share capital (12,638,050 common registered shares with votes) was transferred from the holdings of older shareholders to IRF EUROPEAN FINANCE INVESTMENTS LTD (IRF). IRF’s participation percentage in Proton’s share capital now stands at 20.16% after listing 17,547,930 common registered shares with votes for negotiation on 14 November 2006; these derived from Proton’s merger with Omega Bank S.A. and Proton Securities S.A. This transfer is regulated by the Bank of Greece in accordance with the principles and directives that are in force in respect of supervising the Greek Banking System.

IRF’s main activity is to acquire strategically important participations in financial institutions and insurance companies in the European Union, particularly in South-eastern European countries. IRF’s shares are listed for negotiation in the Alternative Investment Market (AIM) in the London Stock Exchange. Mainly institutional investors from abroad as well as Greek interests funds participate in IRF’s funds.

In the context of IRF’s business objective and action plan, the aforementioned agreement is expected to yield considerable benefits in the near future as regards Proton’s development, creating – at the same time – a wide network of affiliations between these two organisations and expanding the Bank’s ability to draw capital in order to achieve its strategic aims further. Aggeliki Fragous is entrusted with the chairperson’s duties, while Mr

Antonios Athanoglou and Mr Ilias Lianos continue to be responsible for the managerial and organic operation of the Bank.

5.3 Transferring Proton's shares to Drawbridge Global Macro Fund

On 31 November 2006, the company Drawbridge Global Macro Fund, an investment fund managed by the affiliated company "Fortress Investment Group LLC" purchased 4,500,000 common registered shares with votes from existing shareholders. These shares correspond to 9.97% of Proton's share capital, while the percentage now stands at 7.18% after listing for negotiation 17,547,930 common registered shares with votes on 14 November 2006; these shares derived from Proton's merger with Omega Bank S.A. and Proton Securities S.A. This transfer is regulated by the Bank of Greece in accordance with the principles and directives that are in force in respect of supervising the Greek Banking System.

Fortress Investment Group LLC is an international investment organisation based in New York that is present in four continents through its subsidiary companies with own funds exceeding the sum of 24 billion \$.

5.4 Acquiring 51% of International Life

Following the unanimous decision reached by the Board of Directors, in accordance with the provisions of article 10, paragraph 1, Law 3340/2005 and article 2 of the Hellenic Capital Market Commission dated (3/347/12.07.2005), Proton announced that on 31 January 2007 an agreement regarding the acquisition of 51% of the shares owned by INTERNATIONAL LIFE was reached between the majority of shareholders of the insurance company INTERNATIONAL LIFE S.A and the Bank by paying cash. As regards the price, the agreement provides that the price shall be 1.55 times over the funds owned by International Life Group on 31 December 2006 multiplied by the percentage being acquired. It should be noted that Mr Fokion Bravos will continue to exercise his duties as Chairman and Executive Director and keep up with his successful work to date.

The completion of this agreement shall be made on condition that a special inspection (legal, financial and auditing) is successfully completed in the companies of International Life Group and that the competent supervisory authorities give their approval. The transaction is expected to be completed within three (3) months by 30 April 2007.

The strategic collaboration with International Life Group is expected to expand Proton's presence in the insurance market, facilitate its operation in bancassurance and bolster its existing share in the field of financial works and mutual fund management through the respective subsidiary companies of International Life. INTERNATIONAL LIFE GROUP reached its present structure in the early 1990s and has been operating in the financial sector since 1983. The Group consists of the following companies:

- a) INTERNATIONAL LIFE S.A., Life Insurance
- b) INTERNATIONAL HELLAS, Insurance Company
- c) INTERNATIONAL, Mutual Fund Management
- d) PRAXIS INTERNATIONAL, Financial Company, and
- e) EGNATIA, Insurance Brokerage

Furthermore, the promotion of products and services provided through International Life's sales networks will be intensified while the insurance products of the expanded International Life Group will be developed further. International Life Group has an extensive sales network with:

- 52 offices throughout Greece with 900 insurance consultants working exclusively for the Group
- 139 affiliated insurance agencies
- 3 sales network companies

The benefits arising from this strategic collaboration are as follows:

- Expanding Proton Group to the field of Insurance
- Developing bancassurance and assure bank

- Utilising the companies' clienteles through cross-selling insurance and banking products and services
- Creating and utilizing economies of scale and economies of scope
- Bolstering Proton Group's market share as regards financial works and mutual fund management, and
- Substantially bolstering the funds managed by Proton Group.

5.5 Commencing merger procedure for the absorption of PROTON ASSET MANAGEMENT SA and OMEGA MUTUAL FUNDS MANAGEMENT COMPANY SA by PROTON MUTUAL FUNDS MANAGEMENT COMPANY SA

Following the absorption of OMEGA BANK by PROTON BANK, which was completed on 29.09.2006, there are now three subsidiary companies under the Group's umbrella operating in the provision of the same / similar services; in particular, Proton Asset Management, Proton Mutual Funds and Omega Mutual Funds. Consequently, in order to utilize economies of scale and economies of scope, a merger is necessary between the aforementioned three subsidiary companies by Proton Mutual Funds absorbing Proton Asset Management and Omega Mutual Funds. This procedure is expected to be completed by the end of the first six months of 2007.

The forthcoming merger is deemed to be particularly advantageous for the subsidiaries and the Group in general since the merger will optimise the management and utilization of all the available financial resources. Apart from the increased possibilities offered by cross-selling, the new corporation is expected to achieve improved profitability due to synergies between economies of scale and economies of scope. The objective is to create a stronger, more flexible and more competitive corporation.

5.6 Information about the Bank's share capital

The Bank's share capital is as follows:

5.6.1 Share capital paid upon the Bank's establishment

The Bank's share capital upon its establishment on 18 September 2001 was set at the sum of thirty-five million euros (€35,000,000) divided into one million four hundred thousand (1,400,000) common registered shares with votes with a nominal value of twenty-five (25.00) euros.

5.6.2 Drop in the nominal value of common registered shares

By virtue of a decision reached on 1 April 2005 by the Extraordinary General Assembly of the Bank's shareholders, the nominal value of the shares dropped from twenty-five euros (€25.00) to two euros and fifty cents (€2.50), while the number of shares increased from one million four hundred thousand (1,400,000) to fourteen million (14,000,000) common registered shares with votes.

5.6.3 Listing of shares on the Athens Stock Exchange (ATHEX)

The Extraordinary General Assembly of the Bank's Shareholders that was convened on 1 July 2005 decided to make the existing shares available to specialist and non-specialist investors by public tender in Greece in order to list the shares on the Athens Stock Exchange.

In total, 3,500,000 common registered shares with votes were sold; these shares belonged to older shareholders, i.e. Mr Antonios Athanasoglou, Ilias Lianos and Ioannis Markopoulos's heirs. As soon as the shares were sold to the public, the Board of Directors of the Athens Stock Exchange and the Board of Directors of the Hellenic Capital Market Commission approved the Bank's application to have its shares listed on the Athens Stock Exchange during the meetings they held on 29 November 2005 and 8 December 2005 respectively, while the shares started being negotiated on 22 December 2005.

Information about the Bank's Share Capital

		Total common registered shares	Nominal value	Share capital
18 September 2006	Establishment Capital	1,400,000	25.00€	35,000,000.00€
1 April 2005	Drop in nominal value	14,000,000	2.50€	35,000,000.00€
30 December 2005	Merger by absorbing the portfolio investment companies ARROW, EXELIXI and EYRODYNAMIKI			
a. With ARROW				56,305,113.90€
	Increase in share capital according to the share capital paid			72,698,000.00€
	Cross-out (due to confusion) of the preexisting participation of the absorbing Bank and the other two companies being absorbed in ARROW's share capital			(16,392,886.10)€
b. With EURODYNAMIKI				11,156,377.50€
	Increase in share capital according to the share capital paid			17,021,250.00€
	Cross-out (due to confusion) of the preexisting participation of the absorbing Bank and the other two companies being absorbed in EURODYNAMIKI's share capital			(5,864,872.50)€
c. With EXELIXI				99,938,518.40
	Increase in share capital according to the share capital paid			124,173,000.00€
	Cross-out (due to confusion) of the preexisting participation of the absorbing Bank and the other two companies being absorbed in EXELIXI's share capital			(24,234,481.60)€
d. Increase in Share Capital by Reserves Capitalisation for rounding figures				260,145.28€
Total increase in share capital				167,660,155.08€
31 December 2005	Share capital following a merger by absorption of portfolio investment companies	45,135,892	4.49€	202,660,155.08€
29 September 2006	Merger by absorbing OMEGA BANK and PROTON SECURITIES			
a. Increase in share capital according to the share capital paid by OMEGA BANK S.A.				78,770,708.00€
b. Balance of earnings brought forward to share capital				19,497,.70€
c. Increase in share capital according to the share capital paid by PROTON SECURITIES				0.00€
Total increase in share capital				78,790,205.70€
31 December 2006	Share capital following a merger by absorption of portfolio investment companies OMEGA BANK SA and PROTON SECURITIES SA	62,638,822	4.19	281,450,360.78€

5.6.4 Merger achieved through the Bank's absorbing the portfolio investment companies ARROW, EXELIXI and EURODYNAMIKI

On 30 December 2005 a merger with the portfolio investment companies ARROW (Reg. No. 45360/06/B/00/16), EURODYNAMIKI (Reg. No.45870/06/B/00/37) and EXELIXI (Reg. No.24749/06/B/91/48) was successfully completed through being absorbed by the Bank in accordance with the provisions of article 68, 69 through to 77 of Law 2190/1920 as currently in force, articles 1-5 of Law 2166/2002 and article 16 of Law 2515/1997. This merger was approved at the Extraordinary General Assemblies of the ARROW, AXELIXI and EURODYNAMIKI Shareholders, held on 23 December 2005 and the Extraordinary General Assembly of the Bank's Shareholders, held on 28 December 2005. The Merger Contract was approved by all the aforementioned General Assemblies.

The corporate action under consideration was granted all the necessary approvals by the Authorities and was entered in the Public Companies Register by virtue of Decision K2-16707/30.12.2005 reached by the Deputy Minister of Development. It should be noted that the Bank Commission regarding Credit Issues of the Bank of Greece had approved the merger plan on condition that the said merger was going to be completed as soon as the Bank's shares were listed on the Athens Stock Exchange.

The new shares that emerged from this merger, i.e. thirty-one million one hundred and thirty-five thousand eight hundred and ninety-two (31,135,892) common registered shares with votes of a nominal value of four euros and forty-nine cents (€4.49) started being negotiated on the Athens Stock Market on 9 January 2006.

5.6.5 Merger achieved by absorbing OMEGA BANK and PROTON SECURITIES

On 29 September 2006 a merger with the public companies OMEGA BANK S.A. (Reg. No. 46677/06/B/00/4) and ASSET MANAGEMENT (Reg. No.50438/06/B/01/35) was successfully completed through being absorbed by the Bank in accordance with the following provisions: (i) as regards the Bank with OMEGA BANK, pursuant to article 68 of Law 2190/1920 in combination with the provisions of article 16 of Law 2515/1997 and articles 1-5 of Law 2166/1993 as currently in force; (ii) as regards the Bank with PROTON SECURITIES, pursuant to article 68 and 78 of Law 2166/1993 in combination with the provisions of article 16 of Law 2515/1997 and articles 1-5 of Law 2166/1993. This merger was approved at the Extraordinary General Assemblies of the Shareholders of the Bank, OMEGA BANK S.A. and PROTON SECURITIES, held on 7 September 2006, whereupon the Merger Contract was approved. of article 68, 69 through to 77 of Law 2190/1920 as currently in force, articles 1-5 of Law 2166/2002 and article 16 of Law 2515/1997. This merger was approved at the Extraordinary General Assemblies of the ARROW, AXELIXI and EURODYNAMIKI Shareholders, held on 23 December 2005 and the Extraordinary General Assembly of the Bank's Shareholders, held on 28 December 2005. The Merger Contract was approved by all the aforementioned General Assemblies.

The corporate action under consideration was granted all the necessary approvals by the Authorities and was entered in the Public Companies Register by virtue of Decision K2-13106/29.09.2006 reached by the Deputy Minister of Development.

The new shares that emerged from this merger, i.e. seventeen million five hundred and forty-seven thousand nine hundred and thirty (17,547,930) common registered shares with votes of a nominal value of four euros and forty-nine cents (€4.49) started being negotiated on the Athens Stock Market on 14 November 2006.

The total number of old and new shares that emerged from this merger, i.e. sixty-two million six hundred and eighty three thousand eight hundred and twenty-two (62,683,822) common registered shares with votes of a nominal value of four euros and forty-nine cents (€4.49), i.e. total share capital paid as on 31 December 2006 amounting to two hundred and eighty-one million four hundred and fifty thousand three hundred and sixty euros and seventy-eight cents (€281,450,360.78).

5.7 Information about the Bank’s Human Resources

On 31.12.2006, PROTON bank employed 538 individuals; 231 of those were female (49.2%) and 307 male (57.1%). Staff employed in the branch network (203 individuals) consisted 37.7% of the employees. The average number of employees in each branch is 9 individuals; this number ranks among the lowest on the Greek market, since every branch offers all the retail services of corporate and investment banking. The average age of the Bank’s employees is 35 years, which ranks, again, among the lowest on the Greek banking market.

As regards the level of education, it should be noted that 19.5% of the employees are holders of a postgraduate degree, 32.3% holders of first degree and 21.9% holders of higher education diploma. In addition, at least 65% of the employees speak at least one foreign language.

During the year, emphasis was laid on the preparation and implementation of the merger through on-the-job training for all those individuals who were given new duties but also in order to achieve a more unified corporate culture through similar status work groups.

High educational level, continuous training and the low average age of the employees along with the state-of-the-art technology that is used, give Proton Bank a comparative advantage. The efficient management of human resources is a fundamental policy for the Bank’s development, attracting, creating and utilizing skilled and devoted staff members who are capable of working in a globalised and extremely competitive financial environment.

Distribution according to level of education		
	Number	Participation Percentage
Postgraduate degree holders	105	19.5%
First Degree Holders	174	32.4%
Higher Education Diploma Holders	118	21.9%
School leavers, etc	141	26.2%
TOTAL	538	100%

6. Condensed Financial Data And Information

PROTON BANK S.A.

CONDENSED FINANCIAL DATA AND INFORMATION

FOR THE PERIOD FROM JANUARY 1, 2006 TO DECEMBER 31, 2006

(In accordance with Law 2190 article 135, concerning financial institutions that prepare annual financial statements in accordance with International Financial Reporting Standards, I.F.R.S.) the financial information set out below provides a general presentation of the financial position and results of Proton Bank S.A. and the Group. The reader who seeks to have a complete view of the financial position and its results may visit the web site www.proton.gr where the financial statements prepared in accordance with International Financial Reporting Standards (I.F.R.S.) are available together with the auditor's report.

INFORMATION OF PROTON BANK

Registered office :20 Amaliados & Eslin Street, 115 23 Athens
 R.N.S.A. :49841/06/B/01/31
 Supervising authority :Bank of Greece, Ministry of Development
 Date of approval of the Financial Statements :March 5, 2007
 Certified Auditor :Nick C.Tsiboukas
 Audit company: :KPMG Kyriacou Certified Auditors S.A.
 Type of Auditor's Report: :Unqualified opinion-Emphasis of matters (as analyzed below in note 11)
 Web site address: www.proton.gr

THE MEMBERS OF THE BOARD OF DIRECTORS CONSIST OF:

Aggeliki N.Frangou Chairman and non-Executive member
 Anthony I.Athanasog Vice Chairman and Executive member
 Elias G.Lianos Managing Director and Executive member
 Theodoros P.Mylonas Deputy Managing Director and Executive member
 Dimitrios G.Saramant Executive Member
 Hasdai V.Capon Executive Member
 Loucas N.Valetopoulc Non-Executive Member
 Markos A.Foros Non-Executive Member
 George P.Minettas Non-Executive Member
 Alexandra G.Stavropc Independent non-Executive member
 Panagiotis D.Alexakis Independent non-Executive member

All Amounts in Thousands of €

BALANCE SHEET

	CONSOLIDATED		PROTON BANK	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
ASSETS				
Cash and balances with the Central Bank	37.397	2.251	36.671	2.250
Loans and advances to banks	93.404	54.946	93.394	47.860
Financial assets at fair value through profit or loss	260.309	117.229	251.694	110.107
Derivative financial instruments	2.611	7	2.611	7
Loans and receivables	941.214	50.563	947.338	66.643
Insurance receivables	16.721	-	-	-
Investment securities:				
- Held to maturity	6.646	-	6.646	-
- Available for sale	31.331	734	30.977	734
Investments in subsidiaries and associates	4.604	-	47.689	51.595
Property, plant and equipment	33.402	1.281	26.899	1.102
Investment property	50	-	-	-
Non-current assets held for sale	64	-	64	-
Intangible assets	117.462	498	102.806	93
Reinsurance contracts	1.339	-	-	-
Deferred tax assets	3.200	451	3.162	419
Other assets	34.821	43.950	28.035	9.424
Total assets	1.584.575	271.910	1.577.986	290.234
LIABILITIES				
Due to banks	90.897	6.106	90.460	6.106
Due to customers	1.042.157	38.661	1.064.599	45.366
Derivative financial instruments	6.319	1	6.319	1
Debt securities in issue	1.500	-	-	-
Provisions for insurance contracts	34.093	-	-	-
Current income tax liabilities	1.349	1.942	945	1.880
Other liabilities	21.245	25.689	13.889	1.888
Retirement benefit obligations	1.228	200	897	96
Total liabilities	1.198.788	72.599	1.177.109	55.337
EQUITY				
Share capital	281.450	202.660	281.450	202.660
Share premium	85.478	-	85.478	-
Other reserves	3.628	5.183	16.456	38.409
Retained earnings/(losses)	14.544	(8.573)	17.493	(6.172)
Equity attributable to equity holders of the Bank	385.100	199.270	400.877	234.897
Minority interest	687	41	-	-
Total equity	385.787	199.311	400.877	234.897
Total equity and liabilities	1.584.575	271.910	1.577.986	290.234

Notes

1. These financial statements were prepared under the same accounting principles (I.F.R.S.) and estimates made by the management that were followed at 31.12.2005. 2. On 4 October 2006 the change in the trade name from "PROTON INVEST BANK SA" to "PROTON BANK SA" was registered in the Societes Anonyme Register 3. As described in detail (note 5), due to the merger that took place, the financial statement items are not comparable. Additionally, some Balance Sheet and Cash Flow Statement items were restated in order to be comparable. The effect of these adjustments is presented in notes 52 and 53 of the financial statements. 4. There are no pending legal matters or issues in progress, which may have a material progress on the financial statements of the Group. 5. The merger by absorption of «OMEGA BANK SA» and «PROTON SECURITIES SA» by «PROTON BANK SA» was completed on 29 September 2006. For the above merger, the provisions of I.F.R.S. 3 were followed. Για την συγχώνευση ακολουθήθηκαν οι προβλεπόμενες διατάξεις του Δ.Π.Χ.Π. 3. The cost of acquisition was € 164.850 thousand. As a result of the above merger, the Group's equity increased by € 164.249 thousand (82,40%), assets and liabilities increased by € 1.077.560 thousand and € 1.026.333 thousand respectively. 6. The Group companies «OMEGA BANK SA», were consolidated for the first time on 30.09.2006 as a result of the business combination described in note 5. 7. The dissolution of «ARROW ASSET FINANCE SA» was completed on 30 September 2006, as the Extraordinary General Meeting of shareholders approved the liquidation balance sheet according to the article 47 of Law 2190/20 and 35 of the company's Articles of Association. 8. The Group financial statements are included under the full

	CONSOLIDATED		PROTON BANK	
	01.01-31.12.2006	01.01-31.12.2005	01.01-31.12.2006	01.01-31.12.2005
Interest and similar income	26.615	3.960	26.697	3.427
Interest expense and similar charges	(12.489)	(3.244)	(12.635)	(2.811)
Net interest income	14.126	716	14.062	616
Fee and commission income	22.533	12.096	20.174	3.684
Fee and commission expense	(2.748)	(132)	(2.728)	(304)
Net fee and commission income	19.785	11.964	17.446	3.380
Income from insurance activities	7.284	-	-	-
Expense from insurance activities	506	-	-	-
Net income from insurance activities	7.790	-	-	-
Dividend income	2.850	1.273	2.840	1.938
Net trading income	27.960	17.517	27.256	14.844
Other operating income	473	522	235	506
Operating income	72.984	31.992	61.839	21.284
Personnel expenses	(11.099)	(5.053)	(9.705)	(1.610)
Other administrative expenses	(15.263)	(8.546)	(11.976)	(3.350)
Depreciation expenses	(1.173)	(722)	(1.153)	(459)
Insurance claims	(4.968)	-	-	-
Impairment losses on financial and non financial assets	(1.475)	(3.304)	(1.475)	(3.304)
Total operating expenses	(33.978)	(17.625)	(24.309)	(8.723)
Negative goodwill	-	10.301	-	10.301
Share of profit of associates	240	-	-	-
Profit before tax	39.246	24.668	37.530	22.862
Income tax expense	(5.232)	(2.606)	(4.879)	(2.043)
Profit for the period	34.014	22.062	32.651	20.819
Attributable to:				
Equity holders of the Bank	33.944	22.089		
Minority interest	70	(27)		
Earnings per share - Basic (in €)	0,72	0,48	0,69	0,46
Proposed dividend for the year 2006 per share (in €)			0,28	-

	CONSOLIDATED		PROTON BANK	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Equity at beginning of period (1/1/2006 και 1/1/2005 respectively)	199.311	35.384	234.897	61.237
Profit for the period after tax	34.014	22.062	32.651	20.819
	233.325	57.446	267.548	82.056
Capital increase (decrease)	164.249	141.748	164.249	141.748
Net income recognised directly in equity	-	(22)	538	10.999
Dividends distributed	(12.638)	-	(12.638)	-
Change in equity due to business combinations	576	139	(18.820)	94
Purchases of treasury shares	(4.043)	-	-	-
Sales of treasury shares	4.318	-	-	-
Equity at end of period (31/12/2006 και 31/12/2005 respectively)	385.787	199.311	400.877	234.897

	CONSOLIDATED		PROTON BANK	
	01.01-31.12.2006	01.01-31.12.2005	01.01-31.12.2006	01.01-31.12.2005
Net cash flows from operating activities (a)	(60.859)	53.557	(54.029)	34.714
Net cash flows from investing activities (b)	127.418	50	124.277	(1.626)
Net cash flows from financing activities (c)	(8.320)	-	(12.638)	-
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	58.239	53.607	57.610	33.088
Cash and cash equivalents at beginning of period	57.197	3.590	57.089	17.022
Cash and cash equivalents at end of period	115.436	57.197	114.699	50.110

Companies included in the consolidated financial statements of 31 December 2006, other than "Proton Bank", are the following:

Subsidiaries fully consolidated:	Registered office	Participation %	Tax unaudited periods
1. Proton Asset Management SA	Greece	99,90%	2005-2006
2. Proton Mutual Funds SA	Greece	99,90%	2005-2006
3. First Global Brokers SA	Serbia	82,49%	2002-2006
4. Omega Mutual Funds SA	Greece	93,07%	2006
5. Omega Brokerage SA	Greece	66,00%	2006
6. Omega Insurance SA	Greece	82,78%	2006
7. Omega Khan Financial Services SA	Switzerland	80,00%	2004-2006
8. Intellectron Systems SA	Greece	55,64%	2001-2006
9. Omega Real Estate SA	Greece	100,00%	2006
Associates accounted for under the equity method:			
10. Omega Portfolio Investment Co. SA	Greece	28,75%	2006

The Vice Chairman of the BoD
Anthony I. Athanassoglou (I.D. AB 287319)

Athens, 5 March 2007
The Managing Director
Elias G. Lianos (I.D. AE 019714)

The General Manager
Athanassios I. Pappasliou (I.D. Φ 0085)

The Financial Managers
Polychronis V. Karachalios (I.D. Ξ 100131) Georgios S. Nikiforakis (I.D. AE 009439)

Notes Cont.

consolidation method, in the consolidated financial statements of the Holding Company «IRF European Finance Investments LTD» based in Bermuda, which had a participating interest in the Bank on 31.12.2006 of 20,16%. 9. The transactions of the Group with its related parties, as described by IAS 24, for the period from 1.1.2006 to 31.12.2006, have as follows (amounts in thousands of €): a) income € 1.643, b) expenses € 1.461, c) members of BoD and key management personnel € 2.282, d) loans € 8.100, e) deposits € 41.442, f) other receivables € 386, g) letters of guarantee € 127, h) other liabilities € 216. The respective amounts for the Bank have as follows: a) income € 406, b) expenses € 759, c) members of BoD and key management personnel € 1.054, d) loans € 12.723, e) deposits € 63.883, f) other receivables € 184 and g) letters of guarantee € 1.163. 10. The number of employees at the end of the year were: (2006) Group 640, Bank 536, (2005) Group 118, Bank 42. 11. The Bank's books and records have not been reviewed by the tax authorities for the periods of 2005 and 2006, while the absorbed by the Bank, «OMEGA BANK SA», has been reviewed up to 31.03.2006. 12. On 31.1.2007, the Bank and the majority shareholders of the insurance company «INTERNATIONAL LIFE SA LIFE INSURANCE» agreed to the purchase of 51% of the shares of International Life by the Bank in cash. The agreement provides for the purchase price to be equal to 1,55 the book value of International Life as of 31.12.2006 times the percentage to be acquired. The completion of this agreement is subject to the due diligence on the companies belonging to the International Life Group and the approval of the relevant regulatory authorities. 13. No real encumbrance exists against the fixed assets of the companies included in the consolidation.

7. Independent Auditors' Report to the Annual Consolidated Financial Statements



(Translated from the original in Greek)

**To the Shareholders of
PROTON BANK A.E.**

Report on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of PROTON BANK A.E. (the Bank) which comprise the consolidated balance sheet as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and the fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, that have been adopted by the European Union. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Greek Auditing Standards, which are based on International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated Financial Statements give a true and fair view, of the consolidated financial position of the Bank as of 31 December 2006, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that have been adopted by the European Union.

Emphasis of Matter

Without qualifying our opinion we draw attention to note 17 to the consolidated financial statements that explains that the tax obligations of the Bank and its subsidiaries for certain years have not yet been audited by the tax authorities and accordingly their tax obligations for those years are not considered final. The outcome of the tax audits cannot at present be determined.

Report on Other Legal and Regulatory Requirements

The Board of Director's report is consistent with the accompanying consolidated Financial Statements.

Athens, 5 March 2007
KPMG Kyriacou Certified Auditors AE
Nick Tsiboukas

Certified Auditor Accountant
AM SOEL 17151

8. Consolidated Financial Statements

INCOME STATEMENT

(in thousands of euros)

	Note	1.1-31.12.06	1.1-31.12.05
Interest and similar income		26.615	3.960
Interest expense and similar charges		(12.489)	(3.244)
Net interest income	6	14.126	716
Fee and commission income		22.533	12.096
Fee and commission expense		(2.748)	(132)
Net fee and commission income	7	19.785	11.964
Income from insurance activities		7.284	-
Expense from insurance activities		506	-
Net income from insurance activities	8	7.790	-
Dividend income	9	2.850	1.273
Net trading income	10	27.960	17.517
Other operating income	11	473	522
Operating income		72.984	31.992
Personnel expenses	12	(11.099)	(5.053)
Other administrative expenses	13	(15.263)	(8.546)
Depreciation expenses	14	(1.173)	(722)
Insurance claims	15	(4.968)	-
Impairment losses on financial and non financial assets	16	(1.475)	(3.304)
Total operating expenses		(33.978)	(17.625)
Negative goodwill	49.2	-	10.301
Share of profit of associates		240	-
Profit before tax		39.246	24.668
Income tax expense	17	(5.232)	(2.606)
Profit for the period		34.014	22.062
Attributable to:			
Equity holders of the Bank		33.944	22.091
Minority interest		70	(27)
Earnings per share (expressed in € per share)			
- Basic	18	0,72	0,48
- Diluted	18	-	-

CONSOLIDATED BALANCE SHEET

(amounts in thousands of euros)

	Note	31.12.2006	31.12.2005
ASSETS			
Cash and balances with the Central Bank	19	37.397	2.251
Loans and advances to banks	20	93.404	54.946
Financial assets at fair value through profit or loss	21	260.309	117.229
Derivative financial instruments	22	2.611	7
Loans and receivables	23	941.214	50.563
Insurance receivables	24	16.721	-
Investment securities:			
-Held-to-maturity	25	6.646	-
-Available-for-sale	26	31.331	734
Investments in associates	27	4.604	-
Property, plant and equipment	28	33.402	1.281
Investment property	29	50	-
Non-current assets held for sale	30	64	-
Intangible assets	31	117.462	498
Reinsurance contracts	32	1.339	-
Deferred tax assets	39	3.200	451
Other assets	33	34.821	43.950
Total assets		<u>1.584.575</u>	<u>271.910</u>
LIABILITIES			
Due to banks	34	90.897	6.106
Due to customers	35	1.042.157	38.661
Derivative financial instruments	22	6.319	1
Debt securities in issue	36	1.500	-
Provisions for insurance contracts	37	34.093	-
Other liabilities	38	21.245	25.689
Current income tax liabilities	40	1.349	1.942
Retirement benefit obligations	41	1.228	200
Total liabilities		<u>1.198.788</u>	<u>72.599</u>
EQUITY			
Share capital	42	281.450	202.660
Share premium	43	85.478	-
Other reserves	44	3.628	5.183
Retained earnings / losses		14.544	(8.573)
Equity attributable to equity holders of the Bank		<u>385.100</u>	<u>199.270</u>
Minority interest		687	41
Total equity		<u>385.787</u>	<u>199.311</u>
Total equity and liabilities		<u>1.584.575</u>	<u>271.910</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Revaluation reserve	Other reserves	Retained earnings / losses	Statutory reserve	Attributable to equity holders of the Bank	Minority interest	Total equity
<i>(amounts in thousands of euros)</i>									
Balance at 1 January 2005	35.000	-	-	5.108	(5.074)	336	35.370	14	35.384
Changes in equity for 2005:									
- Cost of acquisition (ARROW, EURODYNAMIKI, EXELIXI)	141.748						141.748		141.748
- Valuation surplus transferred to share capital	25.652				(25.652)				-
- Change in minority interests due to acquisition (FGB)								55	55
- Capitalization of reserves	260			(260)					-
- Other consolidation adjustments					83		83		83
- Exchange differences on translating foreign operations					(21)		(21)	(1)	(22)
- Profit for the period					22.091		22.091	(27)	22.062
Balance at 31 December 2005	202.660	-	-	4.848	(8.573)	336	199.271	41	199.311
Balance at 1 January 2006	202.660	-	-	4.848	(8.573)	336	199.271	41	199.311
Changes in equity for 2006:									
- Cost of acquisition (OMEGA BANK)	78.771	85.478					164.249		164.249
- Capitalization of reserves	19				(19)		-		-
- Available-for-sale investments: valuation gains/(losses) taken to equity			(11)				(11)		(11)
- Transfer to reserves				123	(123)		-	-	-
- Net change in equity due to merger (Proton Securities)				825	(825)	146	146	(8)	138
- Change in minority interests due to acquisition (OMEGA)							-	587	587
- Dividend relating to 2005				(2.638)	(10.000)		(12.638)		(12.638)
- Purchases of treasury shares	(4.043)						(4.043)		(4.043)
- Sales of treasury shares	4.043				275		4.318	-	4.318
- Other consolidation adjustments				18	(173)		(155)	(1)	(156)
- Statutory reserve				(46)	4	46	4	2	6
Exchange differences on translating foreign operations				(19)	34		15	(4)	11
- Profit for the period					33.944		33.944	70	34.014
Balance at 31 December 2006	281.450	85.478	(11)	3.111	14.544	528	385.100	687	385.787

CASH FLOW STATEMENT

(amounts in thousands of euros)

	Note	1.1-31.12.2006	1.1-31.12.2005
Cash flows from operating activities			
Profit before taxation		39.246	24.669
Adjustments for:			
Add: impairment losses on loans and non financial assets		1.475	3.304
Add: depreciation expense		1.173	721
Add: provisions for retirement benefits		129	-
Gains (-) / losses (+) from revaluation of financial assets at fair value through profit or loss		(4.822)	(11.246)
Gains (-) / losses (+) from investment activities		(2.850)	
Negative goodwill		-	(10.301)
Cash flows from operating activities before changes in operating assets and liabilities		34.351	7.147
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with the Central Bank		4.197	-
Net (increase)/ decrease in loans and advances to banks		-	(2.061)
Net (increase)/ decrease in loans and receivables		(171.278)	(23.799)
Net (increase)/ decrease in financial assets at fair value through profit or loss		(98.169)	2.941
Net (increase)/ decrease in available-for-sale assets		(64)	-
Net (increase)/ decrease in insurance receivables		3.455	-
Net (increase)/ decrease in reinsurance contracts		302	-
Net (increase)/ decrease in other assets		28.015	(3.746)
Net increase/ (decrease) in due to banks		52.959	(9.290)
Net increase/ (decrease) in due to customers		116.193	92.017
Net increase/ (decrease) in provisions for insurance contracts		(1.243)	-
Net increase/ (decrease) in other liabilities		(23.324)	(9.652)
Net cash flows from operating activities before tax payment		(88.957)	46.410
Income taxes paid		(6.253)	-
Net cash flows from operating activities		(60.859)	53.557
Cash flows from investing activities			
Purchases / (proceeds) from the sale of property, plant & equipment and intangible assets		(818)	(487)
Purchases / (proceeds) from the sale held-to-maturity financial assets		(6.740)	
Purchases / (proceeds) from the sale available-for-sale financial assets		290	(3.738)
Acquisition of "Omega Bank SA", net of cash acquired	49.1.1.	131.836	3.002
Dividends received from available-for-sale financial assets		23	
Dividends received from financial assets at fair value through profit or loss		2.827	1.273
Net cash flows from investing activities		127.418	50
Cash flows from financing activities			
Sales of treasury shares		4.318	-
Dividends paid	46	(12.638)	-
Net cash flows from financing activities		(8.320)	-
Net increase/ (decrease) in cash and cash equivalents		58.239	53.607
Cash and cash equivalents at beginning of period	45	57.197	3.590
Cash and cash equivalents at end of period	45	115.436	57.197

1 General information

PROTON BANK SA (the “Bank”) and its subsidiaries (the “Group”) operate in the sectors of individual and corporate banking, financial services, portfolio management, insurance and other services. The entities of the Group operate mainly in Greece, Serbia and Switzerland. The Bank has a network of 21 branches.

The merger process between the Bank, Omega Bank SA and Proton Securities SA was completed on 29 September 2006 and the change in the trade name from “PROTON INVESTMENT BANK SA” to “PROTON BANK SA” was registered in the Societes Anonyme Register on 4 October 2006.

The Bank’s shares have been listed since December 2005 on the Athens Stock Exchange, and apart from the General Index are included in the FTSE-40 index. The total number of common shares outstanding at 31 December 2006 was 62.683.822.

The number of personnel as of 31 December 2006 was 640.

1.1 Subsidiaries and associates

The subsidiaries that are fully consolidated and the associate which is accounted for under the equity method are as follows:

Investments in subsidiaries at 31 December 2006

Name	Country	Participation %	Carrying amount
Proton Asset Management SA	Greece	99,90%	22.000
Proton Mutual Fund Management Co SA	Greece	99,90%	2.000
First Global Brokers SA	Serbia	82,49%	-
Omega Mutual Funds SA	Greece	93,07%	2.125
Omega Brokerage SA	Greece	66,00%	1.458
Omega Insurance SA	Greece	82,78%	15.957
Omega Real Estate SA	Greece	100,00%	317
Omega Kahn Financial Services SA	Switzerland	80,00%	54
Intellectron Systems SA	Greece	55,64%	-
			43.911

Investments in subsidiaries at 31 December 2005

Name	Country	Participation %	Carrying amount
Proton Asset Management SA	Greece	99,90%	22.000
Proton Mutual Fund Management Co SA	Greece	99,90%	2.000
First Global Brokers SA	Serbia	82,49%	595
Proton Securities SA	Greece	99,90%	27.000
Arrow Asset Finance SA	Greece	99,90%	-
			51.595

Investments in associates at 31 December 2006

Name	Country	Participation %	Carrying amount
Omega Portfolio Investment Co. SA	Greece	28,75%	3.778

1.2 Changes in the composition of the BoD

On 7 September 2006, the Extraordinary General Shareholders' Meeting elected a new Board of Directors and at the same time determined its assignments.

The BoD was elected for three years, starting on 7 September 2006. On 29 September 2006, the Board of Directors elected Mr. Loukas N. Valetopoulos as a new Non-Executive Member, in replacement of Mr. George P. Kintis who resigned from the BoD.

The members of the Board of Directors as of 31 December 2006 are the following:

Angeliki N. Frangou	Chairman and Non-Executive Member,
Anthony I. Athanassoglou	Vice-Chairman and Executive Member,
Elias G. Lianos	Managing Director and Executive Member,
Theodoros P. Mylonas	Deputy Managing Director and Executive Member,
Dimitrios G. Saramantis	Executive Member,
Hasdai V. Capon	Executive Member,
Loukas N. Valetopoulos	non-Executive Member,
George P. Minettas	non-Executive Member,
Markos A. Foros	non-Executive Member,
Alexandra G. Stavropoulou	Independent non-Executive Member,
Panagiotis D. Alexakis	Independent non-Executive Member

2 Summary of significant accounting policies

The accounting policies adopted in the preparation of these financial statements are set out below and have been consistently applied to all the years presented.

The Group's functional currency is the euro and the amounts included in the financial statements are presented in thousands of euros, unless otherwise stated in the respective notes. Any differences in the tables are due to rounding.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations as adopted by the European Union. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities held at fair value through profit or loss, and all derivative financial instruments.

These financial statements were approved by the Board of Directors on 5 March 2007.

2.2 Estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS, requires the use of certain estimates, and management to exercise its judgment which may affect the carrying amounts of the items in these statements. The estimates and assumptions are based on historical data and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any changes in accounting estimates are recognized prospectively in the period of the change, if the change affects that period only, or the period of the change and future periods, if the change affects both.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates involving significant risk of material adjustments in future periods, are disclosed in note 4.

2.3 Comparatives

As described in note 42, the Bank acquired Omega Bank SA and absorbed Proton Securities SA on 29 September 2006. Therefore, the items in these financial statements are not comparable with the respective items of the prior year.

Additionally, where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. The effect of these adjustments are described in note 52.

2.4 Subsidiaries and associates

2.4.1. Subsidiaries

Subsidiaries are all entities controlled by the Bank. Control is the power to govern directly or indirectly the financial and operating policies of the entities. The existence of potential voting rights that are currently exercisable are considered when assessing whether the Bank controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Bank and are no longer consolidated from the date that control ceases.

2.4.2. Associates

Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for by applying the equity method of accounting from the date on which significant influence is obtained until the date that the influence ceases to exist. When the Group's share in the post acquisition net assets of the investee equals or exceeds the cost of investment, the Group ceases to recognize any further losses, unless the Group has a legal or constructive commitment for all or part of the liabilities of the associate.

2.4.3. Elimination of Intragroup transactions

Intragroup balances, unrealised gains or losses and income or expenses on transactions between group companies, are eliminated in preparing the consolidated financial statements. Gains or losses from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.5 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency (euro) using the exchange rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing at that date. Translation differences from monetary items are recognized in the income statement. Translation differences arising from non-monetary assets and liabilities which are stated at historical cost, are recognized in the income statement. Translation differences on non-monetary items carried at fair value through profit or loss, are reported as part of their fair value gain or loss. Translation differences on non-monetary items classified as available-for-sale financial assets and qualifying cash flow hedges are included in the fair value reserve in equity.

2.6 Interest income and expense

Interest income and expense are recognized in the income statement on an accrual basis using the effective interest rate. Interest income and expense includes the amortization of any discount or premium, transaction costs or other differences between the initial cost of an interest bearing financial asset and the amount to be received or paid at maturity using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of the financial asset or financial liability and of allocating the interest income or expense over the relevant period.

The effective interest rate is the rate that exactly discounts the future cash receipts or payments through the expected life of the financial instrument.

Once a financial asset or a group of financial assets has been written down as a result of an impairment loss, interest income is recognized using the original effective interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

2.7 Fee and commission income

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Commissions and fees arising from third party transactions are recognized in the income statement on completion of the underlying transaction. Portfolio management fees and other advisory and service fees are recognized in the income statement based on the applicable service contracts, usually on a time-apportionate basis.

2.8 Dividend income

Dividends are recognised in the income statement when the entity's right to receive payment is established.

2.9 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedging instruments.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

Loans and receivables are carried at amortized cost using the effective interest rate method.

Financial assets held-to-maturity

Financial assets held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the intent and ability to hold to maturity. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non derivative financial assets that are either designated in this category or not classified in any other categories. They include investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Financial assets of this category are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value with changes recognized in a separate component of equity until they are sold or impaired. When they are impaired, any cumulative loss that had been previously recognized directly in equity is removed from equity and recognized in profit or loss. Furthermore, the fair value of investments in equity instruments that do not have a quoted market price, is based on valuation techniques, taken under consideration assumptions and references to the current fair value of another instrument that is substantially the same and discounted cash flow analysis.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity, and available-for-sale are recognized at trade date; the date on which the Group commits to purchase or sell the asset. Loans are recognized when cash is advanced to the borrowers.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or when the Bank has transferred substantially all the risks and rewards of ownership.

2.10 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis.

Income and expenses are offset only when permitted by the accounting standards or for gains and losses arising from a group of similar transactions.

2.11 Fair value measurement

The determination of fair value of financial assets and liabilities is based on quoted market prices for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques which is not materially different from the values presented in the financial statements. More specifically:

For investments traded in active markets, fair value was based on quoted market prices at the balance sheet date.

For investments in financial instruments that do not have a quoted price, fair value was determined by using valuation techniques such as discounted cash flow models, comparison to similar instruments for which market observable prices are available, and valuation models.

The fair value of derivative financial instruments for which quoted prices are not available is based on valuation models. Although these models are based on market inputs, they require assumptions and estimates about volatility and other inputs which are periodically reviewed when market conditions change.

2.12 Impairment of financial assets

(a) Assets carried at amortized cost

For the measurement of impairment on loans, the Group assesses from the date of transition to IFRS, and at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. The assumptions and the methodology used are regularly reviewed in order for any deviations between actual and estimated losses to be insignificant.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

(b) Financial assets at fair value

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the asset is impaired. If such an evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value less any impairment loss on the financial asset previously recognized in profit or loss is removed from equity and recognized in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

2.13 Derivative financial instruments and hedging accounting

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models as appropriate. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received).

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.

The method of recognizing the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge);
hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge :

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained earnings until the disposal of the equity security.

Cash flow hedge :

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged items will affect profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

The Group has entered into the following derivative financial instruments:

1. Interest rate swaps

2. Futures
3. Credit default swaps
4. Options
5. Forwards

When using derivatives for hedging, the Group documents at the inception of the transaction, the relationship between hedged items and hedging instruments, and whether the hedging transactions are highly effective in offsetting fair values or cash flows of hedged items at each balance sheet date.

Changes in the fair value of derivatives that do not qualify for hedge accounting under IAS 39, are immediately recognized in the income statement.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

2.14 Sale and repurchase agreements

The Group enters into agreements for the purchases (sales) of investments and to resell (repurchase) substantially the identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognized. The amounts paid are recognized in loans to either banks or customers. The receivables are shown as collateralized by the underlying security.

Investments sold under repurchase agreements continue to be recognized in the balance sheet and are measured in accordance with the accounting policy for either assets held for trading or available-for-sale as appropriate. The proceeds from the sale of the investments are reported as liabilities to either banks or customers.

The difference between the sale and repurchase considerations is recognized on an accrual basis over the period of the transaction and is included in interest.

2.15 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include monetary assets with less than three months to maturity from the day of acquisition, including cash and non-restricted balances with central bank, treasury bills, and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.16 Intangible assets

Intangible assets include goodwill arising from acquisitions as well as software which is carried at amortized cost less accumulated amortization.

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the Bank's interest in the fair value of the net identifiable assets of the acquired subsidiary or associate at the date of the acquisition.

Negative goodwill is recognized immediately as a gain in the income statement.

Goodwill is tested annually for impairment.

Goodwill is allocated to cash-generating units on the date of acquisition. When the allocation can only be provisionally determined, the process can be extended but not beyond twelve months from the date of acquisition.

(b) Software

Amortization is charged over the estimated useful life, which the Bank has defined to five years.

Expenditures incurred to maintain software programs are recognized in the income statement when incurred. On the contrary, expenditures incurred to enhance or improve the performance of the

software as well as expenditures incurred for conversion of the software, are included in the carrying amount of the asset provided that these can be measured reliably.

2.17 Property, plant and equipment

This category includes land, head offices, lease hold improvements and office equipment.

All property, plant and equipment are stated at historical cost less depreciation, except land and buildings which are carried at fair value. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Repair and maintenance expenses are charged to the income statement when incurred.

Depreciation on buildings and other tangible assets are calculated using the straight line method to allocate their cost or fair value to their residual values over their estimated useful lives.

Land is not depreciated, but is reviewed for impairment.

The carrying amount of impaired assets are written down to their recoverable amounts. Gains and losses from disposals are recognized in the income statement.

Depreciation is calculated using the straight-line method to allocate their cost or fair value to their residual values over their estimated useful lives as follows:

- Land: not depreciated
- Buildings: 50 years.
- Lease hold improvements: over the lease period
- Computers: 3 years
- Vehicles: 5-7 years
- Furniture and equipment: 10 years.

The commercial value of leased assets is depreciated over the lease period

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is higher of the asset's fair value less costs to sell and value in use.

Gain and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.18 Non-current assets held for sale

This category includes the cost of property and other assets that have been acquired through auctions and there is an intention to be sold within 12 months. Their carrying amount will be recovered principally through sale rather than continuing use. Non-current-assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Assets held for sale are not depreciated but are subject to impairment.

Gains and losses from disposals are recognized in the income statement.

2.19 Leases

2.19.1 The Group as a lessor

(a) Financial leases:

When assets are held subject to a finance lease and the risks and rewards of ownership are transferred to the lessee, the present value of the lease payments is recognised as receivable from loans and receivables.

Lease payments reduce the receivable from leases and interest income is recognised on an accrual basis over the lease term.

Receivables from financial leases are reviewed for impairment, according to the applicable procedure for loans and receivables as described in note 2.12.

(b) Operating leases:

When assets are held subject to an operating lease, they are recognized in the balance sheet and are depreciated over their useful life. The lease payments are recognized as interest income on an accrual basis over the lease term.

2.19.2 The Group as a lessee

Lease agreements that the risks and rewards of ownership are not substantially transferred by the lessor are classified as operating leases. In these cases, the leased asset is not recognised as a separate asset. Lease payments are recognized as an expense on a straight line basis over the lease term.

2.20 Financial liabilities

Financial liabilities are treated as held for trading if:

- a) acquired principally for the purpose of selling or repurchasing them in the near term
- b) a derivative financial instrument (except for a designated and effective hedging instrument)

Financial liabilities are initially recognized at fair value. Subsequently any changes in their fair value are recognized in the income statement.

The Group has classified in this category derivative financial instruments not held or qualifying for hedging purposes.

Derivative financial liabilities that are part of a hedging relationship are measured at fair value. Subsequently, any changes in their fair value are subject to principles described in note 2.13.

Liabilities not included in the above categories are carried at amortized cost using the effective interest rate method.

2.21 Share capital

(a) Share issue costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax from the proceeds.

(b) Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability in the period in which they are approved by the shareholders.

(c) Treasury shares

When share capital recognized as equity is repurchased by the Group, the amount of the consideration paid including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction of total equity. Where such shares are subsequently sold or re-issued any consideration is included in shareholders' equity.

2.22 Fiduciary activities

The Group provides custody services to individuals and financial institutions. These assets and income (interest, dividends) arising thereon are excluded from these financial statements, as they are not assets of the Group.

2.23 Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of a post event and it is probable that an outflow of economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.24 Employee benefits

(a) Defined contribution plans

The Group's personnel is insured for its main pension to publicly administered pension insurance funds (i.e Social Security Foundation and other) depending on their specialty. The contributions paid by the Group are included in "personnel expenses". The Bank's personnel is also insured for medical care in multiemployer funds. In these funds, there no separate accounts for each Bank, hence accounting for defined contribution is followed. Once the contribution has been paid, the Group has no further payment obligations.

(b) Defined benefit plans

Provisions for employee retirement, such as compensation defined under Law 2112/20, is determined actuarially using the projected unit credit method.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited income over the employee's expected average remaining working lives. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience and changes in actuarial assumptions in excess of the greater of 10% of the fair value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employee's expected average remaining working lives. Actuarial gains or losses below the 10% corridor are not recognized.

(c) Share-based compensation

The Group rewards key management executives, according to their efficiency with options on its own shares.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense (personnel expenses) with a corresponding increase in equity during the grant date and exercise date. The proceeds received are credited to share capital and share premium when the options are exercised.

2.25 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments of the Group.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.26 Income Tax

Income tax expense includes current and deferred tax. Income tax is recognized in the income statement except to the extent that is relates to items recognized directly in equity in which case it is recognized in equity.

Current income tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets or liabilities for financial reporting purposes and the amounts used for tax purposes. For the following temporary differences, deferred taxes are not accounted for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable differences. The amount of deferred tax is determined using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is probable that the related tax benefit will not be realized.

After tax results are temporarily, until the books and records are reviewed by the tax authorities. Consequently, the companies are liable to additional taxes and penalties that may be imposed as a result of such review.

2.27 Insurance contracts

Since January 1st 2005 risk bearing contracts are separated into insurance contracts and financial contracts (IFRS 4). Group's insurance company issues only insurance contracts covering property and casualty risks up to one year of duration.

Insurance contracts are those contracts when the insurer has accepted significant risk from another party (the policyholders) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholders.

Gross earned recurring premiums are recognized as revenue when payable by the policyholder. Gross changes in the unearned premium provision are recorded against premiums.

Gross earned insurance premiums are recognized including corresponding commissions.

Property and casualty insurance contracts are separated in two categories:

(A) Automobile Third Party Liability

This category includes insurance contracts covering the risk of automobile third party liability

(B) Non-Automobile Lines

This category includes insurance contracts covering the risk of fire and allied lines, marine, general liability, legal protection, road assistance, etc.

2.27.1 Deferred acquisition costs

Those direct (commissions) and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums.

2.27.2. Non-life insurance contract liabilities

Non-life insurance contract liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are known as the unearned premiums reserves and the provisions for outstanding claims. Unearned premium reserves include the gross premium corresponding to the unexpired part of insurance contracts.

Provisions for outstanding claims are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs.

The amount of provisions is estimated based on available information (adjuster reports, court decisions etc.) at the balance sheet date.

Provisions for outstanding claims include reserves for incurred claims, which are not reported to the company at the balance sheet date (I.B.N.R.). Provisions for outstanding claims are reported at the balance sheet date according to the requirements of regulatory authority legislation in force (law 400/1970). Specifically the automobile third party liability related claims reserves, are checked according to the K3-3975/11.10.1999 decision of The Ministry of Development, forming the greater possible reserve. I.B.N.R. provisions are estimated based on the K3-3974/11.10.1999 decision of The Ministry of Development.

Provisions for outstanding claims include reserves for incurred claims, which are not reported to the company at the balance sheet date (I.B.N.R.). Provisions for outstanding claims are reported at the balance sheet date according to the requirements of regulatory authority legislation in force (law 400/1970). Specifically the automobile third party liability related claims reserves, are checked according to the K3-3975/11.10.1999 decision of The Ministry of Development, forming the greater possible reserve. I.B.N.R. provisions are estimated based on the K3-3974/11.10.1999 decision of The Ministry of Development.

The difference in non-life insurance contract liabilities (increase/decrease) related to their previous assessment is transferred to the profit and loss accounts as far as the company's own retention, while the rest is transferred to the reinsurance accounts, according to the reinsurance agreements.

2.27.3. Liability adequacy tests

At each reporting date, the Group's Insurance Company performs a liability adequacy test according to IFRS 4, using updated estimates of future cash flows arising out of the insurance contracts and outstanding claims portfolio.

In the case that the adequacy test reveals insufficient reserves, provisions are adjusted accordingly.

The liability is derecognized when the contract expires, is discharged or is cancelled.

2.27.4. Reinsurance Contracts

The Group's insurance company benefits from reinsurance contracts are recognized as assets «reinsurance receivables». Liabilities towards reinsurers are reinsurance premiums due. An impairment review is performed at each reporting date against reinsurance receivables. Any impairment loss is reported in the profit and loss accounts.

2.28 New IFRSs

2.28.1. Amendments to published standards and interpretations effective 1 January 2006:

-IAS 19 (amendment), Employee benefits

This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It also adds new recognition and disclosure requirements for multiemployer plans. The Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses.

-IAS 21 (amendment), Net investment in a foreign operation

-IAS 39 (amendment), Cash flow hedge accounting of forecast intragroup transactions

-IAS 39 (amendment), The fair value option

-IAS 39 and IFRS 4 (amendment), Financial guarantee contracts

-IFRS 1 (amendment), First time adoption of International Financial Reporting Standards, and IFRS 6 (amendment) Exploration for and mineral resources

-IFRIC 4, Determining whether an arrangement contains a lease.

2.28.2 Standards, amendments and interpretations effective for 2006 but not relevant with the Group's activities:

-IFRIC 5, Rights to interests arising from decommissioning, restoration and environmental and rehabilitation funds

-IFRIC 6, Liabilities arising from participating in a specific market-waste and electronic equipment.

2.28.3 Standards, amendments and interpretations not yet effective or early adopted by the Bank:

-IFRS 7, Financial instruments: Disclosures and amendments to IAS 1 Presentation of financial statements-Capital disclosures (effective 1.1.2007)

IFRS 7 introduces additional disclosures with the aim to improve financial information regarding financial assets. It requires qualitative and quantitative disclosures for risks arising from financial instruments. Specifically, it requires minimum disclosures regarding credit risk, liquidity risk and market risk (sensitivity analysis to market risk). IFRS 7 supersedes IAS 30 and the disclosures requirements of IAS 32 and is effective for all entities preparing financial statements according to IFRS. The amendment to IAS 1 introduces capital disclosures. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main disclosures will be the sensitivity analysis to market risk and capital disclosures. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

- IFRIC 8, Share-based payment

- IFRIC 10, Interim Financial Reporting and Impairment.

3. Financial risk management

This section of the notes provides information for the risks the Group is exposed to and a description of the methodologies used by management to control them. The most significant risks the Group is exposed to are: credit risk, liquidity risk and market risk. Market risk includes foreign currency risk, interest rate risk and fair value risk.

3.1 Credit risk

The Group is exposed to credit risk, which is the risk that a counterparty will cause a financial loss for the Group by failing to discharge an obligation when due. Provisions for credit losses are recognised when it is estimated that they exist at the balance sheet date. Significant changes in the economy or in business sector representing a material part of the Group's portfolio might cause losses that exceed existing provisions, management therefore carefully manages its exposure to credit risk.

The Group mitigates the level of credit risk it takes by setting acceptable risk levels for each counterparty or group in each business and geographical segment. The risks are periodically reviewed and adjusted. Limits have been placed on a product and sector level.

The undertaken risk for each borrower including banks, is furthermore reduced by placing sub-limits on and off balance sheet items. Loan balances are compared to credit limits on a daily basis.

The Group controls its exposure to credit risk with regular reviews on the borrowers capability to satisfy their interest and principal obligations by adjusting credit limits when necessary. Credit risk is partially covered with acceptable collaterals.

3.2 Market risk

The Group takes on exposure to market risks. Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes. The Group applies modern methodologies, such as "value at risk", to measure market risk.

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the maximum amount the Bank might lose, but only to a certain level of confidence over a certain period. The method does not estimate the potential loss extreme market movements (non normal). The Group calculates a VAR estimate for a 99% confidence level and a 10 day holding period.

The Group regularly applies on a daily basis a back testing program to control the VAR estimates, by comparing the actual changes in the portfolio with the respective VAR measures.

3.3 Liquidity risk

Liquidity risk arises from the Group's financing process and management of the open positions in the market. Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with financing liabilities when they fall due and to replace funds when are withdrawn. The consequence may be the failure, to meet obligations to repay depositors, to fulfil commitments to lend, and to liquidate its financial assets at fair value.

The Group uses a large financing base which is achieved through a wide range of products including, deposits, debt securities and equity. This improves its financing capability, reduces the dependence from a single source, and generally lowers its borrowing cost. The Group tries to balance the need between financing and flexibility, by maintaining a portfolio with different maturities. The Group continually assesses liquidity risk by controlling and monitoring the required changes in order to meet its business goals in the frame of its strategy.

The table below analyses the Group's financial assets and liabilities categorised by their remaining maturity.

Maturity of assets and liabilities

As at 31 December 2006						
ASSETS	Up to 1 month	1 – 3 months	3 – 12 months	1 - 5 years	> 5 years	Total
Cash and balances with the Central Bank	37.397					37.397
Loans and advances to banks	63.422	16.227	13.755			93.404
Financial assets at fair value through profit or loss	114.107	134.390	11.812			260.309
Derivative financial instruments	2.611					2.611
Loans and receivables	220.072	65.563	227.536	428.043		941.214
Insurance receivables			16.721			16.721
Investment securities:						
- Held-to-maturity				6.646		6.646
- Available-for-sale	5.884		354	93	25.000	31.331
Investments in associates					4.604	4.604
Property, plant and equipment					33.402	33.402
Investment property					50	50
Non-current assets held for sale			64			64
Intangible assets					117.462	117.462
Reinsurance contracts			1.339			1.339
Deferred tax assets				3.200		3.200
Other assets	2.703	2.484	10.400	1.203	18.031	34.821
Total assets	446.196	218.664	281.981	439.185	198.549	1.584.575
LIABILITIES						
Due to banks	33.934	6.165	35.235	15.563		90.897
Due to customers	90.379	399.953	398.922	152.903		1.042.157
Derivative financial instruments	6.319					6.319
Debt securities in issue					1.500	1.500
Provisions for insurance contracts			34.093			34.093
Other liabilities			7.356	13.889		21.245
Current tax liabilities			1.349			1.349
Retirement benefit obligations				1.228		1.228
Total liabilities	130.632	406.118	476.955	183.583	1.500	1.198.788
Liquidity gap	315.564	(187.454)	(194.974)	255.602	197.049	385.787
As at 31 December 2006						
Total assets	446.196	218.664	281.981	439.185	198.549	1.584.575
Total liabilities	130.632	406.118	476.955	183.583	1.500	1.198.788
Liquidity gap	315.564	(187.454)	(194.974)	255.602	197.049	385.787

Maturity of assets and liabilities

As at 31 December 2005						
ASSETS	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Cash and balances with the Central Bank	2.251					2.251
Loans and advances to banks	54.854	92				54.946
Financial assets at fair value through profit or loss	81.508			35.721		117.229
Derivative financial instruments	7					7
Loans and receivables	7.672	2.297	23.468	17.126		50.563
Investment securities:						
- Held-to-maturity						
- Available-for-sale					734	734
Investments in associates						
Property, plant and equipment					1.281	1.281
Intangible assets					498	498
Deferred tax assets				451		451
Other assets	34.526		5.954		3.470	43.950
Total assets	180.818	2.389	29.422	53.298	5.983	271.910
LIABILITIES						
Due to banks	6.106					6.106
Due to customers	14.979	10.244	843	12.595		38.661
Derivative financial instruments	1					1
Current tax liabilities				1.942		1.942
Other liabilities	23.863		346	1.480		25.689
Retirement benefit obligations				200		200
Total liabilities	44.949	10.244	1.189	16.217		72.599
Liquidity gap	135.869	(7.855)	28.233	37.081	5.983	199.311
As at 31 December 2005						
Total assets	180.818	2.389	29.422	53.298	5.983	271.910
Total liabilities	44.949	10.244	1.189	16.217		72.599
Liquidity gap	135.869	(7.855)	28.233	37.081	5.983	199.311

3.4 Foreign exchange risk

The Group takes on foreign exchange risk arising from the exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Bank sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summaries the Group's exposure to foreign currency exchange risk at 31 December. Included in the table are the Group's financial assets and liabilities categorized by currency.

Foreign exchange risk

As at 31 December 2006						
ASSETS	EUR	USD	GBP	JPY	Other	Total
Cash and balances with the Central Bank	37.257	129	9		2	37.397
Loans and advances to banks	79.589	6.932	2.466	835	3.582	93.404
Financial assets at fair value through profit or loss	249.698	7.504	650		2.457	260.309
Derivative financial instruments	2.542	69				2.611
Loans and receivables	849.089	58.168	9		33.948	941.214
Insurance receivables	16.721					16.721
Investment securities:						
- Held-to-maturity	6.646					6.646
- Available-for-sale	31.107	224				31.331
Investments in associates	4.550				54	4.604
Property, plant and equipment	33.402					33.402
Investment property	50					50
Non-current assets held for sale	64					64
Intangible assets	117.462					117.462
Reinsurance contracts	1.339					1.339
Deferred tax assets	3.200					3.200
Other assets	32.115	2.338	227	(38)	179	34.821
Total assets	1.464.831	75.364	3.361	797	40.222	1.584.575
LIABILITIES	EUR	USD	GBP	JPY	Other	Total
Due to banks	70.016	20.881				90.897
Due to customers	811.020	50.825	3.535	175.636	1.141	1.042.157
Derivative financial instruments	6.312	7				6.319
Debt securities in issue	1.500					1.500
Provisions for insurance contracts	34.093					34.093
Other liabilities	20.967	551		(16)	(257)	21.245
Current income tax liabilities	1.349					1.349
Retirement benefit obligations	1.228					1.228
Total liabilities	946.485	72.264	3.535	175.620	884	1.198.788
Net on-balance sheet financial position	518.346	3.100	(174)	(174.823)	39.338	385.787
As at 31 December 2006						
Total assets	1.464.831	75.364	3.361	797	40.222	1.584.575
Total liabilities	946.485	72.264	3.535	175.620	884	1.198.788
Net on-balance sheet financial position	518.346	3.100	(174)	(174.823)	39.338	385.787

Foreign exchange risk

As at 31 December 2005						
ASSETS	EUR	USD	GBP	JPY	Other	Total
Cash and balances with the Central Banks	2.246	1			4	2.251
Loans and advances to banks	47.195	7.129	344	23	255	54.946
Financial assets at fair value through profit or loss	105.693	5.049	542		5.945	117.229
Derivative financial instruments	7					7
Loans and receivables	50.421	153		68	(79)	50.563
Investment securities:						
- Held-to-maturity						0
- Available-for-sale	734					734
Investments in associates	0					0
Property, plant and equipment	1.281					1.281
Intangible assets	498					498
Deferred tax assets	451					451
Other assets	43.773	133	3	40	1	43.950
Total assets	252.299	12.465	889	131	6.126	271.910
LIABILITIES	EUR	USD			Other	Total
Due to banks	6.047	59				6.106
Due to customers	36.137	2.106	389	11	18	38.661
Derivative financial instruments	1					1
Current income tax liabilities	1.942					1.942
Other liabilities	25.674	15				25.689
Retirement benefit obligations	200	0				200
Total liabilities	70.001	2.180	389	11	18	72.599
Net on-balance sheet financial position	182.298	10.285	500	120	6.108	199.311
As at 31 December 2005						
Total assets	252.299	12.465	889	131	6.126	271.910
Total liabilities	70.001	2.180	389	11	18	72.599
Net on-balance sheet financial position	182.298	10.285	500	120	6.108	199.311

3.5 Interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fluctuations in market interest rates affect significantly the present value of expected future cash flows from investments and liabilities.

The table below summarises the Group's exposure interest rate risks. It includes the Group's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

Interest rate risk

at 31 December 2006							
SETS	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
cash and balances with the Central Bank	15.776					21.621	37.397
loans and advances to banks	63.412	16.227	13.765				93.404
financial assets at fair value through profit or loss			3.197	66.026	68.364	122.722	260.309
derivative financial instruments						2.611	2.611
loans and receivables	116.712	437.380	240.513	146.609			941.214
insurance receivables						16.721	16.721
investment securities:							
- Held-to-maturity					6.646		6.646
- Available-for-sale				447	25.000	5,884	31.331
investments in associates						4,604	4,604
property, plant and equipment						33,402	33,402
investment property						50	50
non-current assets held for sale						64	64
intangible assets						117,462	117,462
insurance contracts						1,339	1,339
deferred tax assets						3,200	3,200
other assets						34,821	34,821
total assets	195.900	453.607	257.475	213.082	100.010	364.501	1.584.575
LIABILITIES							
due to banks	34.371	6.165	34.798	15.563			90.897
due to customers	768.154	155.005	86.150	32.848			1,042.157
derivative financial instruments						6.319	6.319
short-term securities in issue					1.500		1.500
provisions for insurance contracts						34,093	34,093
other liabilities						21,245	21,245
current tax liabilities						1,349	1,349
provision for retirement benefit obligations						1,228	1,228
total liabilities	802.525	161.170	120.948	48.411	1.500	64.234	1.198.788
interest sensitivity gap	(606.625)	292.437	136.527	164.671	98.510	300.267	385.787
at 31 December 2006							
total assets	195.900	453.607	257.475	213.082	100.010	364.501	1.584.575
total liabilities	802.525	161.170	120.948	48.411	1.500	64.234	1.198.788
interest sensitivity gap	(606.625)	292.437	136.527	164.671	98.510	300.267	385.787

Interest rate risk

As at 31 December 2005							
ASSETS	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Non-interest bearing	Total
Cash and balances with the Central Bank	2.251						2.251
Loans and advances to banks	54.854	92					54.946
Financial assets at fair value through profit or loss	117.212	6			11		117.229
Derivative financial instruments						7	7
Loans and receivables	36.771	9.903	3.889				50.563
Investment securities:							
- Held-to-maturity							
- Available-for-sale						734	734
Investments in associates						1.281	1.281
Property, plant and equipment						498	498
Intangible assets						451	451
Deferred tax assets						40.480	40.480
Other assets	40.480					3.470	43.950
Total assets	251.568	10.001	3.889	-	11	6.441	271.910
LIABILITIES							
Due to banks	6.106						6.106
Due to customers	30.525	7.207	929				38.661
Derivative financial instruments						1	1
Current tax liabilities						1.942	1.942
Other liabilities	23.863					1.826	25.689
Retirement benefit obligations						200	200
Total liabilities	60.494	7.207	929	-	-	3.969	72.599
Interest sensitivity gap	191.074	2.794	2.960	-	11	2.472	199.311
As at 31 December 2005							
Total assets	251.568	10.001	3.889		11	6.441	271.910
Total liabilities	60.494	7.207	929			3.969	72.599
Interest sensitivity gap	191.074	2.794	2.960	-	11	2.472	199.311

3.6 Capital management and capital adequacy

The Group's objectives when managing capital, which is a broader concept than the "equity" on the face of the balance sheets, are:

- To comply with the capital requirements set by the regulators of the Banking markets where the Group operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives, as implemented by the Bank of Greece. The required information is filed with the Authority on a quarterly basis.

The Group's capital adequacy is calculated according to the relevant directive by the Bank of Greece (2397/96), which is an enforcement of the directive of the European Union for the capital adequacy of financial institutions and investment funds.

The Group's regulatory capital as managed by the Treasury Department is divided into two tiers:

- Tier 1 capital
- Tier 2 capital

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of –and reflecting an estimate of credit, market and other risks associated with–each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarizes the composition of regulatory capital of the Group for the years ended 31 December 2006 and 2005 respectively.

	31.12.2006	31.12.2005
Tier 1 Capital		
Share capital	281.450	202.660
Share premium	85.478	-
Minority interest	687	41
Other reserves	3.103	-
Less: Intangible assets	(117.462)	(498)
Less: Proposed dividend	(17.551)	(12.638)
Retained earnings	15.069	(3.389)
	250.774	186.176
Tier 2 Capital		
Less: Equity investments on financial institutions > 10%	(13.792)	(3.914)
Less: Double gearing loans	(4.470)	(27.716)
Regulatory capital	232.512	154.546
Risk-weighted assets	1.581.224	338.209
Capital adequacy ratio	14,70%	45,70%

The current capital adequacy ratio for the Group is estimated to be 14,70%, which is significantly higher than the agreed minimum of 8% as set by the directives of the Bank of Greece.

Group's Insurance Company has covered its requirements for reserves and capital stemming from the balance sheet as of 31.12.2005.

4 Critical accounting estimates and judgments

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

4.1 Impairment losses on loans and advances to customers

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. If such evidence exists, the recoverable amount of the financial asset or group of financial assets is calculated and an impairment provision is accounted. The impairment is charged to the income statement. The methodology and assumptions used are reviewed regularly in order for any deviations between loss estimates and actual loss experience are minimized.

4.2 Fair value of derivative financial instruments

The fair value of derivative financial instruments that are not quoted in active markets are determined by using valuation techniques. Those models even though are dependent on measurable data, they require estimates and judgments (i.e. to determine volatility and credit risk). Those estimates and judgments are regularly assessed and whenever market conditions change. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4.3 Impairment of available-for-sale financial assets

The available for sale portfolio is measured at fair value with any changes in fair value recognised in a fair value reserve.

Available for sale equity investments are impaired when there has been a significant or prolonged decline in fair value below its cost. When the declines in fair value are considered significant or prolonged, the fair value reserve is transferred to the income statement. Furthermore, estimates are used to determine the fair value of equity investments which are not quoted in active markets. For those investments, the fair value is determined by using valuation techniques taking under consideration assumptions about industry and sector performances as well as the financial health of the investee.

4.4 Income taxes

The Group is subject to income tax according to the tax legislation in Greece. The Group's tax obligations are considered to be finalized after the completion of the review by the tax authorities. Due to the method according to which the tax liabilities are settled in Greece, the Group remains contingently liable for any additional taxes and penalties for the un-audited tax periods. No relevant provision was taken according to IFRS since the outcome could not be estimated reliably at the present. The differences that may accrue from tax reviews will be recognised in the period they are finalized and incurred.

4.5 Provisions for insurance activities

Reserve adequacy test was performed with the link ratio methodology, using last six years data. Said methodology assumes persistence of accumulated losses ratios (paid and outstanding claims).

5 Segment analysis

5.1 Business segment

At 31 December 2006	Investment Banking	Retail Banking	Bancassurance and other financial services	Total
Interest and similar income	3.487	23.126	2	26.615
Interest and similar expense	-	(12.450)	(39)	(12.489)
Net interest income	3.487	10.676	(37)	14.126
Fee and commission income	10.334	12.204	(5)	22.533
Fee and commission expense	(2.197)	(551)	-	(2.748)
Net fee and commission income	8.137	11.653	(5)	19.785
Income from insurance activities	-	-	7.284	7.284
Expense from insurance activities	-	-	506	506
Net income from insurance activities	-	-	7.791	7.790
Net trading income	27.256	634	70	27.960
Dividend income	2.840	4	6	2.850
Other operating income	-	309	164	473
Operating income	41.720	23.276	7.989	72.984
Other administrative expenses	(14.627)	(8.383)	(3.352)	(26.362)
Depreciation expenses	(778)	(355)	(40)	(1.173)
Insurance claims	-	-	(4.968)	(4.968)
Impairment losses on financial and non financial assets	1.221	(2.696)	-	(1.475)
Total operating expenses	(14.184)	(11.434)	(8.360)	(33.978)
Share of profit of associates	240	-	-	240
Profit before tax	27.776	11.842	(372)	39.246
Income tax expense				(5.232)
Profit for the period				34.014
Total assets	905.794	505.359	173.422	1.584.575
Total equity and liabilities at 31 December 2006	661.475	533.216	389.884	1.584.575

At 31 December 2005	Investment Banking	Retail Banking	Total
Interest and similar income	969	2.991	3.960
Interest and similar expense	(866)	(2.378)	(3.244)
Net interest income	103	613	716
Fee and commission income	11.129	967	12.096
Fee and commission expense	(99)	(33)	(132)
Net fee and commission income	11.030	934	11.964
Net trading income	17.455	62	17.517
Dividend income	1.273	-	1.273
Other operating income	-	522	522
Operating income	29.861	2.131	31.992
Negative goodwill	10.301	-	10.301
Other administrative expenses	(10.304)	(4.017)	(14.321)
Impairment losses on financial and non financial assets	(3.304)	-	(3.304)
Total operating expenses	(13.608)	(4.017)	(17.625)
Profit before tax	26.554	(1.886)	24.668
Income tax expense			(2.606)
Profit for the period			22.062
Total assets	142.846	129.064	271.910
Total equity and liabilities at 31 December 2006	218.446	53.464	271.910

As mentioned in note 2.3, the revenues and results per segment for the years ending at 31 December 2006 and 2005 respectively are not comparable.

5.2 Geographical segment

The Group mainly operates in Greece, and therefore no results per geographical area are presented. It also operates in Serbia and Switzerland, but since IAS 14 disclosure requirements criteria are not met, not geographical segments presented.

	1.1-31.12.06	1.1-31.12.05
6 Net interest income		
Interest and similar income		
Loans and advances to banks	2.586	236
Investment securities	3.487	365
Loans and receivables	20.443	2.082
Other interest and similar income	99	1.277
Total	<u>26.615</u>	<u>3.960</u>
Interest and similar expense		
Due to banks	(152)	(416)
Due to customers	(9.946)	(1.947)
Contributions(Law N. 128)	(1.553)	(363)
Other interest and similar expense	(838)	(518)
Total	<u>(12.489)</u>	<u>(3.244)</u>
Net interest income	<u>14.126</u>	<u>716</u>
7 Net fee and commission income		
Fee and commission income		
Loans and receivables	1.132	201
Letters of guarantee	304	167
Imports-exports	106	-
Credit cards	676	-
Foreign currency transactions	86	-
Securities brokerage	10.786	10.481
Remittance	39	19
Asset management	910	494
Investment activities	5.653	-
Other services	2.841	734
Total	<u>22.533</u>	<u>12.096</u>
Fee and commission expense		
Commercial banking	(531)	(131)
Securities brokerage	(2.217)	(1)
Total	<u>(2.748)</u>	<u>(132)</u>
Net fee and commission income	<u>19.785</u>	<u>11.964</u>
8 Net income from insurance activities		
Income from insurance activities	7.284	-
Expenses from insurance activities	506	-
Total	<u>7.790</u>	<u>-</u>
9 Dividend income		
From available-for-sale securities	23	-
From trading securities	2.827	1.273
Total	<u>2.850</u>	<u>1.273</u>

10 Net trading income	1.1-31.12.06	1.1-31.12.05
From trading securities:		
Foreign exchange translation and transaction (gains less losses)	14	
Transaction gains less losses	22.877	7.020
Valuation of securities	13.231	11.246
From other financial assets at fair value through profit or loss:		
Foreign exchange translation and transaction (gains less losses)	177	108
Derivative financial instruments	(8.409)	(857)
Unwind of discount	70	-
Total	27.960	17.517
11 Other operating income from:	1.1-31.12.06	1.1-31.12.05
Rentals	20	71
Non-banking activities	392	-
Proceeds from sale of fixed assets	2	-
Other income	59	451
Total	473	522
12 Personnel expenses	1.1-31.12.06	1.1-31.12.05
Salaries	(9.232)	(4.206)
Social security costs	(1.683)	(713)
Pension and retirement costs	(19)	(134)
Other employee costs	(165)	-
Total	(11.099)	(5.053)
13 Other administrative expenses	1.1-31.12.06	1.1-31.12.05
Operating lease rentals	(1.571)	(253)
Maintenance costs	(545)	(279)
Promotion and advertising expenses	(449)	(240)
Telephone – posting expenses	(670)	(218)
Third party fees	(2.348)	(4.559)
Utilities	(166)	(104)
Contribution to Hellenic Deposit Guarantee Fund	(277)	(12)
Subscriptions and other contributions	(3.679)	(1.724)
Insurance costs	(95)	(40)
Consumables	(294)	(56)
Taxes and duties	(1.099)	(466)
Insurance agency costs	(1.994)	-
Other expenses	(2.076)	(595)
Total	(15.263)	(8.546)
14 Depreciation expenses	1.1-31.12.06	1.1-31.12.05
Property, plant and equipment	(851)	(528)
Intangible assets	(322)	(194)
Total	(1.173)	(722)

During the period the Bank readjusted where necessary the estimated useful life of tangible and intangible assets. As a result, depreciation and amortization expense for the period was higher by 9 thousands of euros. The change in accounting estimate was recognized prospectively in the income statement according to IAS 8. The effect of the change in future periods was impracticable to be determined in the present stage.

15 Insurance claims	1.1-31.12.06	1.1-31.12.05
Automobile casualty claims	(1.838)	-
Other casualty claims	(3.130)	-
Total	(4.968)	-

16 Impairment losses on financial and non financial assets	1.1-31.12.06	1.1-31.12.05
Loans and receivables	(858)	(300)
Investment securities	(595)	(3.004)
Other assets	(22)	-
Total	(1.475)	(3.304)

17 Income tax expense	1.1-31.12.06	1.1-31.12.05
Current tax	(4.571)	(2.405)
Deferred tax	(661)	(201)
Total	(5.232)	(2.606)

Further information about deferred tax income is presented in note 39.

The reconciliation between income tax expense and taxable profit for the period has as follows:

Income tax expense charged to the income statement	1.1-31.12.06	1.1-31.12.05
Profit before tax	39.246	24.668
Income tax calculated at a 24% tax rate (22% for 2005)	(9.419)	(5.813)
Income not subject to tax	8.214	5.618
Non-deductible expenses	(19)	(36)
Supplementary tax 3% on real estate	(11)	(15)
Tax on income from absorbed companies and losses carried forward	-	(1.931)
Tax on tax free reserves	(2.453)	-
Tax on dividends paid	(883)	(229)
Deferred tax charge to the income statement	(661)	(200)
Total income tax	(5.232)	(2.606)

The effective tax rate for 2006 is 13% (2005: 8,9%). The tax rate for Greek legal entities, in accordance with the articles of the Greek tax legislation was reduced to 29% for the year 2006 and 25% for the years 2007 and thereafter.

The Bank made use of the tax incentives granted to companies that merger or absorb other entities (Law 2992/2002), and defined the amount of income tax based on the tax rate in effect, reduced by 5

five (5) percentage points, namely 24%. Taxable profits for the year 2007 will be taxed on a 20% tax rate, since the reduction in the tax rate is limited to five (5) percentage points as like year 2006.

The subsidiary and associate undertakings of the Group calculated their income tax for 2006 based on the tax rates that are strictly prescribed by the Greek Tax Legislation. The Group's companies have been audited by the Local Tax Authorities unless otherwise stated in the following table:

Proton Bank SA:	2005, 2006
Proton Asset Management SA:	2005, 2006
Proton Mutual Fund Management Co SA :	2005, 2006
Omega Mutual Funds SA :	2006
Omega Insurance SA:	2006
Omega Brokerage SA:	2006
Omega Real Estate SA:	2006

According to the method where tax liabilities are settled in Greece, the Management of the Group remains liable against any additional taxes or penalties imposed for all the unaudited tax years.

Deferred tax charged to the income statement is attributable to:	1.1-31.12.06	1.1-31.12.05
Allowances for impairment losses on loans and receivables	(522)	-
Staff bonuses	(195)	-
Loans and receivables – effective interest rate	(214)	(35)
Other assets	(43)	(21)
Derivatives listed on the Athens Derivatives Exchange	(31)	-
Financial assets	(13)	(2)
Retirement benefit obligations	2	4
Financial liabilities	20	-
Revaluation on OTC forwards	128	-
Property, plant & equipment and intangible assets	207	(147)
Total deferred tax	(661)	(201)

18. Earnings per share

	1.1-31.12.06	1.1-31.12.05
Profit attributable to the equity holders of the Bank	33.944	22.091
Number of ordinary shares in issue at the end of period	62.683.822	45.135.892
Weighted average number of ordinary shares in issue	47.395.488	45.135.892
Basic and diluted earnings per share (expressed in € per share)	0,72	0,48

Basic earnings per share is calculated by dividing the net profit attributable to the equity holders of the Bank by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased and held as treasury shares.

Diluted

Basic and dilutive earnings per share remain the same since the Group doesn't hold any dilutive potential ordinary shares.

19 Cash and balances with the Central Bank	31.12.2006	31.12.2005
Cash in hand and items in course of collection	10.014	2.224
Cheques receivable	12.018	27
Included in cash and cash equivalents (note 45)	22.032	2.251
Mandatory reserve deposits with the Central Bank	15.365	-
Total	37.397	2.251

20 Loans and advances to banks	31.12.2006	31.12.2005
Placements with other banks	44.150	48.931
Interbank deposits	47.877	6.015
Cheques receivable	1.377	0
Included in cash and cash equivalents (note 45)	93.404	54.946

21 Financial assets at fair value through profit or loss	31.12.2006	31.12.2005
Government bonds	18.441	6.774
Corporate bonds	119.146	6.228
Mutual fund shares	23.996	14.475
Equity securities	98.726	89.752
Total	260.309	117.229

22 Derivative financial instruments

At 31 December 2006

Derivative financial instruments held-for-trading	Contractual/Notional amounts	Fair values	
		Assets	Liabilities
a) Exchange traded			
- Options	12.648	224	(100)
- Futures	335.751	-	-
	348.399	224	(100)
b) OTC			
- Interest rate swaps	594.452	1.992	(2.427)
- Options	3.037	28	(7)
- Currency forwards	281.187	-	(3.753)
- Credit default swaps	13.417	42	(32)
- Total return swaps	10.000	325	-
	902.093	2.387	(6.219)
Total recognized derivative assets /(liabilities)	1.250.492	2.611	(6.319)

At 31 December 2005

Derivative financial instruments held-for-trading	Contractual/notional amounts	Fair values	
		Assets	Liabilities
- Options	16.276	3	1
- Interest rate swaps	1.000	4	-
Total recognized derivative assets /(liabilities)	17.276	7	1

The notional amount of certain types of derivative financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, to the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

The Group does not apply hedge accounting as described in IAS 39, therefore the gains and losses arising on derivative financial instruments are recognised in the income statement.

23 Loans and receivables	31.12.2006	31.12.2005
Individuals:		
Mortgages	51.810	-
Consumer/personal	88.372	41.312
Credit cards	28.197	-
Total loans and receivables to individuals	<u>168.379</u>	<u>41.312</u>
Corporate entities:		
Agricultural	5.259	-
Mining	1.149	-
Manufacture	42.373	-
Small industry	14.957	-
Building / construction	73.454	4.990
Energy	2.163	-
Commercial / Insurance	202.202	-
Transportation	93.514	-
Services	36.954	-
Other entities	328.720	4.852
Total loans and receivables to corporate entities	<u>800.745</u>	<u>9.842</u>
Finance lease (1)	11.388	-
Gross loans and receivables	<u>980.512</u>	<u>51.154</u>
Less: allowance for impairment		
Individuals:		
Balance at 1 January 2006	(138)	-
Acquisitions (accumulated allowances of Omega Bank)	(8.889)	(138)
Fair value adjustments of acquired loans (Omega Bank)	(8.068)	-
Impairment charges for the year	(339)	-
Write offs	1.163	-
Total allowances for individuals	<u>(16.271)</u>	<u>(138)</u>
Corporate entities:		
Balance at 1 January 2006	(453)	-
Acquisitions (accumulated allowances of Omega Bank)	(21.214)	-
Fair value adjustments of acquired loans (Omega Bank)	(1.900)	(453)
Impairment charges for the year	(456)	-
Write offs	996	-
Total allowances for corporate entities	<u>(23.027)</u>	<u>(453)</u>
Total allowances at 31 December 2006	<u>(39.298)</u>	<u>(591)</u>
Net loans and receivables	941.214	50.563

The net investment from finance lease contracts on leased equipment was determined as follows:

Finance lease	31.12.2006	31.12.2005
Gross investment in the lease	17.185	-
Less: unearned finance income	(5.797)	-
Net investment in lease	<u>11.388</u>	-

Present value of minimum lease payments receivable at 31 December 2006 :

No later than 1 year	1.143	-
Later than 1 year and no later than 5 years	3.734	-
Later than 5 years	6.511	-
Total	<u>11.388</u>	-

The receivable for 2005 is nil because leasing activities were initiated during 2006.

24 Insurance receivables	31.12.2006	31.12.2005
Receivables from contract holders	8.498	-
Due from contract holders	1.248	-
Cheques receivable postdated	7.520	-
Notes receivable and other	110	-
	<u>17.376</u>	-
Less: impairment provision	(655)	-
Total	<u>16.721</u>	-

25 Securities held-to-maturity	31.12.2006	31.12.2006
Government bonds	6.646	-
Total	<u>6.646</u>	-

Mainly include Greek Government bonds, that are held from the issue date and for which the Bank intends to hold until maturity. The fair value of the above mentioned bonds as of 31 December 2006 is 6.648 thousands of euros.

26 Securities available-for-sale	31.12.2006	31.12.2005
Corporate bonds	28.458	3.004
Other investments	345	131
Equity securities	5.502	603
Mutual fund shares	30	-
	<u>34.335</u>	<u>3.738</u>
Less: allowance for impairment	(3.004)	(3.004)
Total	<u>31.331</u>	<u>734</u>

All available-for-sale securities are carried at fair value.

The movement in the investment securities portfolio had as follows:

	Available for sale	Held to maturity	Total
Balance at 1 January 2006	734	-	734
Acquisitions	31.024	-	31.024
Additions	214	6.768	6.982
Disposals	(652)	-	(652)
Gains / (losses) from changes in fair value	11	(122)	(111)
Balance at 31 December 2006	31.331	6.646	37.977

27 Investments in associates	31.12.2006	31.12.2005
Omega Portfolio Investment Co. SA	4.604	-
Total	4.604	-

The investments in associates in the Bank's separate financial statements, are carried at fair value according to IAS 39, as available for sale financial assets measured at fair value with changes in fair value recognized in equity

28 Property, plant and equipment

	Land	Buildings	Machinery	Vehicles	Furniture	Total
At 1 January 2006						
Cost	-	1.246	23	169	2.212	3.650
Accumulated depreciation	-	(454)	(19)	(56)	(1.840)	(2.369)
Net book value	-	793	4	113	372	1.281
Year ended 31 December 2006						
Opening net book value	-	793	4	113	372	1.281
Acquisitions (Omega Group – Note 49)	11.151	13.515	37	50	7.267	32.020
Exchange differences	-	-	-	-	9	9
Additions	-	533	3	-	473	1.009
Disposals – cost at aquisition	-	-	-	-	(36)	(36)
Disposals - accumulated depreciation	-	-	-	-	27	27
Impairment - cost	-	-	-	-	(223)	(223)
Impairment - accumulated depreciation	-	-	-	-	16	16
Depreciation charge	-	(311)	(5)	(27)	(516)	(859)
	-	0	0	0	0	0
Accumulated depreciation written off	-	-	-	-	157	157
Closing net book value	11.151	14.530	39	136	7.547	33.402
At 31 December 2006						
Cost	11.151	15.294	62	219	9.863	36.588
Accumulated depreciation	-	(764)	(24)	(84)	(2.314)	(3.186)
Net book value	11.151	14.529	38	136	7.547	33.402
At 1 January 2005						
Cost		1.206	23	166	1.924	3.318
Accumulated depreciation		(312)	(15)	(31)	(1.255)	(1.613)
Net book value		893	8	135	669	1.705
Year ended 31 December 2005						
Opening net book value		893	8	135	669	1.705
Additions		42	1	3	288	333
Disposals		-	-	-	-	-
Depreciation charge		(142)	(5)	(25)	(585)	(757)
Closing net book value		792	4	113	372	1.281
At 31 December 2005						
Cost		1.246	23	169	2.212	3.650
Accumulated depreciation		(454)	(19)	(56)	(1.840)	(2.369)
Net book value		792	4	113	372	1.281

29 Investment property	31.12.2006	31.12.2005
Cost	50	-
Total	50	-

30 Non-current assets held for sale	31.12.2006	31.12.2005
Land	64	-
Total	64	-

The account includes land acquired from foreclosure and auctions. According to IFRS 5, the Group must sell any assets of this category within twelve months from the date of acquisition.

31 Intangible assets

	Preliminary goodwill	Software	Total
At 1 January 2006			
Cost	-	1.154	1.154
Acquisitions (FGB)	334	-	334
Accumulated depreciation	-	(990)	(990)
Net book value	334	164	498
Year ended 31 December 2006			
Accumulated depreciation at beginning of year	-	165	165
Exchange differences	-	2	2
Additions	-	132	132
Acquisitions (Omega Group)	114.211	3.383	117.594
Impairment (FGB)	(334)	-	(334)
Impairment	-	(109)	(109)
Depreciation charge	-	(322)	(322)
Closing net book value	114.211	3.251	117.462
At 31 December 2006			
Cost	114.211	4.563	118.774
Accumulated depreciation	-	(1.312)	(1.312)
Net book value	114.211	3.251	117.462

The preliminary goodwill, at the acquisition date, represents the excess of the cost of acquisition over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of OMEGA Bank and its subsidiaries, as it is thoroughly presented in the note 49.

	Preliminary goodwill	Software	Total
At 1 January 2005			
Cost	-	1.093	1.093
Accumulated depreciation	-	(786)	(786)
Net book value	-	307	307
Additions	-	1.154	1.154
Accumulated acquisitions (FGB)	334	-	334
Cumulative depreciation and impairment	-	(990)	(990)
Closing net book value	334	164	498

32 Reinsurance contracts	31.12.2006	31.12.2005
Due from reinsures	1.332	-
Claims from reinsurance activities	7	-
Total	1.339	-

33 Other assets	31.12.2006	31.12.2005
Advances to employees	26	80
Advances to third parties	50	-
Contributions to Co-Guarantee Fund and Supplementary Fund	4.901	3.665
Guarantees	7.698	108
Receivables from transactions for third parties	68	-
Receivables from brokerage	8	36.559
Credit card receivables	2.095	-
Greek state, prepaid taxes	3.946	1.033
Other debtors	16.840	2.505
Bad debts, other than loans and receivables	1.199	162
	36.831	44.112
Less: Allowances for impairment	(2.010)	(162)
Total	34.821	43.950

34 Due to banks	31.12.2006	31.12.2005
Deposits from other banks	33.933	6.106
Short-term loans	438	-
Repurchase agreements (Repos)	56.526	-
Total	90.897	6.106

The total at the repurchase agreements (Repos) mature within one month from the balance sheet date.

35 Due to customers	31.12.2006	31.12.2005
Individuals:		
Saving accounts	64.497	-
Current accounts	1.122	-
Time deposits	586.410	4.953
	652.029	4.953
Corporate entities:		
Current accounts	72.104	15.392
Time deposits:		
Corporate entities	134.417	14.164
Public organizations	7.788	-
Public corporations	4.565	-
Other time deposits	84.401	592
Repurchase agreements (Repos)	920	3.560
	304.195	33.708
Blocked deposits	29	-
Pledged deposits	50.361	-
Margin accounts	35.543	-
Total	1.042.157	38.661

The total of the repurchase agreement (Repos) mature within one month from the balance sheet date. The total interest expense arising from repurchase agreement on bonds for the year 2006 amounted to 767 thousands euros.

36 Debt securities in issue	31.12.2006	31.12.2005
Convertible bonds	1.500	-
Total	1.500	-

The Managing Director in order to participate in the placement of the convertible bond issued by Omega Insurance S.A., has entered into an equal-amount loan agreement with Omega Bank. Basic characteristics of the convertible bond are the following:

Issue date: June 27, 2006

Par value: 1.500 thousands of euros

Coupon rate: 5%

Title form and number: 500.000 coupon bonds with par value 3 euro each, can be formed in a single or multiple cumulative title.

Duration: Perpetuity with five-year notice of prepayment from the issuer, or relevant decision of the general assembly of bondholders.

Conversion ratio: One (1) bond is convertible to one (1) ordinary share of stock with par value 3 euro.

Use of funds: Strengthening of capital requirements.

Value of conversion rights is estimated to equal corresponding liability. If conversion rights are exercised to their full effect, the bondholder will become shareholder of 43,62% of equity capital, taking into consideration the outstanding shares as of December 31st 2006.

37 Provisions for insurance contracts	31.12.2006	31.12.2005
Movement of provisions for insurance contracts		
Provisions for insurance contracts at 31 December 2004	14.875	-
Unearned premiums 1.1-31.12.2005	4.464	-
Reported claims 1.1-31.12.2005	5.809	-
Total provisions for insurance contracts at 31 December 2005	25.148	-
Unearned premiums 1.1-31.12.2006	(723)	-
Reported claims 1.1-31.12.2006	9.668	-
Total provisions for insurance contracts at 31 December 2006	34.093	-

38 Other liabilities	31.12.2006	31.12.2005
Taxes and duties payable:		
Taxes and duties from salaries	510	266
Taxes from interest on deposits	253	61
Other taxes and duties payable	2.317	318
Taxes and duties relating to prior years from tax reviews	1.320	-
Payables to social security funds	859	188
Other liabilities:	12	-
Dividends payable	34	-
Due from collections on behalf of third parties	2	-
Salaries payable	311	150
Due to foreign derivative brokerage customers	13.782	-
Due from settlement of brokerage transactions	74	22.672
Due from settlement of brokerage transactions – Cyprus stock exchange	31	-
Suppliers and other liabilities	1.740	2.034
Total	21.245	25.689

39 Deferred tax assets/(liabilities)	31.12.2006	31.12.2005
Deferred tax assets:		
Retirement benefit obligations	392	50
Financial liabilities	242	-
Staff bonuses	216	-
Property, plant and equipment & intangible assets	118	384
Deferred income	-	17
Tax loss	276	-
Fair value adjustment on acquired assets (Omega Bank)	2.492	-
Deferred tax liabilities:		
Financial assets	(6)	-
Allowances for impairment on loans	(37)	-
Derivative listed on the Athens Derivatives Exchange	(10)	-
Accrued interest – loans commissions	(440)	-
Finance leases	(43)	-
Total	3.200	451

40 Current income tax liabilities	31.12.2006	31.12.2005
Income tax expense	1.349	1.942
Total	1.349	1.942

41 Retirement benefit obligations	31.12.2006	31.12.2005
Amounts recognized in the balance sheet:		
Present value of defined benefit obligations	1.382	200
Unrecognized actuarial losses	(154)	-
Total liabilities at end of year	1.228	200
Amounts recognized in the income statement:		
Current service cost	106	26
Interest cost	10	4
Curtailments/ Settlements	12	-
Net actuarial losses recognized	1	-
Total	129	30
Principal actuarial assumptions:		
Discount rate	4,10%	3,72%
Future salary increases	4,70%	4,70%
Expected return on plan assets	4,10%	3,72%
Balance at 1 January 2006	200	172
Increase due to business combinations (absorption of Proton Securities SA)		
Increase due to business combinations (acquisition of Omega Bank SA)	1.086	0
Charge in the income statement	129	30
Benefits paid	(187)	(2)
Total	1.228	200

42 Share capital	31.12.2006	31.12.2005
Paid up share capital at beginning of period	202.660	35.000
Increase due to acquisition of Omega Bank SA/ closed-end funds	78.771	141.748
Capitalization of reserves	19	25.912
Total	281.450	202.660

Ordinary shares (number of shares):		
At 1 January 2006	45.136	14.000
Share issue (note 49)	17.548	31.136
Total number of ordinary shares outstanding	62.684	45.136

On 7 September 2006, the Extraordinary General Shareholders Meeting of the Bank (the acquirer) approved the merger with "Omega Bank SA" and "Proton Securities SA". According to the Merger Contract, which was approved by the General Shareholders Meeting, the exchange share ratio was 1 share of Omega Bank SA for 0,90 shares of the acquirer. As the Bank held 100% of the shares of Proton Securities SA, there was no exchange ratio. Additionally, the General Meeting decided the amendment of article 5 of its Articles of Association in order for the bank's share capital to rise after the merger, to a total amount of 281.450.360,78 euro divided into 62.683.822 common voting shares of nominal value 4,49 euro each. The merger was completed on 29 September 2006.

43 Share premium	31.12.2006	31.12.2005
Balance at 1 January 2006	-	-
Increase due to acquisition of Omega Bank SA	85.478	-
Total	85.478	-

The share premium was created on the acquisition of Omega Bank SA and represents the difference between the market value and nominal value of exchanged shares for the acquisition.

44 Other reserves	31.12.2006	31.12.2005
Available-for-sale reserve:		
Balance at 1 January 2006	-	-
Gains form change in fair value	(11)	-
Total available-for-sale reserve	(11)	-
Other reserves :		
Balance at 1 January 2006	5.184	
Tax free reserve distribution	(2.638)	4.847
Transfer from retained earnings to statutory reserves	192	336
Exchange differences	(20)	
Change due to business combinations (absorption of Proton Securities SA)	921	
Total other reserves	3.639	5.183
Total	3.628	5.183

44.1 Statutory reserve

According to the article 44, Law 2190/1920, at least 5% of the annual profits after tax are transferred to form the statutory reserve. The obligation ceases until this reserve amounts represents one third of the share capital. The reserve is not distributable but it may be applied to extinguish accumulated losses.

44.2 Tax free reserves

The tax free reserves have been formed according to the provisions of the Greek tax law and stem from tax exempt revenue. In the event that these reserves are distributed or capitalized they will be taxed at the rate applicable on the date of distribution or capitalization.

According to the articles of recent tax law, the current period was charged with an additional tax of 15% that was imposed on the tax free reserves of Banks. The amount of tax from the taxation of tax free reserves amounted to 2.453 thousands of euros, and was fully paid in 2006. The total of tax free reserves amounting to 16.354 thousands of euros, can be distributed or capitalized without any additional tax charges since they have been taxed.

45 Cash and cash equivalents	31.12.2006	31.12.2005
Cash and balances with the Central Bank (note 19)	22.032	2.251
Loans and advances to banks (note 20)	93.404	54.946
Total	115.436	57.197

46 Dividend per share

The annual Regular General shareholders' Meeting of the Bank on 14 April 2006, approved a dividend amounting to a total of euro 12.638.049,76 (euro 0,28 per share). The dividend relates to profits of year 2005 and an appropriation of prior year reserves. The dividend was paid on 4 May 2006.

The Board of Directors decided on the meeting of 5 March 2007 and will propose to the annual Regular General shareholders' Meeting of the Bank the distribution of dividends relating to 2006 amounting to a total of euro 17.551.470,16 (euro 0,28 per share). These financial statements do not include a provision for the proposed dividend, except for the tax relating to the proposed dividend.

47 Contingent liabilities and commitments

47.1 Legal proceedings

There are some receivables and legal actions against the bank in the ordinary course of business. No provision in relation to these claims has been recognized, after the consultation with legal counsel, the final sentence judgment and their settlement are not expected to have a material impact on the financial statements of the Group.

47.2 Letters of guarantee/Irrevocable letters of credit

The off balance sheet items which represent the Group's commitment to extend credit to its customers are analyzed as follows (amounts in thousands of euros):

	2006	2005
Letters of guarantee	85.172	38.364
Irrevocable letters of credit	2.804	-
Total	87.976	38.364

47.3 Pledged assets

Greek Government bonds with a nominal value of 5.500 thousands of euros, have been assigned to HELEX.

The rights on bonds issued by Halcyon and GBG Finance with a nominal value of 2.500 thousands of euros and 8.000 thousands of euros respectively have been assigned to Hypo Real Estate Dublin.

47.4 Capital commitments

a) The Group as a lessee, has signed non cancellable operating lease agreements with a value of 1.049 thousands of euros.

b) The Group leases for its operating purposes, offices for head quarters and branches. The future minimum lease payments under non cancellable operating leases, have as follow:

	31.12.2006	31.12.2005
No later than 1 year	3.712	520
Later than 1 year and no later than 5 years	16.206	2.598
Later than 5 years	39.969	722
Total	59.887	3.840
Monthly lease payment	309	43
Guarantees that will be offset at lease termination	1.123	-

c) The Group leases vehicles for private use. The future minimum lease payments for cars under non cancellable operating lease arrangements have as follows:

Leased tangible assets: vehicles for private use

Lease term: 4 years per leased vehicle.

Lease guarantees offset at the end of the lease : 14 thousands of euros

Accrued lease payments recognised in the income statement during the period: 101 thousands of euros.

	31.12.2006	31.12.2005
No later than 1 year	204	70
Later than 1 year and no later than 5 years	309	146
Later than 5 years	<u>-</u>	<u>-</u>
Total	513	216

d) As of 31 December 2006, the Group as a lessor, had signed non cancelable lease agreements for the acquisition of equipment for finance lease purposes amounting to 3.935 thousands of euros for which no payment had been made.

47.5 Stock option plan

The Extraordinary General shareholders' Meeting of the Bank on 24 November 2006 approved a share option plan for the members of the Board of Directors, key management, its employees and the Bank's related companies in the form of stock options according to the article 13 of Law 2190/1920 after the proposition of the Board of Directors and the Compensation Committee. The program has a contractual term of six years ending at December 2012. According to the plan, if all share options will be exercised, then a number of up to 6.268.382 shares will be issued on behalf of the plan beneficiaries. The exercise price will be 10,46 euro per share and the options are exercisable for a three year period from the grand date. In the event that not all shares are exercised and the share capital increase is not fully covered, then according to the provisions of the article 13 §1 of Law 2190/1920, the share capital will increase up to the amount of coverage. The above program has not been implemented yet, since the final details of the program have not been set by the Compensation Committee and approved by the Board of Directors.

47.6 Treasury shares

The Extraordinary General shareholders' Meeting of the Bank on 24 November 2006 approved the acquisition of up to 10% of the Bank's shares (6.268.382), for a price range from five (5) to fifteen (15) euros per share for the twelve month period starting from the date of approval by the General Meeting of shareholders. There were no changes in the Bank's equity as a result of the above decision, since no acquisitions of treasury shares took place during the period.

48. Related party transactions

Related parties include: a) Members of the Board of Directors, b) close members of the families and of the above c) subsidiaries and associates companies of the Group.

The balances and transactions of the Group with its related parties are as follows:

I. Associated companies	2006	2005
Deposits	6.574	-
Other receivables	11	-
Total	<u>6.585</u>	-
Income/Expense		
Interest and similar expense	28	-
Other operating income	26	-
Total	<u>54</u>	-
II. Directors and key management personnel		
	2006	2005
Loans	8.100	11.854
Letters of guarantee	127	117
Deposits	34.868	1.533
Other assets	375	-
Other liabilities	216	1
Total	<u>43.686</u>	<u>13.505</u>
Salaries and other benefits	2.282	1.595
Interest and similar income	212	452
Interest and similar expense	314	32
Other operating income	1.405	3
Other operating expense	1.119	-
Total	<u>5.332</u>	<u>2.082</u>

49. Business acquisitions

49.1 Acquisition of Omega Bank SA and Proton Securities SA

The merger (absorption) of "Omega Bank SA" and "Proton Securities SA" by the Bank was completed on 29 September 2006. For the above merger, the provisions of IFRS 3 "Business Combinations" were followed which apply for all business combinations on or after 31 March 2004.

Specifically, according to IFRS 3, the above combination was accounted for by applying the purchase method. The fair value of the price given by the acquirer for the acquisition of the absorbed companies' net assets was considered as the cost of acquisition. The date when control was transferred to the acquirer was assumed as the acquisition date. According to the Draft Merger Contract, the merger is considered to be completed and control is transferred to the Bank, when the approving decision by the authorities will be recorded in the registry of Societes Anonymes. The above merger was approved by the General of Shareholders' Meeting on 7 September 2006, and recorded in the registry of Societes Anonymes on 29 September 2006.

For the merger of the Bank with "Proton Securities SA", the assets, liabilities and equity of the two companies were simply summed up, since the Bank held a 100% interest in "Proton Securities SA" and the business combination was out of the scope of IFRS 3.

49.1.1 Financial effect of acquisition on the acquirer

The acquisition (absorption) of “Omega Bank SA” by the Bank on the date of acquisition resulted in an increase of the consolidated assets and liabilities by 1.077.559 thousands of euros and 1.026.333 thousands of euros respectively.

If the acquisition had occurred on 1 January 2006, total consolidated net revenues and after tax profit of the acquirer for the period ending 31 December 2006 would be 134.671 thousands of euros and 18.767 thousands of euros respectively.

The identifiable assets and liabilities acquired on the date of acquisition are as follows:

	Book Value	Fair Value Adjustments	Fair Value
Cash and balances with the Central Bank	11.169		11.169
Cash and cash equivalents	155.982		155.982
Loans and receivables	766.608		756.641
		(9.967)	
Insurance receivables	20.176		20.176
Financial assets at fair value through profit or loss	40.276		40.276
Available-for-sale financial assets	31.024		31.024
Derivative financial instruments (assets)	368		368
Investments in associates	4.356		4.356
Property, plant and equipment	32.632		32.020
		(612)	
Investment property	50		50
Intangible assets	3.384		3.384
Reinsurance contracts	1.641		1.641
Other assets	16.860		16.860
Deferred tax assets	1.120	2.492	3.612
Due to banks			(95.417)
	(95.417)		
Derivative financial instruments (liabilities)			(2.128)
	(2.128)		
Debt securities in issue			(1.500)
	(1.500)		
Due to customers			(877.363)
	(877.363)		
Provisions for insurance contracts			(35.336)
	(35.336)		
Other liabilities		513	(13.465)
	(13.978)		
Retirement benefit obligations		268	(1.124)
	(1.392)		
Fair value of net identifiable assets acquired	58.532	(7.306)	51.226
Less: Minority Interest			(587)
Fair value of net identifiable assets acquired attributable to the equity holders of the Bank			50.639

The fair value of the above identifiable assets and liabilities was determined from discounted cash flow models. The fair value estimation process of the identifiable intangible assets is under way. According to the provisions of IFRS 3 the adjustments to the initial accounting must be completed within twelve months from the date of acquisition. After the final determination of the fair value of the identifiable intangible assets, the acquirer will allocate the preliminary goodwill recognizing the intangible assets at

their fair values. The remaining difference that is not allocated, will be included in intangible assets and recognized as goodwill and will be subject to impairment test annually.

(Outflow)/inflow to acquire business:

- cash consideration (costs directly attributable to the acquisition)	(601)
- cash and cash equivalents acquired	155.982
- eliminations of cash equivalents between Proton Bank and Omega Bank	(23.545)
Net inflow	131.836

49.1.2 Cost of acquisition-Goodwill

The cost of acquisition amounted to 164.850 thousands of euros and was determined by the market value of the Bank's shares on 29 September 2006, and is analyzed as follows:

Fair value of the equity instruments exchanged (17.547.930 x 9,36 € per share)	164.249
Direct costs attributable to the acquisition	601
Total cost of acquisition	164.850
Fair value of net identifiable assets acquired	(50.639)
Preliminary goodwill	114.211

49.1.3 Proforma consolidated financial statements

For comparison reasons, if the acquisition had occurred on 31 December 2005, the consolidated balance sheet would have been as follows:

BALANCE SHEET

(in thousands of euros)	Balance sheet 31.12.2006	Proforma Balance sheet 31.12.2005
ASSETS		
Cash and balances with the Central Bank	37.397	50.675
Loans and advances to banks	93.404	191.165
Financial assets at fair value through profit or loss	260.309	155.826
Derivative financial instruments	2.611	260
Loans and receivables	941.214	856.142
Insurance receivables	16.721	16.182
Investment securities:		
- Held to maturity	6.646	6.629
- Available for sale	31.331	32.458
Investments in associates	4.604	5.793
Property, plant and equipment	33.402	33.846
Investment property	50	50
Non-current assets held for sale	64	-
Intangible assets	117.462	74.160
Reinsurance contracts	1.339	1.887
Deferred tax assets	3.200	2.778
Other assets	34.821	40.186
Total assets	1.584.575	1.468.037
LIABILITIES		
Due to banks	90.897	65.873
Due to customers	1.042.157	987.644
Derivative financial instruments	6.319	4.185
Debt securities in issue	1.500	-
Provisions for insurance contracts	34.093	25.148
Other liabilities	21.245	47.371
Current income tax liabilities	1.349	1.942
Retirement benefit obligations	1.228	1.205
Total liabilities	1.198.788	1.131.426
EQUITY		
Share capital	281.450	281.450
Share premium	85.478	58.435
Other reserves	3.628	5.184
Retained earnings / losses	14.544	(9.483)
Equity attributable to the equity holders of the Bank	385.100	335.586
Minority interest	687	1.025
Total equity	385.787	336.611
Total equity and liabilities	1.584.575	1.468.037

No comparison is attempted for the consolidated income statement since any proforma consolidated income statement for the year 2006 would not include financial figures for the very first nine (9) months of the year 2006 for the Omega Group.

51. Non-life insurance contract liabilities

TECHNICAL RESERVES FISCAL YEAR 2006
OWN RETENTION – REINSURER’S SHARE

Line of business	UNEARNED PREMIUM AND POLICY FEE RESERVES			PROVISIONS FOR OUTSTANDING CLAIMS			Total Ovn retention	Total Reinsurer’s share	Grand Total
	Own retention	Reinsurer’s share	Total	Own retention	Reinsurer’s share	Total			
CASUALTY	99	401	500	73	286	359	172	687	859
HEALTH	1	-	1	-	-	-	1	-	1
MOTOR-OTHER	1.714	-	1.714	1.135	-	1.135	2.849	-	2.849
PLEASURE YACHT	1	10	11	-	-	-	1	10	11
MARINE CARGO	11	14	25	9	6	15	20	21	41
FIRE AND ALLIED PERILS	245	367	612	138	176	314	383	542	925
MISCELLANEOUS	36	71	107	5	12	17	41	84	124
YACHT THIRD PARTY LIABILITY	2	21	23	-	-	-	2	21	23
GENERAL LIABILITY	14	90	105	11	24	35	25	114	140
MONEY & SECURITIES	0	1	1	-	-	-	-	1	2
LEGAL ASSISTANCE	332	-	332	80	-	80	412	-	412
ROAD ASSISTANCE	139	-	139	-	-	-	139	-	139
TOTAL	2.594	975	3.570	1.451	504	1.955	4.045	1.480	5.526
AUTOMOBILE THIRD PARTY LIABILITY	7.150	-	7.150	21.347	70	21.417	28.497	70	28.567
GRAND TOTAL	9.744	975	10.720	22.798	574	23.372	32.542	1.550	34.093

* Reserves and provisions are reported according to the requirements of regulatory authority legislation in force.

52 Reclassifications

The reclassifications mentioned in note 2.3 refer to the reclassification of the consolidated balance sheet items for the year ended at 31 December 2006 which had no effect in the Group’s equity and are presented below:

Balance sheet accounts	Note	As reported	Reclassifications	Restated
Loans and receivables	i	85.868	(35.305)	50.563
Other assets		8.386	35.564	43.950
Total assets		271.650	35.564	271.909
Due to customers	ii	61.333	(22.672)	38.661
Other liabilities		4.699	22.932	27.631
Total liabilities		72.339	(22.672)	72.599

- (i) the above transfer refers to receivables by the Bank from margin accounts from derivative stock exchanges
- (ii) refers to the transfer of cheques receivable to “other receivables”

53 Restatement of Cash flow statement of 31st December 2005

The consolidated cash flow statement of 31st December 2005 has been restated in order to be comparable with the respective cash flow statement of the current year.

Because the merger between the Bank and the three Closed End Funds was accomplished on 29 December 2005, the cash flow statement of 2005 should not include any changes in operating assets and income from the above business combination. The reported and restated cash flow statement at 31 December 2005 have as follow:

CASH FLOW STATEMENT (amounts in thousands of euros)	Note	Restated 1.1-31.12.2005	As reported 1.1-31.12.2005
Cash flows from operating activities			
Profit before income taxation		24.669	24.669
Adjustments for:			
Add: impairment losses on loans		3.304	3.304
Add: depreciation expense		721	721
Gains (-)/ losses (+) from revaluation of financial assets at fair value through profit or loss	(1)	(11.246)	(11.246)
Negative goodwill		(10.301)	-
Cash flows from operating activities before changes in operating assets and liabilities		7.147	17.448
Changes in operating assets and liabilities:			
Net (increase)/ decrease in loans and advances to banks	(2)	(2.061)	(36.484)
Net (increase)/ decrease in loans and receivables		(23.799)	(23.799)
Net (increase)/ decrease in financial assets at fair value through profit or loss	(1)	2.941	(50.867)
Net (increase)/ decrease in other assets	(1)	(3.746)	(2.929)
Net increase/ (decrease) in due to banks		(9.290)	(9.290)
Net increase/ (decrease) in due to customers	(1)	92.017	(32.219)
Net increase/ (decrease) in other liabilities	(1)	(9.652)	(717)
Net cash flows from operating activities before tax payment		46.410	(156.305)
Net cash flows from operating activities		53.557	(138.857)
Cash flows from investing activities			
Purchases / proceeds from the sale of property, plant & equipment and intangible assets (1)		(487)	(491)
Purchases / proceeds from the sale of available-for-sale financial assets		(3.738)	(3.738)
Acquisition of "Arrow" , " Exelixa" and "Eurodynamiki" , net of cash acquired		3.002	
Dividends received from financial assets at fair value through profit or loss		1.273	-
Net cash flow from investing activities		50	(4.229)
Cash flows from financing activities			
Cash received from share capital increase	(1)	-	141.748
Net cash flow from financing activities		-	141.748
Net increase in cash and cash equivalents	(2)	53.607	(1.338)
Cash and cash equivalents at beginning of period		3.590	3.590
Cash and cash equivalents at end of period	(2), 45	57.197	2.252

: change due to merger

: loans and advances to banks presented in cash and cash equivalents

54 Events after the balance sheet date

On 31 January 2007, the Bank and the majority shareholders of the insurance company “International Life SA Life Insurance” agreed to the purchase of 51% of the shares of International Life by the Bank in cash. The agreement provides for the purchase price to be equal to 1,55 the book value of International Life as of 31 December 2006 times the percentage to be acquired. The completion of this agreement is subject to the due diligence on the companies belonging to the International Life Group and the approval of the relevant regulatory authorities. The transaction is expected to be completed within three (3) months by 30 April 2007.

Beside the aforesaid, there were no significant events subsequent to the balance sheet date which are required to be mentioned.

The financial statements of the Bank presented from pages 6 to 56, were prepared according to the International Financial Reporting Financial Reporting Standards as adopted by the European Union, approved for issue by the Board of Directors at 5th of March 2007 and signed by:

The Vice Chairman of the BoD

The Managing Director of the BoD

The General Manager

Anthony I.Athanassoglou

Elias G.Lianos

Athanassios I.Papaspiliou

The Financial Managers

Georgios S.Nikiforakis

Polychronis V.Karachalios

9. Independent Auditor's Report to the Annual Statements



(Translated from the original in Greek)

To the Shareholders of
PROTON BANK AE

Report on the Financial Statements

We have audited the accompanying financial statements of PROTON BANK AE (the Bank) which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with International Financial Reporting Standards, that have been adopted by the European Union. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Greek Auditing Standards, which are based on International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying Financial Statements give a true and fair view, of the financial position of the Bank as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that have been adopted by the European Union.

Emphasis of Matter

Without qualifying our opinion we draw attention to note 15 to the financial statements that explains that the tax obligations of the Bank for the years 2005 and 2006 have not yet been audited by the tax authorities and accordingly its tax obligations for these years are not considered final. The outcome of a tax audit cannot at present be determined.

Athens, 5 March 2007

KPMG Kyriacou Certified Auditors AE
Nick Tsiboukas
Certified Auditor Accountant
AM SOEL 17151

10. Annual Non Consolidated Financial Statements

INCOME STATEMENT

(in thousands of euros)

	Note	1.1-31.12.06	1.1-31.12.05
Interest and similar income		26.697	3.427
Interest expense and similar charges		<u>(12.635)</u>	<u>(2.811)</u>
Net interest income	6	14.062	616
Fee and commission income		20.174	3.684
Fee and commission expense		<u>(2.728)</u>	<u>(304)</u>
Net fee and commission income	7	17.446	3.380
Dividend income	8	2.840	1.938
Net trading income	9	27.256	14.844
Other operating income	10	235	506
Operating income		61.839	21.284
Personnel expenses	11	(9.705)	(1.610)
Other administrative expenses	12	(11.976)	(3.350)
Depreciation expenses	13	(1.153)	(459)
Impairment losses on financial assets	14	<u>(1.475)</u>	<u>(3.304)</u>
Total operating expenses		(24.309)	(8.723)
Negative goodwill	42.2	-	10.301
Profit before tax		37.530	22.862
Income tax expense	15	<u>(4.879)</u>	<u>(2.043)</u>
Profit for the period		32.651	20.819
Earnings per share (expressed in € per share)			
- Basic	16	0,69	0,46
- Diluted	16	-	-

BALANCE SHEET

(in thousands of euros)

	Note	31.12.2006	31.12.2005
ASSETS			
Cash and balances with the Central Bank	17	36.671	2.250
Loans and advances to banks	18	93.394	47.860
Financial assets at fair value through profit or loss	19	251.694	110.107
Derivative financial instruments	20	2.611	7
Loans and receivables	21	947.338	66.643
Investment securities:			
- Held-to-maturity	22	6.646	-
- Available-for-sale	23	30.977	734
Investments in subsidiaries and associates	24	47.689	51.595
Property, plant and equipment	25	26.899	1.102
Non-current assets held for sale	26	64	-
Intangible assets	27	102.806	93
Deferred tax assets	33	3.162	419
Other assets	28	28.035	9.424
Total assets		<u>1.577.986</u>	<u>290.234</u>
LIABILITIES			
Due to banks	29	90.460	6.106
Due to customers	30	1.064.599	45.366
Derivative financial instruments	20	6.319	1
Current income tax liabilities	31	945	1.880
Other liabilities	32	13.889	1.888
Retirement benefit obligations	34	897	96
Total liabilities		<u>1.177.109</u>	<u>55.337</u>
EQUITY			
Share capital	35	281.450	202.660
Share premium	36	85.478	-
Other reserves	37	16.456	38.409
Retained earnings / losses		17.493	(6.172)
Total equity		<u>400.877</u>	<u>234.897</u>
Total equity and liabilities		<u>1.577.986</u>	<u>290.234</u>

STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)

	Share capital	Share premium	Revaluation reserve	Tax free reserves	Statutory reserve	Retained earnings/losses	Total equity
Balance at 1 January 2005	35.000	-	23.392	4.064	214	(1.433)	61.237
Changes in equity for 2005:							
- Cost of acquisition (Arrow, Exelixa, Eurodynamiki)	141.748						141.748
- Valuation surplus transferred to share capital	25.652					(25.652)	-
- Capitalization of reserves	260			(260)			-
- Other consolidation adjustments						94	94
- Available-for-sale investments: valuation gains/(losses) taken to equity			10.999				10.999
- Profit for the period						20.819	20.819
Balance at 31 December 2005	202.660	-	34.391	3.804	214	(6.172)	234.897
Balance at 1 January 2006	202.660	-	34.391	3.804	214	(6.172)	234.897
Changes in equity for 2006:							
- Cost of acquisition (Omega Bank)	78.771	85.478					164.249
- Capitalization of reserves	19					(19)	-
- Available-for-sale investments: valuation gains/(losses) taken to equity			538				538
-Net change in equity due to merger (Proton Securities)			(21.136)	1.136	147	1.033	(18.820)
-Dividend relating to 2005				(2.638)		(10.000)	(12.638)
- Profit for the period						32.651	32.651
Balance at 31 December 2006	281.450	85.478	13.793	2.302	361	17.493	400.877

CASH FLOW STATEMENT
(in thousands of euros)

	Note	1.1-31.12.2006	1.1-31.12.2005
Cash flows from operating activities			
Profit before taxation		37.530	22.862
Adjustments for:			
Add: impairment losses on loans		1.475	300
Add: depreciation expense		1.153	459
Add: provisions for retirement benefits		44	-
Gains (-)/ losses (+) from revaluation of financial assets at fair value through profit or loss		(5.470)	(10.135)
Negative goodwill		-	(10.301)
Gains (-)/ losses (+) from investment activities		(2.840)	3.004
Cash flows from operating activities before changes in operating assets and liabilities		31.892	6.189
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with the Central Bank		4.197	-
Net (increase)/decrease in loans and receivables		(134.407)	(11.621)
Net (increase)/decrease in financial assets at fair value through profit or loss		(106.799)	2.570
Net (increase)/decrease in other assets		(3.022)	(829)
Net increase /(decrease) in due to banks		52.521	(9.290)
Net increase /(decrease) in due to customers		101.287	56.300
Net increase /(decrease) in other liabilities		4.022	(8.605)
Net cash flow from operating activities before tax payment		(82.201)	28.525
Income taxes paid		(3.720)	-
Net cash flow from operating activities		(54.029)	34.714
Cash flow from investing activities			
Purchase/proceeds from the sale of property, plant and equipment		(1.111)	(296)
Purchase/proceeds from the sale of investments held-to-maturity		(6.740)	-
Purchase/proceeds from the sale of available-for-sale financial assets		-	(3.738)
Acquisition of "Omega Bank SA", net of cash acquired	42	131.593	(595)
Acquisition of "Arrow", "Exelixa" and "Eurodynamiki", net of cash acquired		-	3.003
Cash payments for share capital increases in subsidiaries		(2.305)	-
Dividends received from available-for-sale financial assets		19	-
Dividends received from financial assets at fair value through profit or loss		2.821	-
Net cash flow from investing activities		124.277	(1.626)
Cash flow from financing activities			
Dividends paid		(12.638)	-
Net cash flow from financing activities		(12.638)	-
Net increase/(decrease) in cash and cash equivalents		57.610	33.088
Cash and cash equivalents at beginning of period	38	57.089	17.022
Cash and cash equivalents at end of period	38	114.699	50.110

1. General information

PROTON BANK SA (the Bank) and its subsidiaries operate in the sectors of retail and investment banking, financial services, portfolio management, insurance and other services. The Bank is established in Greece and has a network of 21 branches.

The merger process between the Bank, Omega Bank SA and Proton Securities SA was completed on 29 September 2006 and the change in the trade name from “PROTON INVESTMENT BANK SA” to “PROTON BANK SA” was registered in the Societes Anonyme Register on 4 October 2006.

The Bank’s shares have been listed since December 2005 on the Athens Stock Exchange, and apart from the General Index are included in the FTSE-40 index. The total number of common shares outstanding at 31 December 2006 was 62.683.822.

The number of personnel as of 31 December 2006 was 536.

1.1 Changes in the composition of the BoD

On 7 September 2006, the Extraordinary General Shareholders’ Meeting elected a new Board of Directors and at the same time determined its assignments.

The BoD was elected for three years, starting on 7 September 2006. On 29 September 2006, the Board of Directors elected Mr. Loucas N.Valetopoulos as a new Non-Executive Member, in replacement of Mr. George P.Kintis who resigned from the BoD.

The members of the Board of Directors as of 31 December 2006 are the following:

Angeliki N. Frangou	Chairman and Non-Executive Member,
Anthony I. Athanassoglou	Vice-Chairman and Executive Member,
Elias G. Lianos	Managing Director and Executive Member,
Theodoros P. Mylonas	Deputy Managing Director and Executive Member,
Dimitrios G. Saramantis	Executive Member,
Hasdai V. Capon	Executive Member,
Loukas N. Valetopoulos	non-Executive Member,
George P. Minettas	non-Executive Member,
Markos A. Foros	non-Executive Member,
Alexandra G. Stavropoulou	Independent non-Executive Member,
Panagiotis D. Alexakis	Independent non-Executive Member

2. Summary of significant accounting policies

The accounting policies adopted in the preparation of these financial statements are set out below and have been consistently applied to all the years presented.

The Bank’s functional currency is the euro and the amounts included in the financial statements are presented in thousands of euros, unless otherwise stated in the relevant notes. Any differences in the arithmetical calculations in tables are due to roundings.

2.1 Basis of preparation.

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and their Interpretations as adopted by the European Union. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-

for-sale financial assets, financial assets and financial liabilities held at fair value through profit or loss, and all derivative financial instruments.

These financial statements were approved by the Board of Directors on 5 March 2007.

2.2 Estimates and judgments

The preparation of financial statements in conformity with the IFRS, requires the use of certain estimates, and management to exercise its judgment which may affect the carrying amounts of the items in the financial statements. Estimates and assumptions are based on historical data and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any changes in accounting estimates are recognized prospectively in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both current and future periods.

Judgments made by management in the application of the IFRS that have a significant effect on the financial statements, and estimates with significant risk of material adjustments in future periods, are disclosed in note 4.

2.3 Comparatives

As described in note 42, the Bank acquired Omega Bank SA and absorbed Proton Securities SA on 29 September 2006. Therefore, the items in these financial statements are not comparable with the respective items of the prior year.

Additionally, where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. The effect of these adjustments are described in note 43.

2.4 Subsidiaries and Associates

2.4.1 Subsidiaries

Subsidiaries are all entities controlled by the Bank. Control is the power to govern directly or indirectly the financial and operating policies of the entities. The existence of potential voting rights that are currently exercisable are considered when assessing whether the Bank controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Bank and are no longer consolidated from the date that control ceases to exist.

2.4.2 Associates

Associates are all entities over which the Bank has significant influence but not control. Investments in associates are accounted for by applying the equity method of accounting from the date on which significant influence is obtained until the date that the influence ceases to exist. When the Group's share in the post acquisition net assets of the investee equals or exceeds the cost of investment, the Group ceases to recognize any further losses, unless the Group has a legal or constructive commitment for all or part of the liabilities of the associate.

2.5 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency (euro) using the exchange rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing at that date. Translation differences from monetary items are recognized in the income statement. Translation differences arising from non-monetary assets and liabilities which are stated at historical cost, are recognized in the income statement. Translation differences on non-monetary items carried at fair value through profit or loss, are reported as part of their fair value gain or loss. Translation differences on

non-monetary items classified as available-for-sale financial assets and qualifying cash flow hedges are included in the fair value reserve in equity.

2.6 Interest income and expense

Interest income and expense are recognized in the income statement on an accrual basis using the effective interest rate. Interest income and expense includes the amortization of any discount or premium, transaction costs or other differences between the initial cost of an interest bearing financial asset and the amount to be received or paid at maturity using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of the financial asset or financial liability and of allocating the interest income or expense over the relevant period.

The effective interest rate is the rate that exactly discounts the future cash receipts or payments through the expected life of the financial instrument.

Once a financial asset or a group of financial assets has been written down as a result of an impairment loss, interest income is recognized using the original effective interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

2.7 Fee and commission income

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Commissions and fees arising from third party transactions are recognized in the income statement on completion of the underlying transaction. Portfolio management fees and other advisory and service fees are recognized in the income statement based on the applicable service contracts, usually on a time-apportionate basis.

2.8 Dividend income

Dividend income is recognized in the income statement when the entity's right to receive payment is established.

2.9 Financial assets

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held-for-trading if it is acquired principally for the purpose of selling or repurchasing in the near term. Derivatives are also categorized as held for trading unless they are designated as hedging instruments.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost. They arise when the Bank provides money directly to a debtor with no intention of trading the receivable.

Loans and receivables are carried at amortized cost using the effective interest rate method.

(c) Financial assets held-to-maturity

Financial assets held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity. When the Bank has the intention to sell other than an insignificant amount of held-to-maturity assets, the entire category is tainted and reclassified as available-for-sale.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any other categories. They include investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Financial assets of this category are initially recognized at fair value plus transaction costs. Thereafter they are measured at fair value with changes recognized in a separate component of equity until they are sold or impaired. When they are impaired, any cumulative loss that had been previously recognized directly in equity is removed from equity and recognized in profit or loss. Furthermore, the fair value of investments in equity instruments that do not have a quoted market price is based on valuation techniques, taken under consideration assumptions and references to the current fair value of another instrument that is substantially the same and discounted cash flow analysis.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity, and available-for-sale are recognized at trade date; the date on which the Bank commits to purchase or sell the asset. Loans are recognized when cash is advanced to the borrowers.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

2.9.1 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets expires or when the Bank transfers substantially all the risks and rewards of ownership.

2.10 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis.

Income and expenses are offset only when permitted by the accounting standards or for gains and losses arising from a group of similar transactions.

2.11 Fair value measurement

The determination of fair value of financial assets and liabilities is based on quoted market prices for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques which is not materially different from the values presented in the financial statements. More specifically:

For investments traded in active markets, fair value was based on quoted market prices at the balance sheet date.

For investments in financial instruments that do not have a quoted price, fair value was determined by using valuation techniques such as discounted cash flow models, comparison to similar instruments for which market observable prices are available, and valuation models.

The fair value of derivative financial instruments for which quoted prices are not available is based on valuation models. Although these models are based on market inputs, they require assumptions and estimates about volatility and other inputs which are periodically reviewed when market conditions change.

2.12 Impairment of financial assets

(a) Assets carried at amortized cost

For the measurement of impairment on loans, the Bank assesses from the date of transition to the IFRS, and at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. The assumptions and the methodology used are regularly reviewed in order for any deviations between actual and estimated losses to be insignificant.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

(b) Financial assets at fair value

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the asset is impaired. If such an evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value less any impairment loss on the financial asset previously recognized in profit or loss is removed from equity and recognized in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

2.13 Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models as appropriate. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received).

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

The method of recognizing the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Bank designates certain derivatives as either:

- (1) hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge);
- (2) hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Bank documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Bank also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge :

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained earnings until the disposal of the equity security.

Cash flow hedge :

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged items will affect profit or loss.

When a hedging instrument expires or it is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

The Bank has entered into the following derivative financial instruments:

1. Interest rate swaps
2. Futures
3. Credit default swaps
4. Options
5. Forwards

When using derivatives for hedging, the Bank documents at the inception of the transaction, the relationship between hedged items and hedging instruments, and whether the hedging transactions are highly effective in offsetting fair values or cash flows of hedged items at each balance sheet date.

Changes in the fair value of derivatives that do not qualify for hedge accounting under IAS 39, are immediately recognized in the income statement.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

2.14 Sale and repurchase agreements

The Bank enters into agreements to purchase (sale) and to resell (repurchase) investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognized. The amounts paid are recognized as loans and receivables to other banks or customers. The receivables are collateralized by the underlying security.

Investments sold under repurchase agreements continue to be recognized in the balance sheet and are measured in accordance with the accounting policy for either assets held for trading or available-for-sale as appropriate. The proceeds from the sale of the investments are recognized as liabilities to other banks or customers.

The difference between the sale and repurchase price is recognized as interest on an accrual basis over the life of the agreement.

2.15 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include monetary assets with less than three months to maturity from the date of acquisition, including cash and non-restricted balances with central bank, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.16 Intangible assets

Intangible assets include goodwill arising from acquisitions as well as software which is carried at amortized cost less accumulated amortization.

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the Bank's interest in the fair value of the net identifiable assets of the acquired subsidiary or associate at the date of the acquisition.

Negative goodwill is recognized immediately as a gain in the income statement.

Goodwill is tested annually for impairment.

Goodwill is allocated to cash-generating units on the date of acquisition. When the allocation can only be provisionally determined, the process can be extended but not beyond twelve months from the date of acquisition.

(b) Software

Amortization is charged over the estimated useful life, which the Bank has defined to five years.

Expenditures incurred to maintain software programs are recognized in the income statement when incurred. On the contrary, expenditures incurred to enhance or improve the performance of the software as well as expenditures incurred for conversion of the software, are included in the carrying amount of the asset provided that these can be measured reliably.

2.17 Property, plant and equipment

This category includes land, head offices, lease hold improvements and office equipment.

Property, plant and equipment are stated at historical cost less depreciation, except land and buildings which are carried at fair value.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Repair and maintenance expenses are charged to the income statement when incurred.

Depreciation on buildings and other tangible assets is calculated using the straight line method to allocate their cost or fair value to their residual values over their estimated useful lives.

Land is not depreciated, but is reviewed for impairment.

The carrying amount of impaired assets are written down to their recoverable amounts. Gains and losses from disposals are recognized in the income statement.

Depreciation is calculated using the straight-line method to allocate their cost or fair value to their residual values over their estimated useful lives as follows:

- Land: not depreciated
- Buildings: 50 years.
- Lease hold improvements: over the lease period
- Computers: 3 years
- Vehicles: 5-7 years
- Furniture and equipment: 10 years.

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is higher of the asset's fair value less costs to sell and value in use.

Gain and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.18 Non-current assets held for sale

This category includes the cost of property and other assets that have been acquired through auctions and there is an intention to be sold within 12 months. Their carrying amount will be recovered principally through sale rather than continuing use.

Non-current-assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Assets held for sale are not depreciated but are subject to impairment.

Gains and losses from disposals are recognized in the income statement.

2.19 Leases

2.19.1 The Bank as a lessor

(a) Financial leases:

When assets are held subject to a finance lease and the risks and rewards of ownership are transferred to the lessee, the present value of the lease payments is recognized as receivable from loans and receivables.

Lease payments reduce the receivable from leases and interest income is recognized on an accrual basis over the lease term.

Receivables from financial leases are reviewed for impairment, according to the applicable procedure for loans and receivables as described in note 2.12.

(b) Operating leases:

When assets are held subject to an operating lease, they are recognized in the balance sheet and are depreciated over their useful life. The lease payments are recognized as interest income on an accrual basis over the lease term.

2.19.2 The Bank as a lessee

Lease agreements that the risks and rewards of ownership are not substantially transferred by the lessor are classified as operating leases. In these cases, the leased asset is not recognized as a separate asset. Lease payments are recognized as an expense on a straight line basis over the lease term.

2.20 Financial liabilities

Financial liabilities are treated as held for trading if:

- a) acquired principally for the purpose of selling or repurchasing them in the near term
- b) a derivative financial instrument (except for a designated and effective hedging instrument)

Financial liabilities are initially recognized at fair value. Subsequently any changes in their fair value are recognized in the income statement.

The Bank has classified in this category derivative financial instruments not held or qualifying for hedging purposes.

Derivative financial liabilities that are part of a hedging relationship are measured at fair value. Subsequently, any changes in their fair value are subject to principles described in note 2.9.

Liabilities not included in the above categories are carried at amortized cost using the effective interest rate method.

2.21 Share capital

(a) Share issue costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax from the proceeds.

(b) Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability in the period in which they are approved by the Bank's shareholders.

(c) Treasury shares

When share capital recognized as equity is repurchased, the amount of the consideration paid including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction of total equity. Where such shares are subsequently sold or re-issued any consideration is included in shareholders' equity.

2.22 Fiduciary activities

The Bank provides custody services to individuals and financial institutions. These assets and income (interest, dividends) arising thereon are excluded from these financial statements, as they are not assets of the Bank.

2.23 Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.24 Employee benefits

(a) Defined contribution plans

The Bank's personnel is insured for its main pension to publicly administered pension insurance funds (i.e Social Security Foundation and other) depending on their specialty. The contributions paid by the Bank are included in "personnel expenses". The Bank's personnel is also insured for medical care in multiemployer funds. In these funds, there no separate accounts for each Bank, hence accounting for defined contribution is followed. Once the contribution has been paid, the Bank has no further payment obligations.

(b) Defined benefit plans

Provisions for employee retirement, such as compensation defined under Law 2112/20, is determined actuarially using the projected unit credit method.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited income over the employee's expected average remaining working lives. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience and changes in actuarial assumptions in excess of the greater of 10% of the fair value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employee's expected average remaining working lives. Actuarial gains or losses below the 10% corridor are not recognized.

(c) Share-based compensation

The Bank rewards key management executives, according to their efficiency with options on its own shares.

At each balance sheet date, the Bank revises its estimates of the number of options that are expected to become exercisable.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense (personnel expense) with a corresponding increase in equity during the grant date and exercise date.

The proceeds received are credited to share capital and share premium when the options are exercised.

2.25 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments of the Bank.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.26 Income tax

Income tax expense includes current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity in which case it is recognized in equity.

Current income tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets or liabilities for financial reporting purposes and the amounts used for tax purposes. For the following temporary differences, deferred taxes are not accounted for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable differences. The amount of deferred tax is determined using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is probable that the related tax benefit will not be realized.

After tax results are temporarily, until the books and records are reviewed by the tax authorities. Consequently, the companies are liable to additional taxes and penalties that may be imposed as a result of such review.

2.27 New IFRSs

2.27.1. Amendments to published standards and interpretations effective 1 January 2006:

-IAS 19 (amendment), Employee benefits

This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It also adds new recognition and disclosure requirements for multiemployer plans. The Bank does not intend to change the accounting policy adopted for recognition of actuarial gains and losses.

-IAS 21 (amendment), Net investment in a foreign operation

-IAS 39 (amendment), Cash flow hedge accounting of forecast intra-group transactions

-IAS 39 (amendment), The fair value option

-IAS 39 and IFRS 4 (amendment), Financial guarantee contracts

-IFRS 1 (amendment), First time adoption of International Financial Reporting Standards, and IFRS 6 (amendment) Exploration for and mineral resources

-IFRIC 4, Determining whether an arrangement contains a lease

2.27.2 Standards, amendments and interpretations effective for 2006 but not relevant with the Bank's activities:

-IFRIC 5, Rights to interests arising from decommissioning, restoration and environmental and rehabilitation funds

-IFRIC 6, Liabilities arising from participating in a specific market-waste and electronic equipment

2.27.3 Standards, amendments and interpretations not yet effective or early adopted by the Bank:

-IFRS 7, Financial instruments: Disclosures and amendments to IAS 1 Presentation of financial statements-Capital disclosures (effective 1.1.2007)

IFRS 7 introduces additional disclosures with the aim to improve financial information regarding financial assets. It requires qualitative and quantitative disclosures for risks arising from financial instruments. Specifically, it requires minimum disclosures regarding credit risk, liquidity risk and market risk (sensitivity analysis to market risk). IFRS 7 supersedes IAS 30 and the disclosures requirements of IAS 32 and is effective for all entities preparing financial statements according to IFRS. The amendment to IAS 1 introduces capital disclosures. The Bank assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main disclosures will be the sensitivity analysis to market risk and capital disclosures. The Bank will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning on 1 January 2007.

Financial risk management

This section of the notes provides information for the risks the Bank is exposed to and a description of the methodologies used by management to control them. The most significant risks the Bank is exposed to are: credit risk, liquidity risk and market risk. Market risk includes foreign currency risk, interest rate risk and fair value risk.

3.1 Credit risk

The Bank is exposed to credit risk, which is the risk that a counterparty will cause a financial loss for the Bank by failing to discharge an obligation when due. Provisions for credit losses are recognized when it is estimated that they exist at the balance sheet date. Significant changes in the economy or in business sector representing a material part of the Bank's portfolio might cause losses that exceed existing provisions, management therefore carefully manages its exposure to credit risk.

The Bank mitigates the level of credit risk it takes by setting acceptable risk levels for each counterparty or group in each business and geographical segment. The risks are periodically reviewed and adjusted. Limits have been placed on a product and sector level.

The undertaken risk for each borrower including banks, is furthermore reduced by placing sub-limits on and off balance sheet items. Loan balances are compared to credit limits on a daily basis.

The Bank controls its exposure to credit risk with regular reviews on the borrowers capability to satisfy their interest and principal obligations by adjusting credit limits when necessary. Credit risk is partially covered with acceptable collaterals.

3.2 Market risk

The Bank takes on exposure to market risks. Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes. The Bank applies modern methodologies, such as "value at risk", to measure market risk.

VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the maximum amount the Bank might lose, but only to a certain level of confidence over a certain period. The method does not estimate the potential loss extreme market movements (non normal). The Bank calculates a VAR estimate for a 99% confidence level and a 10 day holding period.

The Bank regularly applies on a daily basis a back testing program to control the VAR estimates, by comparing the actual changes in the portfolio with the respective VAR measures.

3.3 Liquidity risk

Liquidity risk arises from the Bank's financing process and management of the open positions in the market. Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with financing liabilities when they fall due and to replace funds when are withdrawn. The consequence may be the failure, to meet obligations to repay depositors, to fulfill commitments to lend, and to liquidate its financial assets at fair value.

The bank uses a large financing base which is achieved through a wide range of products including, deposits, debt securities and equity. This improves its financing capability, reduces the dependence from a single source, and generally lowers its borrowing cost. The bank tries to balance the need between financing and flexibility, by maintaining a portfolio with different maturities. The Bank continually assesses liquidity risk by controlling and monitoring the required changes in order to meet its business goals in the frame of its strategy.

The table below analyses the Bank's financial assets and liabilities categorized by their remaining maturity.

Maturity of assets and liabilities

As at 31 December 2006						
ASSETS	Up to 1 month	1 – 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Cash and balances with the Central Bank	36.671					36.671
Loans and advances to banks	63.412	16.227	13.755			93.394
Financial assets at fair value through profit or loss	114.107	134.390	3.197			251.694
Derivative financial instruments	2.611					2.611
Loans and receivables	220.072	65.563	227.536	434.167		947.338
Investment securities:						
-Held-to-maturity				6.646		6.646
-Available-for-sale	5.884			93	25.000	30.977
Investment in subsidiaries and associates					47.689	47.689
Property, plant and equipment					26.899	26.899
Non-current assets held for sale			64			64
Intangible assets					102.806	102.806
Deferred tax assets				3.162		3.162
Other assets	2.703	2.484	3.614	1.203	18.031	28.035
Total assets	445.460	218.664	248.166	445.271	220.425	1.577.986
LIABILITIES						
Due to banks	33.934	6.165	34.798	15.563		90.460
Due to customers	112.821	399.953	398.922	152.903		1.064.599
Derivative financial instruments	6.319					6.319
Current tax liabilities			945			945
Other liabilities				13.889		13.889
Retirement benefit obligations				897		897
Total liabilities	153.074	406.118	434.665	183.252		1.177.109
liquidity gap	292.386	(187.454)	(186.499)	262.019	220.425	400.877
As at 31 December 2006						
Total assets	445.460	218.664	248.166	445.271	220.425	1.577.986
Total liabilities	153.074	406.118	434.665	183.252		1.177.109
liquidity gap	292.386	(187.454)	(186.499)	262.019	220.425	400.877

Maturity of assets and liabilities

As at 31 December 2005						
ASSETS	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Cash and balances with the Central Bank	2.250					2.250
Loans and advances to banks	47.768	92				47.860
Financial assets at fair value through profit or loss	74.386			35.721		110.107
Derivative financial instruments	7					7
Loans and receivables	7.672	2.297	39.548	17.126		66.643
Investment securities:						
-Held-to-maturity						
-Available-for-sale					734	734
Investment in subsidiaries and associates					51.595	51.595
Property, plant and equipment					1.102	1.102
Intangible assets					93	93
Deferred tax assets				419		419
Other assets			5.954		3.470	9.424
Total assets	132.083	2.389	45.502	53.266	56.994	290.234
LIABILITIES						
Due to banks	6.106					6.106
Due to customers	21.684	10.244	843	12.595		45.366
Derivative financial instruments	1					1
Current income tax liabilities				1.880		1.880
Other liabilities			346	1.542		1.888
Retirement benefit obligations				96		96
Total liabilities	27.791	10.244	1.189	16.113		55.337
liquidity gap	104.292	(7.855)	44.313	37.153	56.994	234.897
As at 31 December 2005						
Total assets	132.083	2.389	45.502	53.266	56.994	290.234
Total liabilities	27.791	10.244	1.189	16.113		55.337
liquidity gap	104.292	(7.855)	44.313	37.153	56.994	234.897

3.4 Foreign exchange risk

The Bank takes on foreign exchange risk arising from the exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Bank sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Bank's exposure to foreign currency exchange risk at 31 December. Included in the table are the Bank's financial assets and liabilities categorized by currency.

Foreign exchange risk						
As at 31 December 2006						
ASSETS	EUR	USD	GBP	JPY	Other	Total
Cash and balances with the Central Bank	36.531	129	9		2	36.671
Loans and advances to banks	79.579	6.932	2.466	835	3.582	93.394
Financial assets at fair value through profit or loss	241.083	7.504	650		2.457	251.694
Derivative financial instruments	2.542	69				2.611
Loans and receivables	855.213	58.168	9		33.948	947.338
Investment securities:						
-Held-to-maturity	6.646					6.646
-Available-for-sale	30.753	224				30.977
Investment in subsidiaries and associates	47.635				54	47.689
Property, plant and equipment	26.899					26.899
Non-current assets held for sale	64					64
Intangible assets	102.806					102.806
Deferred tax assets	3.162					3.162
Other assets	25.329	2.338	227	(38)	179	28.035
Total assets	1.458.242	75.364	3.361	797	40.222	1.577.986
LIABILITIES	EUR	USD	GBP	JPY	Other	Total
Due to banks	69.579	20.881				90.460
Due to customers	833.462	50.825	3.535	175.636	1.141	1.064.599
Derivative financial instruments	6.312	7				6.319
Current income tax liabilities	945					945
Other liabilities	13.611	551		(16)	(257)	13.889
Retirement benefit obligations	897					897
Total liabilities	924.806	72.264	3.535	175.620	884	1.177.109
Net on-balance sheet financial position	533.436	3.100	(174)	(174.823)	39.338	400.877
As at 31 December 2006						
Total assets	1.458.242	75.364	3.361	797	40.222	1.577.986
Total liabilities	924.806	72.264	3.535	175.620	884	1.177.109
Net on-balance sheet financial position	533.436	3.100	(174)	(174.823)	39.338	400.877

Foreign exchange risk

As at 31 December 2005						
ASSETS	EUR	USD	GBP	JPY	Other	Total
Cash and balances with the Central Bank	2.250					2.250
Loans and advances to banks	40.109	7.129	344	23	255	47.860
Financial assets at fair value through profit or loss	98.571	5.049	542		5.945	110.107
Derivative financial instruments	7					7
Loans and receivables	66.501	153		68	(79)	66.643
Investment securities:						
-Held-to-maturity						
-Available-for-sale	734					734
Investment in subsidiaries and associates	51.030				565	51.595
Property, plant and equipment	1.102					1.102
Intangible assets	93					93
Deferred tax assets	419					419
Other assets	9.287	133	3		1	9.424
Total assets	270.103	12.464	889	91	6.687	290.234
LIABILITIES	EUR	USD	GBP	JPY	Other	Total
Due to banks	6.047	59				6.106
Due to customers	42.842	2.106	389	11	18	45.366
Derivative financial instruments	1					1
Current income tax liabilities	1.880					1.880
Other liabilities	1.873	15				1.888
Retirement benefit obligations	96					96
Total liabilities	52.739	2.180	389	11	18	55.337
Net on-balance sheet financial position	217.364	10.284	500	80	6.669	234.897
As at 31 December 2005						
Total assets	270.103	12.464	889	91	6.687	290.234
Total liabilities	52.739	2.180	389	11	18	55.337
Net on-balance sheet financial position	217.364	10.284	500	80	6.669	234.897

3.5 Interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fluctuations in market interest rates affect significantly the present value of expected future cash flows from investments and liabilities.

The table below summarizes the Bank's exposure interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

Interest rate risk							
As at 31 December 2006							
ASSETS	Up to 1 month	1-3 month	3 -12 month	1 - 5 years	> 5 years	Non- interest bearing	Total
Cash and balances with the Central Bank	15.776					20.895	36.671
Loans and advances to banks	63.412	16.227	13.755				93.394
Financial assets at fair value through profit or loss			3.197	66.026	68.364	114.107	251.694
Derivative financial instruments						2.611	2.611
Loans and receivables	116.712	437.380	240.513	152.733			947.338
Investment securities:							
-Held-to-maturity					6.646		6.646
-Available-for-sale				93	25.000	5.884	30.977
Investment in subsidiaries and associates						47.689	47.689
Property, plant and equipment						26.899	26.899
Non-current assets held for sale						64	64
Intangible assets						102.806	102.806
Deferred tax assets						3.162	3.162
Other assets						28.035	28.035
Total assets	195.900	453.607	257.465	218.852	100.010	352.152	1.577.986
LIABILITIES							
Due to banks	33.934	6.165	34.798	15.563			90.460
Due to customers	790.596	155.005	86.150	32.848			1.064.599
Derivative financial instruments						6.319	6.319
Current income tax liabilities						945	945
Other liabilities						13.889	13.889
Retirement benefit obligations						897	897
Total liabilities	824.530	161.170	120.948	48.411		22.050	1.177.109
interest sensitivity gap	(628.630)	292.437	136.517	170.441	100.010	330.102	400.877
As at 31 December 2006							
Total assets	195.900	453.607	257.465	218.852	100.010	352.152	1.577.986
Total liabilities	824.530	161.170	120.948	48.411		22.050	1.177.109
interest sensitivity gap	(628.630)	292.437	136.517	170.441	100.010	330.102	400.877

Interest rate risk

As at 31 December 2005							
ASSETS	Up to 1 month	1-3 month	3 -12 month	1 - 5 Years	> 5 years	Non-interest bearing	Total
Cash and balances with the Central Bank	2.250						2.250
Loans and advances to banks	47.768	92					47.860
Financial assets at fair value through profit or loss	110.090	6			11		110.107
Derivative financial instruments						7	7
Loans and receivables	52.851	9.903	3.889				66.643
Investment securities:							
-Held-to-maturity							-
-Available-for-sale						734	734
Investment in subsidiaries and associates						51.595	51.595
Property, plant and equipment						1.102	1.102
Intangible assets						93	93
Deferred tax assets						419	419
Other assets	5.954					3.470	9.424
Total assets	218.913	10.001	3.889	-	11	57.420	290.234
LIABILITIES							
Due to banks	6.106						6.106
Due to customers	37.230	7.207	929				45.366
Derivative financial instruments						1	1
Current income tax liabilities						1.880	1.880
Other liabilities						1.888	1.888
Retirement benefit obligations						96	96
Total liabilities	43.336	7.207	929	-		3.865	55.337
interest sensitivity gap	175.577	2.794	2.960	-	11	53.555	234.897
As at 31 December 2005							
Total assets	218.913	10.001	3.889		11	57.420	290.234
Total liabilities	43.336	7.207	929			3.865	55.337
interest sensitivity gap	175.577	2.794	2.960	-	11	53.555	234.897

3.6 Capital management and capital adequacy

The Bank's objectives when managing capital, which is a broader concept than the "equity" on the face of the balance sheets, are:

- To comply with the capital requirements set by the regulators of the Banking markets where the Bank operates;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives, as implemented by the Bank of Greece. The required information is filed with the Authority on a quarterly basis.

The bank's capital adequacy is calculated according to the relevant directive by the Bank of Greece (2397/96), which is an enforcement of the directive of the European Union for the capital adequacy of financial institutions and investment funds.

The Bank's regulatory capital as managed by the Treasury Department is divided into two tiers:

- Tier 1 capital
- Tier 2 capital

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of –and reflecting an estimate of credit, market and other risks associated with–each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarizes the composition of regulatory capital of the Bank for the years ended 31 December 2006 and 2005 respectively.

	31.12.2006	31.12.2005
Tier 1 Capital		
Share capital	281.450	202.660
Share premium	85.478	-
Statutory reserves	361	214
Other reserves	16.095	38.195
Less: Intangible assets	(102.806)	(93)
Less: Revaluation reserve (available-for-sale investments)	(13.793)	(34.392)
Less: Proposed dividend	(17.551)	(12.638)
Retained earnings	17.493	(6.171)
	<u>266.727</u>	<u>187.775</u>
Tier 2 Capital		
Adjustment on revaluation reserve (available-for-sale investments)	6.205	15.476
Less: Equity investments on financial institutions > 10%	(13.792)	(3.914)
Less: Double gearing loans	(4.470)	(27.716)
Regulatory capital	<u>254.670</u>	<u>171.621</u>
Risk-weighted assets	1.593.079	359.120
Capital adequacy ratio	15,99%	47,790%

The current capital adequacy ratio for the Bank is estimated to be 15,99%, which is significantly higher than the agreed minimum of 8% as set by the directives of the Bank of Greece.

4 Critical accounting estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

4.1 Impairment losses on loans and receivables

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. If such evidence exists, the recoverable amount of the financial asset or group of financial assets is calculated and an impairment provision is accounted. The impairment is charged to the income statement. The methodology and assumptions used are reviewed regularly in order for any deviations between loss estimates and actual loss experience are minimized.

4.2 Fair value of derivative financial instruments

The fair value of derivative financial instruments that are not quoted in active markets are determined by using valuation techniques. Those models even though are dependent on measurable data, they require estimates and judgments (i.e. to determine volatility and credit risk). Those estimates and judgments are regularly assessed and whenever market conditions change. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4.3 Impairment of available-for-sale financial assets

The available-for-sale portfolio is measured at fair value with any changes in fair value recognized in a fair value reserve.

Available-for-sale equity investments are impaired when there has been a significant or prolonged decline in fair value below its cost. When the declines in fair value are considered significant or prolonged, the fair value reserve is transferred to the income statement. Furthermore, estimates are used to determine the fair value of equity investments which are not quoted in active markets. For those investments, the fair value is determined by using valuation techniques taking under consideration assumptions about industry and sector performances as well as the financial position of the investee.

4.4 Income taxes

The Bank is subject to income tax according to the tax legislation in Greece. The Bank's tax obligations are considered to be finalized after the completion of the review by the tax authorities.

Due to the method according to which the tax liabilities are settled in Greece, the Bank remains contingently liable for any additional taxes and penalties for the un-audited tax periods. No relevant provision was taken according to IFRS since the outcome could not be estimated reliably at the present. The differences that may accrue from tax reviews will be recognized in the period they are finalized and incurred.

5 Segment analysis

5.1 Business segment

At 31 December 2006	Retail Banking	Investing Banking	Total
Interest and similar income	23.210	3.487	26.697
Interest charges and similar charges	(12.635)	-	(12.635)
Net interest income	10.575	3.487	14.062
Fee and commission income	9.840	10.334	20.174
Fee and commission charges	(531)	(2.197)	(2.728)
Net fee and commission income	9.309	8.137	17.446
Net trading income	-	27.256	27.256
Dividend income	-	2.840	2.840
Other operating income	235	-	235
Operating income	20.119	41.720	61.839
Other administrative expenses	(7.054)	(14.627)	(21.681)
Depreciation expenses	(375)	(778)	(1.153)
Impairment losses on financial assets	(254)	(1.221)	(1.475)
Profit before tax	12.436	25.094	37.530
Income tax expense	-	-	(4.879)
Profit for the period	12.436	25.094	32.651
Total assets	1.043.753	534.233	1.577.986
Total equity and liabilities at 31 December 2006	1.232.622	345.364	1.577.986

At 31 December 2005	<u>Retail Banking</u>	<u>Investing Banking</u>	<u>Total</u>
Interest and similar income	2.991	436	3.427
Interest charges and similar charges	(2.378)	(433)	(2.811)
Net interest income	613	3	616
Fee and commission income	287	3.397	3.684
Fee and commission expense	(77)	(227)	(304)
Net fee and commission income	210	3.170	3.380
Net trading income	20	14.824	14.844
Dividend income	-	1.938	1.938
Other operating income	506	-	506
Operating income	1.349	19.935	21.284
Negative goodwill	-	10.301	10.301
Other administrative expenses	(1.492)	(3.468)	(4.960)
Depreciation expenses	(138)	(321)	(459)
Impairment losses on financial assets	-	(3.304)	(3.304)
Profit before tax	(281)	23.143	22.862
Income tax expense			(2.043)
Profit for the period			20.819
Total assets	139.095	151.139	290.234
Total equity and liabilities at 31 December 2005	57.956	232.278	290.234

As mentioned in note 2.3, the revenues and results per segment for the years ending at 31 December 2006 and 2005 respectively are not comparable.

5.2 Geographical segment

The Bank mainly operates in Greece and therefore no results per geographical area are presented.

6 Net interest income	1.1-31.12.06	1.1-31.12.05
Interest and similar income		
Loans and advances to banks	2.587	236
Investment securities	3.487	365
Loans and receivables	20.527	2.760
Other interest and similar income	96	66
Total	26.697	3.427
Interest expense and similar charges		
Due to banks	(146)	(213)
Due to customers	(10.137)	(2.233)
Contributions (Law N.128)	(1.553)	(363)
Other interest and similar expense	(799)	(2)
Total	(12.635)	(2.811)
Net interest income	14.062	616

7 Net fee and commission income	1.1-31.12.06	1.1-31.12.05
Fee and commission income		
Loans and receivables	1.132	202
Letters of guarantee	304	167
Imports-exports	106	-
Credit cards	676	-
Foreign currency transactions	86	-
Securities brokerage	10.334	789
Remittance	39	19
Asset management	485	107
Investment activities	5.653	1.310
Other services	1.359	1.090
Total	20.174	3.684
Fee and commission expense		
Commercial banking	(531)	(131)
Securities brokerage	(2.197)	(173)
Total	(2.728)	(304)
Net fee and commission income	17.446	3.380

8 Dividend income	1.1-31.12.06	1.1-31.12.05
Available-for-sale securities	19	-
Trading securities	2.821	1.938
Total	2.840	1.938

9 Net trading income	1.1-31.12.06	1.1-31.12.05
Held for trading financial assets:		
Transaction gains less losses	21.539	7.382
Valuation of securities	13.879	10.128
Other financial assets at fair value		
Foreign exchange translation and transaction (gains less loss)	177	108
Derivative financial instruments	(8.409)	(2.774)
Unwind of discount	70	-
Total	27.256	14.844

10 Other operating income	1.1-31.12.06	1.1-31.12.05
Rentals	72	398
Non-banking activities	50	103
Other income	113	5
Total	235	506

11 Personnel expenses	1.1-31.12.06	1.1-31.12.05
Salaries	8.144	1.358
Social security costs	1.440	197
Pension and retirement costs	44	55
Other employee costs	77	-
Total	9.705	1.610

12 Other administrative expenses	1.1-31.12.06	1.1-31.12.05
Subscriptions and other contributions	3.306	214
Other expenses	1.954	172
Third party fees	1.742	1.265
Operating lease rentals	1.507	650
Taxes and duties	985	414
Maintenance costs	674	83
Telephone – posting expenses	567	103
Promotion and advertising expenses	430	202
Contribution to Hellenic Deposit Guarantee Fund	277	12
Consumables	262	36
Utilities	153	178
Insurance costs	119	21
Total	11.976	3.350

13 Depreciation expenses	1.1-31.12.06	1.1-31.12.05
Property, plant and equipment	782	404
Intangible assets	371	55
Total	1.153	459

During the period the Bank readjusted where necessary the estimated useful life of tangible and intangible assets. As a result, depreciation and amortization expense for the period was higher by 9 thousands of euros. The change in accounting estimate was recognized prospectively in the income statement according to IAS 8. The effect of the change in future periods was impracticable to be determined in the present stage.

14 Impairment losses on financial assets	1.1-31.12.06	1.1-31.12.05
Loans and receivables	858	300
Investment securities	595	3.004
Other financial assets	22	-
Total	1.475	3.304

15 Income tax expense	1.1-31.12.06	1.1-31.12.05
Current tax	4.231	1.880
Deferred tax	648	163
Total	4.879	2.043

Further information about deferred income tax is presented in note 33.

The reconciliation between income tax expense and taxable profit for the year has as follows:

Income tax expense charged to the income statement	1.1-31.12.06	1.1-31.12.05
Profit before tax	37.530	22.862
Income tax calculated at a tax rate of 24% (22% for 2005)	(9.008)	(5.030)
Income not subject to tax	8.093	4.869
Non-deductible expenses	(19)	(28)
Supplementary tax 3% on real estate	(11)	(12)
Tax on income from absorbed companies and losses carried forward	-	(1.679)
Tax on tax free reserves	(2.453)	-
Tax on dividends paid	(833)	-
Deferred tax charge to the income statement	(648)	(163)
Income tax expense	(4.879)	(2.043)

The effective tax rate for 2006 is 13% (2005: 8,9%). The tax rate for Greek legal entities, in accordance with the articles of the Greek tax legislation was reduced to 29% for the year 2006 and 25% for the years 2007 and thereafter.

The Bank made use of the tax incentives granted to companies that merge or absorb other entities (Law. 2992/2002), and defined the amount of income tax based on the tax rate in effect , reduced by five (5) percentage points, namely 24%. Taxable profits for the year 2007 will be taxed on a 20% tax rate, since the reduction in the tax rate is limited to five (5) percentage points as like year 2006.

The Bank has been reviewed by the tax authorities for the years up to and including 2004, while the absorbed companies "Omega Bank SA" and "Proton Securities SA" have been reviewed by the tax authorities and finalized their liabilities up to March 31st 2006. Due to method according to which tax liabilities are settled in Greece, the Bank remains contingently liable to additional taxes and penalties for un-audited periods.

16 Earnings per share	1.1- 31.12.2006	1.1-31.12.2005
• Basic		
Profit attributable to the equity holders of the Bank	<u>32.651</u>	<u>20.819</u>
Number of ordinary shares in issue at the end of period	62.683.822	45.135.892
Weighted average number of ordinary shares in issue	<u>47.395.488</u>	<u>45.135.892</u>
Basic earnings per share (expressed in € per share)	0,69	0,46

Basic earnings per share is calculated by dividing the net profit attributable to the equity holders of the Bank by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Bank and held as treasury shares.

• **Diluted**

Basic and diluted earnings per share remain the same since the Bank doesn't hold any dilutive potential ordinary shares.

17 Cash and balances with the Central Bank	31.12.2006	31.12.2005
Cash in hand and items in course of collection	9.287	2.250
Cheques receivable	<u>12.018</u>	<u>-</u>
Included in cash and cash equivalents (note 38)	21.305	2.250
Mandatory reserve deposits with the Central Bank	<u>15.366</u>	<u>-</u>
Total	36.671	2.250

18 Loans and advances to banks	31.12.2006	31.12.2005
Placements with other banks	44.140	47.857
Interbank deposits	47.877	-
Cheques receivable	1.377	3
Included in cash and cash equivalents (note 38)	93.394	47.860

19 Financial assets at fair value through profit or loss	31.12.2006	31.12.2005
Government bonds	18.441	6.732
Corporate bonds	119.146	6.228
Mutual fund shares	15.883	14.006
Equity securities	98.224	83.141
Total	251.694	110.107

20 Derivative financial instruments

At 31 December 2006

Derivative financial instruments held-for-trading	Contractual/ Notional amount	Fair values	
		Assets	liabilities
(a) Exchange traded			
- Options	12.648	224	(100)
- Futures	335.751	-	-
	348.399	224	(100)
(b) OTC			
- Interest rate swaps	594.452	1.992	(2.427)
- Options	3.037	28	(7)
- Currency forwards	281.187	-	(3.753)
- Credit default swaps	13.417	42	(32)
- Total return swaps	10.000	325	-
	902.093	2.387	(6.219)
Total recognized derivative assets/(liabilities)	1.250.492	2.611	(6.319)

At 31 December 2005

Derivative financial instruments held-for-trading	Contractual/Notional amount	Fair values	
		Assets	liabilities
- Options	16.276	3	1
- Interest rate swaps	1.000	4	-
Total recognized derivative assets/(liabilities)	17.276	7	1

The notional amount of certain types of derivative financial instruments provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, to the extent to which instruments are favorable or

unfavorable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

The Bank does not apply hedge accounting as described in IAS 39, therefore the gains and losses arising on derivative financial instruments are recognized in the income statement.

21 Loans and receivables	31.12.2006	31.12.2005
Individuals:		
Mortgages	51.810	1.345
Consumer/personal	88.372	39.968
Credit cards	28.197	-
Total loans and receivables to individuals	168.379	41.313
Corporate entities:		
Agricultural	5.259	-
Mining	1.149	-
Manufacture	42.373	-
Small industry	14.957	-
Building /construction	73.454	4.990
Energy	2.163	-
Commercial /Insurance	208.325	-
Transportation	93.516	-
Services	36.954	16.080
Other entities	328.719	4.851
Total loans and receivables to corporate entities	806.869	25.921
Finance lease (1)	11.388	-
Gross loans and receivables	986.636	67.234
Less: allowance for impairment		
Individuals:		
Balance at 1 January 2006	(138)	-
Acquisitions (accumulated allowances of Omega Bank)	(8.889)	(138)
Fair value adjustments of acquired loans (Omega Bank)	(8.068)	-
Impairment charges for the year	(339)	-
Write offs	1.163	-
Total allowances for individuals	(16.271)	(138)
Corporate entities:		
Balance at 1 January 2006	(453)	(453)
Acquisitions (accumulated allowances of Omega Bank)	(21.214)	-
Fair value adjustments of acquired loans (Omega Bank)	(1.900)	-
Impairment charges for the year	(456)	-
Write offs	996	-
Total allowances for corporate entities	(23.027)	(453)
Total allowances at 31 December 2006	(39.298)	(591)
Net loans and receivables	947.338	66.643

The net investment from finance lease contracts on leased equipment was determined as follows:

Finance lease	31.12.2006	31.12.2005
Gross investment in the lease	17.185	-
Less: unearned finance income	(5.797)	-
Net investment in lease	11.388	-
Present value of minimum lease payments receivable at 31 December 2006 :		
No later than 1 year	1.143	-
Later than 1 year and no later than 5 years	3.734	-
Later than 5 years	6.511	-
Total	11.388	-

The receivable for 2005 is nil because leasing activities were initiated during 2006.

22 Securities held-to-maturity	31.12.2006	31.12.2005
Government bonds	6.646	-
Total	6.646	-

Mainly include Greek Government bonds, that are held from the issue date and for which the Bank intends to hold until maturity. The fair value of the above mentioned bonds as of 31 December 2006 is 6.648 thousands of euros.

23 Securities available-for-sale	31.12.2006	31.12.2005
Corporate bonds	28.142	3.004
Other investments	345	131
Equity securities	5.494	603
	33.981	3.738
less: allowance for impairment	(3.004)	(3.004)
Total	30.977	734

All available-for-sale securities are carried at fair value.

The movement in the investment securities portfolio had as follows:

	Available for sale	Held to maturity	Total
Balance at 1 January 2006	734	-	734
Acquisitions	30.661	-	30.661
Additions	214	6.768	6.982
Disposals	(643)	-	(643)
Gains/(losses) from changes in fair value	11	(122)	(111)
Balance at 31 December 2006	30.977	6.646	37.623

24 Investment in subsidiaries and associates	31.12.2006	31.12.2005
Investments in subsidiaries	43.911	51.595
Investments in associates	3.778	-
Total	47.689	51.595

In the Bank's separate financial statements, investments in subsidiaries and associates are carried at fair value according to IAS 39, as available for sale financial assets measured at fair value with changes in fair value recognized in equity.

24.1 Investments in subsidiaries

At 31 December 2006

Name	Country	Participation %	Carrying amount
Proton Asset Management SA	Greece	99,90%	22.000
Proton Mutual Funds Management Co SA	Greece	99,90%	2.000
First Global Brokers SA	Serbia	82,49%	-
Omega Mutual Funds SA	Greece	93,07%	2.125
Omega Brokerage SA	Greece	66,00%	1.458
Omega Insurance SA	Greece	82,78%	15.957
Omega Real Estate SA	Greece	100,00%	317
Omega Kahn Financial Services SA	Switzerland	80,00%	54
Intellectron Systems SA	Greece	55,64%	-
			43.911

At 31 December 2005

Name	Country	Participation %	Carrying amount
Proton Asset Management SA	Greece	99,90%	22.000
Proton Mutual Funds SA	Greece	99,90%	2.000
First Global Brokers SA	Serbia	82,49%	595
Proton Securities SA	Greece	99,90%	27.000
Arrow Asset Finance SA	Greece	99,90%	-
			51.595

24.2 Investments in associates

At 31 December 2006

Name	Country	Participation %	Carrying amount
Omega Portfolio Investment Co. SA	Greece	28,75%	3.778

During the period the following changes took place in the Bank's portfolio of investments in subsidiaries and associates:

Balance at 1 January 2006	51.595
Acquisitions of minority interests (Proton Securities SA)	10
Write off due to merger (Proton Securities)	(27.010)
Acquisitions (Note 42)	20.821
Participation in capital increase (Omega Insurance SA)	2.306
Gains from changes in fair value of associate	555
Transfers due acquisitions	7
Impairment (First Global Brokers SA)	(595)
Balance at 31 December 2006	47.689

(a) On 30 September 2006, the dissolution of "Arrow Asset Finance SA" was completed, as the Extraordinary General Meeting of the company's shareholders, approved the start up and liquidation balance sheet according to the article 47 of Law 2190/20 and 35 of the company's Articles of Association.

The dissolution and liquidation of the company had no material effect on the Bank's net assets, since the investment in the particular subsidiary with a cost of 369 thousands of euros was written off. The impairment loss of 369 thousands of euros was charged against the income statement of the year 2005.

(b) The impairment testing of the investment in the subsidiary company "First Global Brokers SA", with a cost of 595 thousands of euros, resulted in an impairment loss, as the carrying amount of investment was below its recoverable amount as determined according to the provisions of IAS 36 "Impairment of Assets".

The recoverable amount was deemed as the higher of its fair value less cost to sell and value in use, for the computation of which, valuations of comparable companies, future cash flows based on management best estimate and the company's current condition were taken into account.

The loss of 595 thousands of euros was charged against the income statement of the year (investment banking segment).

c) As described in note 42, the merger by absorption of "Omega Bank SA" and "Proton Securities SA" was completed on 29 September 2006.

d) As listed in the Athens stock exchange, "Omega Portfolio Investment Co. SA", has been measured at its market value of 31 December 2006. The Bank's share of equity at 31 December 2006 was 3.959 thousands of euros.

25 Property, plant and equipment

	Land	Buildings	Machinery	Vehicles	Furniture	Total
At 1 January 2006						
Cost	-	1.194	23	169	1.533	2.919
Accumulated depreciation	-	(438)	(19)	(56)	(1.304)	(1.817)
Net book value	-	756	4	113	229	1.102
Year ended 31 December 2006						
Opening net book value	-	756	4	113	229	1.102
Absorption (Proton Securities SA) – Cost of acquisition	-	59	-	-	326	385
Absorption (Proton Securities SA)–Accumulated depreciation	-	(24)	-	-	(262)	(286)
Acquisitions (note 42)	8.313	10.120	37	14	7.032	25.516
Additions	-	521	2	-	447	970
Disposals - cost of acquisition	-	-	-	-	(33)	(33)
Disposals - accumulated depreciation	-	-	-	-	27	27
Depreciation charge	-	(290)	(5)	(26)	(461)	(782)
Closing net book value	8.313	11.142	38	101	7.305	26.899
At 31 December 2006						
Cost	8.313	11.894	62	183	9.305	29.757
Accumulated depreciation	-	(752)	(24)	(82)	(2.000)	(2.858)
Net book value	8.313	11.142	38	101	7.305	26.899
	Land	Buildings	Machinery	Vehicles	Furniture	Total
At 1 January 2005						
Cost	-	1.153	23	166	1.336	2.678
Accumulated depreciation	-	(300)	(15)	(31)	(837)	(1.183)
Net book value	-	853	8	135	499	1.495
Year ended 31 December 2005						
Opening net book value	-	853	8	134	500	1.495
Additions	-	42	-	3	197	242
Depreciation charge	-	(138)	(5)	(25)	(467)	(635)
Closing net book value	-	757	3	112	230	1.102
At 31 December 2005						
Cost	-	1.195	23	168	1.533	2.919
Accumulated depreciation	-	(438)	(20)	(56)	(1.303)	(1.817)
Net book value	-	757	3	112	230	1.102

26 Non-current assets held for sale

	31.12.2006	31.12.2005
Land	64	-

The account includes land acquired from foreclosure and auctions. According to IFRS 5, the Bank must sell any assets of this category within twelve months from the date of acquisition.

27 Intangible assets

	Preliminary goodwill	Software	Total
At 1 January 2006			
Cost	-	470	470
Accumulated depreciation	-	(377)	(377)
Net book value	-	93	93

Year ended 31 December 2006

Opening net book value	-	93	93
Absorption (Proton Securities SA) - Cost of acquisition	-	578	578
Absorption (Proton Securities SA) - Accumulated depreciation	-	(564)	(564)
Acquisitions (note 42)	98.576	4.321	102.897
Additions		173	173
Depreciation charge		(371)	(371)
Closing net book value	98.576	4.230	102.806

At 31 December 2006

Cost	98.576	5.542	104.118
Accumulated depreciation	-	(1.312)	(1.312)
Net book value	98.576	4.230	102.806

	Preliminary Goodwill	Software	Total
At 1 January 2005			
Cost	-	433	433
Accumulated depreciation	-	(325)	(325)
Net book value	-	108	108

Year ended 31 December 2005

Opening net book value	-	108	108
Additions	-	48	48
Disposals – cost	-	(10)	(10)
Disposals – accumulated depreciation	-	2	2
Depreciation charge	-	(55)	(55)
Closing net book value	-	93	93

At 31 December 2005

Cost	-	469	469
Accumulated depreciation	-	(376)	(376)
Net book value	-	93	93

The preliminary goodwill was created from the acquisition of Omega Bank and refers to the difference between the cost of acquisition and the fair value of the net assets acquired, as described in note 42.

28 Other assets	31.12.2006	31.12.2005
Other debtors	10.707	8.855
Guarantees	7.689	108
Contributions to Co-Guarantee Fund and Supplementary Fund	4.430	-
Greek state, prepaid taxes	3.648	382
Credit card receivables	2.095	-
Bad debts, other than loans and receivables	1.199	289
Short term receivables from subsidiaries other than loans	125	-
Receivables from transactions for third parties	68	-
Advances to third parties	50	-
Advances to employees	26	79
Receivables from brokerage	8	-
	<u>30.045</u>	<u>9.713</u>
Less: allowances for impairment	<u>(2.010)</u>	<u>(289)</u>
Total	28.035	9.424

29 Due to banks	31.12.2006	31.12.2005
Deposits from other banks	33.934	6.106
Repurchase agreements (repos)	<u>56.526</u>	<u>-</u>
Total	90.460	6.106

The total of the repurchase agreements (repos) mature within one month from the balance sheet date.

30 Due to customers	31.12.2006	31.12.2005
Individuals:		
Savings accounts	64.497	-
Current accounts	1.122	-
Time deposits	<u>586.410</u>	<u>4.953</u>
	652.029	4.953
Corporate entities:		
Current accounts	80.117	15.392
Time deposits:		
Corporate entities	148.846	24.663
Public organizations	7.788	-
Public corporations	4.565	-
Other time deposits	84.401	357
Sale and repurchase agreement (repos)	<u>920</u>	<u>-</u>
	326.637	40.412
Blocked deposits	29	-
Pledged deposits	50.361	-
Margin accounts	<u>35.543</u>	<u>1</u>
Total	1.064.599	45.366

The total of the repurchase agreements (repos) mature within one month from the balance sheet date.

The total interest expense from repurchase agreements on bonds with the Bank's customers for the year 2006 amounted to 767 thousands of euros.

31 Current income tax liabilities	31.12.2006	31.12.2005
Income tax expense	945	1.880
Total	945	1.880

32 Other liabilities	31.12.2006	31.12.2005
Taxes and duties payable:		
Taxes and duties from salaries	444	144
Taxes from interest on deposits	253	25
Other taxes and duties payable	176	248
Taxes and duties relating to prior years from tax reviews	1.321	-
Payables to social security funds	732	78
Other liabilities:		
Dividends payable	34	-
Due from collections on behalf of third parties	2	-
Salaries payable	296	112
Due to foreign derivative brokerage customers	3.695	-
Due from settlement of brokerage transactions	1.304	-
Due from settlement of brokerage transactions – Cyprus stock exchange	744	-
Suppliers and other liabilities	4.888	1.281
Total	13.889	1.888

33 Deferred tax assets/liabilities	31.12.2006	31.12.2005
Deferred tax assets:		
Retirement benefit obligations	315	24
Financial liabilities	241	(2)
Staff bonuses	257	375
From tax losses	275	3
Fair value adjustment on acquired assets (Omega Bank)	2.492	-
Deferred tax liabilities:		
Financial assets	(6)	-
Allowances for impairment losses on loans	(37)	-
Derivatives listed on the Athens Derivatives exchange	(10)	-
Accrued interest – loans commissions	(440)	19
Property, plant and equipment –Intangible assets	118	-
Finance leases	(43)	-
Total	3.162	419

The movement in the deferred taxes during the year had as follows:

Balance at 1 January 2006	419
Increase due to absorption (Proton Securities SA)	20
Increase due to acquisition (Omega Bank SA – note 42)	1.056
Retirement benefit obligations	7
Financial assets	(13)
Financial liabilities	20
Allowances for impairment on loans	(493)
Derivative listed on the Athens Derivatives exchange	(66)
Loans and receivables – effective interest rate	(298)
Interest expense – effective interest rate	220
Staff bonuses	128
Property, plant & equipment and Intangible assets	(287)
Finance leases	(43)
Fair value adjustment on acquired assets (Omega Bank)	2.492
Balance at 31 December 2006	3.162

34 Retirement benefit obligations

	31.12.2006	31.12.2005
Amounts recognized in the balance sheet:		
Present value of defined benefit obligations	1.012	133
Unrecognized actuarial losses	(115)	(37)
Total liabilities at end of the year	897	96

Amounts recognized in the income statement:

Current service cost	35	-
Interest cost	7	16
Net actuarial losses recognized	2	3
Total	44	19

Principal actuarial assumptions:

Discount rate	4,10%	3,72%
Future salary increases	4,70%	4,70%
Expected return on plan assets	4,10%	3,72%

The movement in the defined benefit obligation over the year has as follows:

Balance at 1 January 2006	96	79
Increase due to business combinations (absorption of Proton Securities SA)	69	-
Increase due to business combinations (acquisition of Omega Bank SA)	772	-
Charge in the income statement	44	19
Benefits paid	(84)	(2)
Total	897	96

35 Share capital

	31.12.2006	31.12.2005
Paid up share capital at beginning of period	202.660	35.000
Increase due to acquisition of Omega Bank SA/ closed-end funds (note 42)	78.771	141.748
Capitalization of reserves	19	25.912
Total	281.450	202.660

Ordinary shares (number of shares):

At 1 January 2006	45.135.892	14.000.000
Share issue (note 42)	17.547.930	31.135.892
Total number of ordinary shares outstanding	62.683.822	45.135.892

On 7 September 2006, the Extraordinary General Shareholders' Meeting of the Bank (the acquirer) approved the merger with "Omega Bank SA" and "Proton Securities SA". According to the Merger Contract, which was approved by the General Meeting of Shareholders, the exchange share ratio was 1 share of Omega Bank SA for 0,90 shares of the acquirer. As the Bank held 100% of the shares of Proton Securities SA, there was no exchange ratio. Additionally, the General Meeting decided the amendment of article 5 of its Articles of Association in order for the Bank's share capital to rise after the merger, to a total amount of 281.450.360,78 euro divided into 62.683.822 common voting shares of nominal value 4,49 euro each. The merger was completed on 29 September 2006.

36 Share premium

	31.12.2006	31.12.2005
Balance at 1 January 2006	-	-
Increase due to acquisition of Omega Bank SA	85.478	-
Total	85.478	-

The share premium was created on the acquisition of Omega Bank SA and represents the difference between the market value and nominal value of exchanged shares for the acquisition.

37 Other reserves	31.12.2006	31.12.2005
Available-for-sale reserve:		
Balance at 1 January 2006	34.391	34.391
Gains form change in fair value	538	-
Change due to business combinations (absorption of Proton Securities SA)	<u>(21.136)</u>	<u>-</u>
Total available-for-sale reserve	13.793	34.391
Other reserves :		
Balance at 1 January 2006	4.018	4.063
Distribution of tax free reserves	(2.638)	-
Transfer from retained earnings to statutory reserves	147	214
Change due to business combinations (absorption of Proton Securities SA)	<u>1.136</u>	<u>(259)</u>
Total other reserves	2.663	4.018
Total	16.456	38.409

37.1 Statutory reserve

According to the article 44, Law 2190/1920, at least 5% of the annual profits after tax are transferred to form the statutory reserve. The obligation ceases until this reserve amounts represents one third of the Bank's share capital. The reserve is not distributable but it may be applied to extinguish accumulated losses.

37.2 Tax free reserves

The tax free reserves have been formed according to the provisions of the Greek tax law and stem from tax exempt revenue. In the event that these reserves are distributed or capitalized they will be taxed at the rate applicable on the date of distribution or capitalization.

According to the articles of recent tax law, the current period was charged with an additional tax of 15% that was imposed on the tax free reserves of Banks. The amount of tax from the taxation of tax free reserves amounted to 2.453 thousands of euros, and was fully paid in 2006. The total of tax free reserves amounting to 16.354 thousands of euros, can be distributed or capitalized without any additional tax charges since they have been taxed.

38 Cash and cash equivalents	31.12.2006	31.12.2005
Cash and balances with the Central Bank (note 17)	21.305	2.250
Loans and advances to banks (note 18)	<u>93.394</u>	<u>47.860</u>
	114.699	50.110
Cash and cash equivalents at beginning (Proton Securities SA)	<u>-</u>	<u>6.979</u>
Total	114.699	57.089

The beginning balance of cash and cash equivalents include the respective balance from "Proton Securities SA" which was absorbed by the Bank, consequently, as mentioned in note 2.3, the balance of cash and cash equivalents of the previous year is not comparable.

39 Dividends per share

The annual Regular General shareholders' Meeting of the Bank on 14 April 2006, approved a dividend amounting to a total of euro 12.638.049,76 (euro 0,28 per share). The dividend relates to profits of year 2005 and an appropriation of prior year reserves. The dividend was paid on 4 May 2006.

The Board of Directors decided on the meeting of 5 March 2007 and will propose to the annual Regular General shareholders' Meeting of the Bank the distribution of dividends relating to 2006 amounting to a total of euro 17.551.470,16 (euro 0,28 per share). These financial statements do not include a provision for the proposed dividend, except for the tax relating to the proposed dividend.

40 Contingent liabilities and commitments

40.1 Legal proceedings

There are some receivables and legal actions against the bank in the ordinary course of business. No provision in relation to these claims has been recognized, after the consultation with legal counsel, the final sentence judgment and their settlement are not expected to have a material impact on the financial statements of the Bank.

40.2 Letters of guarantee/Irrevocable letters of credit

The off balance sheet items which represent the Bank's commitment to extend credit to its customers are analyzed as follows:

	31.12.2006	31.12.2005
Letters of guarantee	84.585	38.299
Irrevocable letters of credit	<u>2.804</u>	<u>-</u>
Total	87.389	38.299

40.3 Pledged assets

Greek Government bonds with a nominal value of 5.500 thousands of euros, have been assigned to HELEX.

The rights on bonds issued by Halcyon and GBG Finance with a nominal value of 2.500 thousands of euros and 8.000 thousands of euros respectively have been assigned to Hypo Real Estate Dublin.

40.4 Capital commitments

(a) The Bank as a lessee, has signed non cancelable operating lease agreements with a value of 1.049 thousands of euros

(b) The Bank leases for its operating purposes, offices for head quarters and branches. The future minimum lease payments under non cancellable operating leases, have as follow:

	2006	2005
No later than 1 year	3.712	520
Later than 1 year and no later than 5 years	16.206	2.598
Later than 5 years	<u>39.969</u>	<u>722</u>
Total	59.887	3.840
Monthly lease payments	309	43
Guarantees which will be offset at lease termination	1.123	-

(c) The Bank leases vehicles for private use. The future minimum lease payments for cars under non cancellable operating lease arrangements have as follows:

Leased tangible assets: vehicles for private use

Lease term: 4 years per leased vehicle.

Lease guarantees offset at the end of the lease : 14 thousands of euros

Accrued lease payments recognized in the income statement during the period: 101 thousands of euros.

	2006	2005
No later than 1 year	195	70
Later than 1 year and no later than 5 years	303	146
Later than 5 years	<u>-</u>	<u>-</u>
Total	498	216

(d) As of 31 December 2006, the Bank as a lessor, had signed non cancelable lease agreements for the acquisition of equipment for finance lease purposes amounting to 3.935 thousands of euros for which no payment had been made.

40.5 Share option plan

The Extraordinary General shareholders' Meeting of the Bank on 24 November 2006 approved a share option plan for the members of the Board of Directors, key management, its employees and the Bank's related companies in the form of stock options according to the article 13 of Law 2190/1920 after the proposition of the Board of Directors and the Compensation Committee. The program has a contractual term of six years ending at December 2012. According to the plan, if all share options will be exercised, then a number of up to 6.268.382 shares will be issued on behalf of the plan beneficiaries. The exercise price will be 10, 46 euros per share and the options are exercisable for a three year period from the grand date. In the event that not all shares are exercised and the share capital increase is not fully covered, then according to the provisions of the article 13 §1 of Law 2190/1920, the share capital will increase up to the amount of coverage. The above program has not been implemented yet, since the final details of the program have not been set by the Compensation Committee and approved by the Board of Directors.

40.6 Treasury shares

The Extraordinary General shareholders' Meeting of the Bank on 24 November 2006 approved the acquisition of up to 10% of the Bank's shares (6.268.382), for a price range from five (5) to fifteen (15) euros per share for the twelve month period starting from the date of approval by the General Meeting of shareholders. There were no changes in the Bank's equity as a result of the above decision, since no acquisitions of treasury shares took place during the period.

41 Related party transactions

Related parties include: a) Members of the Board of Directors, b) close members of the family and financial dependant of the above c) subsidiaries and associate companies of the Group.

The balances and transactions of the Bank with its related parties are as follow:

I. Subsidiaries	2006	2005
Assets		
Loans	6.123	16.080
Other assets (receivables)	173	
Total	6.296	16.080
Liabilities		
Deposits	22.441	8.901
Total	22.441	8.901
Income		
Interest and similar income	84	627
Other operating income	165	1.515
Total	249	2.142
Expenses		
Interest expense and similar charges	191	157
Administrative expenses	226	1.059
Total	417	1.216
Letters of guarantee	1.036	37.932
II. Associated companies	2006	2005
Deposits	6.574	
Other receivables	11	
Total	6.585	-
Income/expenses		
Interest expense and similar charges	28	
Other operating income	26	-
Total	54	-
III. Directors and key management personnel	2006	2005
Loans	6.600	12.323
Letters of guarantee	127	117
Deposits	34.868	1.558
Salaries and other remuneration	1.054	932
Interest and similar income	131	469
Interest expense and similar charges	314	32

42 Business acquisitions

42.1 Acquisition of Omega Bank SA and Proton Securities SA

The merger (absorption) of “Omega Bank SA” and “Proton Securities SA” by the Bank was completed on 29 September 2006. For the above merger, the provisions of the IFRS 3 “Business Combinations” were followed which apply for all business combinations on or after the 31 March 2004.

Specifically, according to IFRS 3, the above combination was accounted for by applying the purchase method. The fair value of the price given by the acquirer for the acquisition of the absorbed companies’ net assets was considered as the cost of acquisition. The date when control was transferred to the acquirer was assumed as the acquisition date. According to the Draft Merger Contract, the merger is considered to be completed and control is transferred to the Bank, when the approving decision by the authorities will be recorded in the registry of Societes Anonymes. The above merger was approved by the General Shareholders’ Meeting on 7 September 2006, and recorded in the registry of Societes Anonymes on 29 September 2006.

For the merger of the Bank with “Proton Securities SA”, the assets, liabilities and equity of the two companies were simply summed up, since the Bank held a 100% interest in “Proton Securities SA” and the business combination was out of the scope of IFRS 3.

42.1.1 Financial effect of acquisition on the acquirer

The acquisition (absorption) of “Omega Bank SA” by the Bank on the date of acquisition resulted in an increase of assets and liabilities by 1.056.874 thousands of euros and 990.600 thousands of euros respectively.

If the acquisition had occurred on 1 January 2006, total net revenues and after tax profit of the acquirer for the period ending 31 December 2006 would be 135.994 thousands of euros and 27.257 thousands of euros respectively.

The identifiable assets and liabilities acquired on the date of acquisition are as follows:

	Book value	Fair value adjustments	Fair value
Cash and balances with the Central Bank	11.169		11.169
Cash and cash equivalents	155.739		155.739
Loans and receivables	772.731	(9.967)	762.764
Financial assets at fair value through profit or loss	30.889		30.889
Available-for-sale financial assets	30.661		30.661
Derivative financial instruments (assets)	368		368
Investment in subsidiaries and associates	20.821		20.821
Property, plant and equipment	26.127	(612)	25.515
Intangible assets	4.322		4.322
Other assets	11.078		11.078
Deferred tax assets	1.056	2.492	3.548
Due to Banks	(85.417)		(85.417)
Derivative financial instruments (liabilities)	(2.128)		(2.128)
Due to customers	(897.699)		(897.699)
Other liabilities	(5.059)	513	(4.546)
Retirement benefit obligations	(1.078)	268	(810)
Fair value of net identifiable assets acquired	73.580	(7.306)	66.274

The fair value of the above identifiable assets and liabilities was determined from discounted cash flow models. The fair value estimation process of the identifiable intangible assets is under way. According to the provisions of IFRS 3 the adjustments to the initial accounting must be completed within twelve months from the date of acquisition. After the final determination of the fair value of the identifiable intangible assets, the acquirer will allocate the preliminary goodwill recognizing the intangible assets at their fair values. The remaining difference that is not allocated, will be included in intangible assets and recognized as goodwill and will be subject to impairment test annually.

(Outflow)/inflow to acquire business:

- cash consideration (costs directly attributable to the acquisition)	(601)
- cash and cash equivalents acquired	155.739
- eliminations of cash equivalents between Proton Bank and Omega Bank	(23.545)
Net inflow	131.593

42.1.2 Cost of acquisition-Goodwill

The cost of acquisition amounted to 164.850 thousands of euros and was determined by the market value of the Bank's shares on 29 September 2006, and is analyzed as follows:

Fair value of equity instruments exchanged (17.547.930 x 9,36 € per share)	164.249
Direct costs attributable to the acquisition	601
Total cost of acquisition	164.850
Fair value of net identifiable assets acquired	(66.274)
Preliminary goodwill	98.576

42.2 Business acquisitions in 2005

The merger process by absorption of the three Closed End Funds "Arrow", "Eurodynamiki" and "Exelixa" by the Bank was completed on 30 December 2005. From the above business combination, a negative goodwill amounting to 10.301 thousands of euros was created (as presented in detail in note 35 of the published annual financial statements of the Bank for the year ended 31 December 2005) and recognized in the income statement of year 2005 in accordance with IFRS 3.

43 Reclassifications

The reclassifications mentioned in note 2.3 refer to the reclassification of balance sheet items for the year ended at 31 December 2006 which had no effect in the Bank's equity and are presented below:

Balance sheet accounts	note	As reported		Reclassifications	Restated
Loans and receivables	i	72.338		(5.695)	66.643
Other assets		3.470	5.954		9.424
Total assets		289.974	5.955	(5.695)	290.234
Due to customers	ii	45.451	(85)		45.366
Other liabilities		3.423		345	3.768
Total liabilities		55.077	(85)	345	55.337

(i) the above transfer refers to receivables by the Bank from margin accounts from derivative stock exchanges

(ii) refers to the transfer of cheques receivable to "other receivables".

44 Restatement of cash flow statement of 31 December 2005

The cash flow statement of 31 December 2005 has been restated in order to be comparable with the respective cash flow statement of the current year.

Because the merger between the Bank and the three Closed End Funds was accomplished on 29 December 2005, the cash flow statement of 2005 should not include any changes in operating assets and income from the above business combination. The reported and restated cash flow statement at 31 December 2005 have as follow:

Cash flow statement (in thousands of euros)	Restated Note 1.1-31.12.2005	As reported 1.1-31.12.2005
Cash flows from operating activities		
Profit before income taxation	22.862	22.862
Adjustments for:		
Add: impairment losses on loans	300	300
Add: depreciation expense	459	459
Gains (-)/ losses (+) from revaluation of financial assets at fair value through profit or loss	(10.135)	(10.135)
Negative goodwill	(1) (10.301)	-
Gains (-)/ losses (+) from investment activities	3.004	3.004
Cash flows from operating activities before changes in operating assets and liabilities	6.189	16.490
Changes in operating assets and liabilities		
Net (increase)/decrease in loans and advances to banks	(2) -	(34.423)
Net (increase)/decrease in loans and receivables	(11.621)	(11.621)
Net (increase)/decrease in financial assets at fair value through profit or loss	(1) 2.570	(51.238)
Net (increase)/decrease in other assets	(1) (829)	(1.285)
Net increase /(decrease) in due to banks	(9.290)	(9.290)
Net increase /(decrease) in due to customers	(1) 56.300	(47.413)
Net increase /(decrease) in other liabilities	(1) (8.605)	331
Net cash flow from operating activities before tax payment	28.525	(154.939)
Net cash flow from operating activities	34.714	(138.449)
Cash flows from investing activities		
Purchase/proceeds from the sale of property, plant and equipment	(1) (296)	(301)
Purchase/proceeds from the sale of available-for-sale financial assets	(3.738)	(3.738)
Acquisitions of "FGB", net of cash acquired	(595)	(595)
Acquisition of "Arrow", "Exelixa" and "Eurodynamiki", net of cash acquired	3.003	-
Net cash flow investing activities	(1.626)	(4.634)
Cash flows from financing activities		
Cash received from share capital increase	(1) -	141.748
Net cash flow financing activities	-	141.748
Net increase in cash and cash equivalents	(2) 33.088	(1.335)
Cash and cash equivalents at beginning of period	17.022	3.585
Cash and cash equivalents at end of period	(2), 38 50.110	2.250

(1): change due to merger

(2): Loans and advances to Banks presented in cash and cash equivalents

45 Events after the balance sheet date

On 31 January 2007, the Bank and the majority shareholders of the insurance company “International Life SA Life Insurance” agreed to the purchase of 51% of the shares of International Life by the Bank in cash. The agreement provides for the purchase price to be equal to 1,55 the book value of International Life as of 31 December 2006 times the percentage to be acquired. The completion of this agreement is subject to the due diligence on the companies belonging to the International Life Group and the approval of the relevant regulatory authorities. The transaction is expected to be completed within three (3) months by 30 April 2007.

Beside the aforesaid, there were no significant events subsequent to the balance sheet date which are required to be mentioned.

The financial statements of the Bank presented from pages 5 to 49, were prepared according to the International Financial Reporting Financial Reporting Standards as adopted by the European Union, approved for issue by the Board of Directors at 5 March 2007 and signed by:

The Vice Chairman of the BoD

The Managing Director of the BoD

The General Manager

Anthony I.Athanassoglou

Elias G.Lianos

Athanassios I.Papaspiliou

The Financial Managers

Georgios S.Nikiforakis

Polychronis V.Karachalios

11. Transactions Report with Affiliated Companies from 1.1.2006 until 31.12.2006 pursuant to article 2, para. 4 of Law 3016/2002

In the context of applying article 2, para. 4 of Law 3016/2002 regarding Corporate Management, the following table shows the transactions that were carried out in the 2006 accounting period between the parent company PROTON BANK S.A. and its affiliated companies as described according to article 42e of Law 2190/1920 (sums shown in €):

Corporate name of affiliated company	Payments	Debts	Income	Expenses
OMEGA FINANCIAL CONSULTANCY SERVICES, INFORMATION SYSTEMS AND REAL ESTATE MANAGEMENT	5,525,432.65	311,902.06	77,905.09	186,177.03
OMEGA INSURANCE AND REINSURANCE BROKERS	57,613.87	208,550.39	16,576.96	1,106.44
OMEGA MUTUAL FUNDS	22,976.34	1,110,971.72	18,259.21	9,415.69
OMEGA INSURANCE	680,543.14	13,866,681.35	30,045.21	105,191.22
FIRST GLOBAL BROKERS				3,830.97
PROTON ASSET MANAGEMENT		5,678,142.42	54,339.32	79,409.94
PROTON MUTUAL FUNDS	9,381.66	1,264,930.62	52,012.56	31,758.25
	6,295,947.66	22,441,178.56	249,138.35	416,889.54

12. Explanatory Report to the Ordinary General Meeting of the Shareholders of "PROTON BANK S.A." (according to article 11a L. 3371/2005)

The present explanatory report of the Board of Directors to the Ordinary General Meeting of the Shareholders of "PROTON BANK S.A." contains detailed information in relation to the issues of paragraph 1 of the article 11a of L. 3371/2005:

(a) Structure of the share capital of the Bank

The share capital of the Bank amounts to two hundred and eighty one million four hundred fifty thousand three hundred and sixty euro and seventy eight cents (€ 281.450.360, 78) and is divided into sixty two million six hundred eighty three thousand and eight hundred twenty two (62.683.822) common registered by vote shares, of a nominal value of four euro and forty nine cents (€ 4, 49) each.

The shares of the Bank are obligatorily registered shares, according to article 11a par. 2 of Codified Law 2190/1920, as in force. The shares are listed for trading at the Main Market of the Athens Stock Exchange and are maintained in electronic form in the files of the company Central Securities Depository S.A.

The rights of the Bank's Shareholders which derive from its share are equivalent to the percentage of the capital, to which the paid value of the share corresponds to. Each share provides all the rights that are predicted by the law and the articles of association of the company, and specifically:

- Each Shareholder, who is registered with the Registry of Shareholders of the Bank, at the date that defines the beneficiaries of dividends, has a right to the dividend from the annual profits or under liquidation profits of the Bank.

According to the provisions of articles 44a, 45 and 46a of Codified Law 2190/1920, as in force and the provisions of article 3 of the Compulsory Law 148/1967, as amended by article 1 of the Law 876/1979 and as in force, a percentage of 35% of the net profits following a deduction only of the ordinary reserves or 6% of the paid share capital, whichever of these two is larger, is been paid to the shareholders as first dividend. The granting of an additional dividend is decided by the General Meeting of the Shareholders.

Following a decision of the General Meeting of the Shareholders, which takes place according to the provisions of article 22 of the Bank's Articles of Association the rest of the net profits, after the formation of the ordinary reserve and the distribution of the first dividends, can be used, as a whole or part, for the increase of the share capital with the issuance of new shares, which are provided to the shareholders without any payment in cash, instead of an additional dividend, according to the article 3a par. 3 of Codified Law 2190/1920, as in force.

In case of any distributed provisionary dividends or percentage can not exceed the half (50%) of the each financial year's net profits.

The payment of the dividends takes place within two (2) months following the decision of the Ordinary General Meeting of the Shareholders, which approved the financial statements and at a date which is set by the Ordinary General Meeting, or by the Board of Directors, if there is an authorization in the decision of the General Meeting of the Shareholders. Shareholders that have not collected in due time their dividends do not have any right in interest. Any claim regarding the dividends which have not be paid to the shareholders, lapsed after five (5) years from the date that became due and payable and the relevant amount comes to the Hellenic Public.

- The withdraw right of the contribution at the expiration of the time set or the liquidation or respectively at the amortization of the share capital which corresponds to the share, if this has been decided by the General Meeting of the Shareholders.

- The pre-emption right in any case of an increase of the Bank's share capital, which is not realized with contribution in kind, or issuance of bonds with the transformation right to shares and the undertaking of the new shares or bonds.
- The right to participate in the General Meeting may be specified in the following rights: authorization, presence, participation in the meetings, submission of proposals to the items of the agenda, registration of the proposal in the minutes and right to vote.

The liability of the shareholders of the Bank is up to the amount of the nominal value of the share.

(b) Restrictions in the transfer of the Bank's shares.

The transfer of the Bank's shares takes place according to the provisions of the article 8b of Codified Law 2190/1920 as in force and there is no restriction to their transfer in its Articles of Association.

It should be also noted that the Bank's shares have been entered in the Athens Stock Exchange Market.

(c) Important direct or indirect participants with the meaning of the provisions of the P.D. 51/1992.

The following table refers to individual shareholders (natural persons or legal entities) who own directly or indirectly percentage over 5% of the total number of the Bank's shares on 31st December 2006:

Shareholder's name	Number of shares	% of the total number of shares
IRF European Finance Investments Ltd	12.638.050	20,16%
Drawbridge Global Macro Fund	4.500.000	7,18%

(d) Shares that provide special control rights.

There are no shares of the Bank which provide to beneficiaries special control rights.

(e) Restrictions in the right of vote.

Each share gives the right of one vote in the General Meeting of the Shareholders. There are no provisions in the Articles of Association of the Bank for restrictions in the right of the vote which derives from its shares. In case of co-ownership of one or more shares, the rights of the co-owners will be exercised by a common representative and in case of its absence, the exercise will be hold.

(f) Agreements between the Shareholders of the Bank.

The Bank is not aware of any agreements between its shareholders, which means restrictions in the transfer of its shares or in the exercise of the rights of vote which derives from its shares.

(g) Regulations for the appointment and replacement of the Members of the Board of Directors, as well as for the amendment of the Articles of Association.

The regulations of the Articles of Association of the Bank for the appointment and the replacement of the members of the Board of Directors and for the amendment of the provisions of the Articles of Association are not different from Codified Law 2190/1920.

(h) Power of the Board of Directors or of certain Members of the Board of Directors for the issuance of new shares or for the purchase of own shares according to article 16 of the CL 2190/1920.

- According to the provisions of article 6 of the Bank's Articles of Association, during the first five (5) years from the establishment of the Bank, the Board of Directors may by its decision, which is taken by the majority of two- third (2/3) at least of the total of its members
 - a) increase the share capital in whole or in part with the issuance of new shares, for amount that will not exceed the initial share capital and b) to issue a bond loan with the issuance of bonds transferable to shares, for amount that can not exceed the half of the paid share capital. The above powers can be assigned to the Board of Directors also with a decision of the General Meeting, which is under the provisions of publicity of the article 7b CL 2190/1920, as in force.

In that case, the share capital can be increased up to the amount of the paid capital at the same date that the Board of Directors was authorized with that power while the amount of the bond loan cannot exceed the half of the paid share capital at the same date. The above powers of the Board of Directors can be renewed by the General Meeting for a period that can not exceed the five years for each renewal and their validity will start after the expiration of each five year period. This decision of the General Meeting is under the provisions of publicity of article 7b of Codified Law 2190/1920, as in force.

The Extraordinary General Meeting of the Shareholders of the Bank dated 24.11.2006, decided the renewal and the assignment of the above powers to the Bank's Board of Directors for another five year period, the force of which starts with the expiration of the first five year period, that means from 18.09.2006 and it will expire on 17.09.2011. It is noted that when this decision was taken the Bank's share capital was up to the amount of two hundred eighty one million four hundred and fifty thousand three hundred and sixty euro and seventy eight cents (€ 281.450.360,78).

The power of the Board of Directors to increase the share capital of the Bank, according to paragraph 1, can be also exercised in parallel to this of the General Meeting of the Shareholders according to paragraph 2 of article 6 of the Bank's Articles of Association. According to paragraph 6 of article 6 of the Bank's Articles of Association, in each case of increase of the share capital, which is not made in kind, the right of pre-emption is provided for the whole new share capital, in favor of all the Shareholders at the time of the issuance, respectively to their participation in the existing share capital. After the expiration of the deadline, which was define by the corporate body of the Bank which decided the increase for the exercise of the pre-emption right, which in no case can not be less than one (1) month period, the shares which have not be taken, in accordance with the above, will be free for disposal by the Bank's Board of Directors. Additionally, in case that the corporate body which has decided the increase of the share capital, failed to set a deadline for the exercise of the pre-emption right, this deadline or its extension will be defined by a decision of the Board of Directors as it is provided for in article 11 of Codified Law 2190/1920 as in force.

- According to the provisions of article 13 par. 9 of Codified Law 2190/1920, a stock option plan to the members of the Board of Directors and the personnel can be set up following a decision of the General Meeting of the Shareholders with the form of pre-emption rights for the purchase of shares according to the specific terms of this decision. The Bank's Extraordinary General Meeting of the Shareholders, dated 24.11.2006, decided a stock option plan to the members of the Board of Directors and the Bank's personnel as well as of its affiliates, with the form of pre-emption rights for the purchase of shares (stock option plan), according to article 13 par. 9 of Codified Law 2190/1920. In particular, the General Meeting approved the regulation for the disposal of pre-emption rights for the purchase of Bank's shares for the executive and non-executive members of the Board of Directors, the executive managers and the Bank's personnel and of its affiliates, by which the terms of operation of the above stock-option plan (the "Program") are defined as follows:

(1) The duration of the Program is set up for 6 years beginning with the approval of the General Meeting and ending December 2012.

(2) The executive and non-executive members of the Board of Directors, the managers and the rest of the Bank's personnel and of its affiliates, can participate in the Program.

(3) In the context of the Program, in case that equivalent right are exercised, common nominal shares may be issued, partially, up to 6.268.382 in favor of the beneficiaries of the Program. The disposal price of the shares will be 10,46 euro per share, while the deadline for exercising the preemption rights will be up to three (3) years.

(4) The pre-emption rights are granted in favor to the beneficiaries following an ad hoc decision of the Board of Directors within the duration of the Program following a proposal of the Management and Fee Commission.

In case that not all of the rights for the purchase of shares have been exercised by the beneficiaries, during the program and the cover of the increase amount of the share capital is not fully covered, the share capital is increased up to the covered amount according to the provisions of article 13a par. 1 of Codified Law 2190/1920.

(5) The pre-emption rights are exercised under the terms of the program and the decisions of the Board of Directors, by 1/3 of the total number of the rights annually under the sole discretion of the beneficiaries according to the provisions of the relevant Regulation. Specifically, the rights which have not been exercised by a beneficiary will be transferred to the next period of rights' exercising.

(6) The beneficiary has the right to exercise the total of its non-exercised rights of the whole period of the program in case of change of the share participation of the Bank that has as a result in the change of its control within the meaning of the terms of article 42e of Codified Law. 2190/1920 etc., with the exception of the occasion that the change of control occurs in the today's biggest shareholder of the Bank, which is IRF European Finance Investments LTD (i.e if IRF LTD assumes control according to the meaning of article 42e of Codified Law 2190/1920), according to which the whole exercise of the non-exercised rights will not stand.

Any other terms are included in the Regulation in force, as included in the minutes of the Extraordinary General Meeting dated 24.11.2006, registered in the Registry of Societe Anonymes dated 22.12.2006.

- According to the provisions of paragraphs 5 to 13 of article 16 of Codified Law 2190/1920, the Board of Directors of the Bank, as a company listed at the Athens Stock Exchange, has the right, following a relevant decision by the General Meeting of the Shareholders, to proceed to the purchase of own shares through the Athens Stock Exchange up to percentage of 10% of the total of the shares, having as purpose to support the stock exchange market price with the special terms and procedures of the above paragraphs. The Extraordinary General Meeting of the Shareholders of the Bank dated 24.11.2006 decided the purchase of own shares, according to article 16 par. 5 of Codified Law 2190/1920, with the following main terms:

1) The maximum number that can be purchased is set at 10% of the total of the shares of the Company, i.e up to 6.268.382 shares.

2) The maximum and the minimum price (range of price) which permits the purchases to take place are between five (5) Euro and fifteen (15) Euro.

3) The time set in which the purchases will take place is twelve (12) months from the date of the decision, i.e. until 24.11.2007.

i) Important agreements that the Bank has concluded.

There are no important agreements that the Bank has concluded, that are in force, amend or expire in case of a change in its control following a public proposal.

j) Agreements that the Bank has concluded with Members of its Board of Directors or with its personnel.

There are no agreements of the Bank with members of its Board of Directors or its personnel that allow compensation to be paid, especially in case of resignation or dismissal without an important reason or expiration of their office or their occupation due to public offer. The formed provisions for compensation due to servant's retirement, consequence of the implementation of the provisions of L. 3371/2005, amounted at 31st of December 2006 to the amount of eight hundred ninety seven thousand five euro and seventy two cents (€ 897.005,72). There are not any formed provisions for compensations due to retirement for the members of the Board of Directors of the Bank, while the amount of thirty one thousands three hundred seventy one and twenty five cents (€ 31.371,25) concerns persons that hold positions as General Managers, Depute General Manager and Assistant General Managers.

Athens, 5 March 2007

The Vice-Chairman and Executive Member of the Board of Directors
 Anthony I. Athanassoglou

13. Table of corresponding references with the information of Article 10 of Law 3401/2005

The corporate announcements for the year 2006 shown below have been posted on the Bank's webpage at <http://www.proton.gr> and have been made available to investors through the ATHEX information platform, "HERMES".

Notification of transactions pursuant to Law 3340, Article 13 and the decision reached by the BoD of the Hellenic Capital Market Commission 3/347/12.7.2005, Article 6	29.12.2006
Decisions reached at the Shareholders' Extraordinary General Assembly on 24.11.2006	27.11.2006
Notification regarding the decision to purchase own shares, Article 16, Law 2190/1920	27.11.2006
Notification pursuant to P.D. 51/1992 regarding changes made in IRF European Finance Investments Ltd participation percentage	15.11.2006
Notification pursuant to P.D. 51/1992 regarding changes made in Mr A. Athanassoglou participation percentage	15.11.2006
Listing new shares following a merger by absorption of companies, change of corporate name / trade name	10.11.2006
Making available the document in respect increasing the share capital of PROTON BANK S.A. as a result of the merger by absorption of OMEGA BANK S.A. and PROTON SECURITIES pursuant to Article 4, Law 3401/2005	9.11.2006
Notification pursuant to P.D. 51/1992 regarding changes made in the participation percentage of Drawbridge Global Macro Fund Ltd	2.11.2006
Transferring shares from PROTON BANK S.A. to Drawbridge Global Market Fund	1.11.2006
Invitation to the Shareholders' Extraordinary General Assembly on 24.11.2006	1.11.2006
Commentary on published editorial	17.10.2006
Internal Control Manager	16.10.2006
Replacement of a BoD member	2.10.2006
Completion of merger with OMEGA BANK S.A. and PROTON SECURITIES S.A. carried out by PROTON BANK S.A.	29.9.2006
Decisions reached at the Shareholders' Extraordinary General Assembly on 7/9/2006	8.9.2006
New Board of Directors	7.9.2006
Commentary on published editorial	31.8.2006
Expert opinion on the merger between PROTON BANK S.A. and OMEGA BANK S.A. dated 14.04.2006	29.8.2006
Explanatory report on the PROTON BANK S.A. BoD addressed to the Shareholders' General Assembly in respect of the merger between PROTON BANK S.A., OMEGA BANK S.A. and PROTON SECURITIES S.A. dated 14.4.2006	29.8.2006
Auction of fractional balance on 4.8.2006	8.8.2006
Invitation to the Shareholders' Extraordinary General Assembly on 7.9.2006	1.8.2006
Commentary on published editorial	25.7.2006
Notification regarding the auction of 8,368 shares – Fractional balances that arose after merging ARROW, EURODYNAMIKI and EXELIXI by absorption	20.7.2006
Merger contract abstract regarding the merger between PROTON BANK S.A., OMEGA BANK S.A. and PROTON SECURITIES S.A.	7.7.2006
Notification pursuant to P.D. 51/1992 – Acquiring participation percentage by IRF European Finance Investments Ltd.	3.7.2006
New Board of Directors	30.6.2006

Approving and signing the merger contract plan	23.6.2006
Change in the composition of the Board of Directors	9.6.2006
Presentation of PROTON BANK S.A. to analysts AT THE union of institutional investors	8.6.2006
Transferring PROTON BANK S.A. shares to IRF European Finance Investments Ltd	2.6.2006
Resignation of a BoD Member	2.6.2006
Official briefing of the Board of Directors of PROTON BANK S.A. regarding IRF's Intention to acquire PROTON BANK S.A. shares amounting to 28%-30%	1.6.2006
Commentary on published editorial	30.5.2006
Termination of duties on the part of OMEGA BANK S.A. as "Specialist Consultant"	19.5.2006
Postponing scheduled briefing of analysts from 16.5.2006 to 8.6.2006	15.5.2006
Commentary on published editorial	9.5.2006
Announcement regarding payment of dividends of the 1.1.2005/31.12.2005 accounting period	20.4.2006
Intended corporate actions schedule	17.4.2006
Decisions reached by the Shareholders' Ordinary General Assembly on 14.04.2006	14.4.2006
Commentary on published editorial	27.3.2006
Invitation to the Shareholders' Ordinary General Assembly on 14.04.2006	20.3.2006
Commentary on published editorial	3.2.2006
Commencing procedures for the merger of PROTON BANK S.A. with OMEGA BANK S.A.	27.1.2006
Commentary on published editorial	23.1.2006
Collaboration with OMEGA BANK S.A	12.1.2006
Replacing BoD Member	11.1.2006
Notification pursuant to P.D. 51/1992 regarding changes made in Mr A. Athanassoglou, Mr Lianos & I. Markopoulos (heir) participation percentage	11.1.2006
Commentary on published editorial	8.1.2006
Listing of new common registered shares owned by PROTON INVESTMENT BANK S.A. which arose after increasing the share capital as a result of merger by absorption between ARROW, EXELIXI and EURODYNAMIKI	5.1.2006

14. General Information regarding the Annual Report

14.1 Information concerning the drafting of the Annual Report and the Bank's

Auditors

This Annual Report contains all the information and financial evidence deemed necessary for correctly evaluating the property, the financial situation, the earnings and the prospects of PROTON BANK S.A, as well as the payments that derive from its common registered shares.

Investors who wish to receive more information may contact PROTON BANK's offices on workdays at the junction of Esslin Street and 20 Amaliados Street, Athens 115 23, Tel: 210 6970000. Information can be obtained from Ms Aikaterini Riga, Shares service Officer.

This Annual Report has been drafted and is made available in accordance with the provisions of current laws.

The Bank and the BoD Members are responsible for the contents of this Annual Report and all the financial analyses that are included in the Company's webpage as being part of this Annual Report.

The natural persons who edited this Annual Report are as follows:

- Mr Elias Lianos, Executive Director, Esslin Street & Amaliados Street, 115 23 Athens, Tel: 210 6970000.
- Mr Athanasios Papaspiliou, General Manager, Esslin Street & Amaliados Street, 115 23 Athens, Tel: 210 6970000.
- Mr Georgios Nikiforakis and Mr Polychronis Karachalios, Financial Services Directors, Esslin Street & Amaliados Street, 115 23 Athens, Tel: 210 6970000.
- Mr Abraham Notarides, MIS & Budget Director, Esslin Street & Amaliados Street, 115 23 Athens, Tel: 210 6970000.

The Members of the Board of Directors and the persons who are responsible on behalf of the Bank for the drafting of the Annual Report hereby declare that they are aware of and that they agree with the contents of this Annual Report; they also state that having taken all reasonable measures to this end, the information contained herein is, to the best of their knowledge and belief, true and that no omissions have been made that could alter its contents.

14.2 Ordinary Audit

14.2.1 Ordinary Audit of PROTON BANK S.A.

The regular inspection of individual and integrated published financial tables of the Bank for the 2006 accounting period which were compiled in accordance with IAS/IFRS, was carried out by the Auditor – Chartered Accountant, Mr Nikolaos Ch. Tsiboukas, (A.M.Σ.O.E.Λ. 17151), of KPMG Kiriakou Auditors S.A., 3 Stratigou Tombra Street, Agia Paraskevi, Post Code 153 42 , Tel: 210 6062100.

14.2.2 Ordinary Audit of the Bank’s Subsidiaries

The Bank’s published integrated financial tables include the audited financial tables of the following companies:

Company	Auditor	Auditing Company
1. PROTON ASSET MANAGEMENT SA	Vasilios Pappas Reg. No. 14381	S.O.L. S.A.
2. PROTON MUTUAL FUNDS MANAGEMENT COMPANY SA	Vasilios Pappas Reg. No. 14381	S.O.L. S.A.
3. FIRST GLOBAL BROKERS A.D. (SERBIA)	Bogoljub Aleksic	MGI AUDITING AND ACCOUNTING, Makenzijeva 41/II 11000 Belgrade, serbia
4. OMEGA INSURANCE S.A.	Vasilios Petromichalakis Reg. No. 14421	S.O.L. S.A.
5. OMEGA INSURANCE & REINSURANCE BROKERS S.A.	Vasilios Petromichalakis Reg. No. 14421	S.O.L. S.A.
6. OMEGA MUTUAL FUNDS MANAGEMENT COMPANY SA	Panagiotis Tribonias Reg. No. 14941	S.O.L. S.A.
7. OMEGA FINANCIAL CONSULTANCY SERVICES, INFORMATION SYSTEMS AND REAL ESTATE MANAGEMENT S.A.	Vasilios Petromichalakis Reg. No. 14421	S.O.L. S.A.
8. OMEGA KAHN FINANCIAL SERVICES S.A. (SWITZERLAND)	D.OSTERTAG	DAO

14.3 References

- The individual and integrated financial tables for the 2006 accounting period, as well as the audit certificates that have been drafted on the basis of International Standards regarding Financial Information, are available from the Bank's offices, Esslin Street & 20 Amaliados Street, 115 23 Athens, Tel: 210 6970000; also available at <http://www.proton.gr>
- The individual and integrated financial tables of 30.09.2006, as well as the audit certificates that have been drafted on the basis of International Standards regarding Financial Information, are available from the Bank's offices, Esslin Street & 20 Amaliados Street, 115 23 Athens, Tel: 210 6970000; also available at <http://www.proton.gr>
- The individual and integrated financial tables of 30.06.2006, as well as the audit certificates that have been drafted on the basis of International Standards regarding Financial Information, are available from the Bank's offices, Esslin Street & 20 Amaliados Street, 115 23 Athens, Tel: 210 6970000; also available at <http://www.proton.gr>
- The individual and integrated financial tables of 30.03.2006, as well as the audit certificates that have been drafted on the basis of International Standards regarding Financial Information, are available from the Bank's offices, Esslin Street & 20 Amaliados Street, 115 23 Athens, Tel: 210 6970000; also available at <http://www.proton.gr>

14.4 Documentation available to the public

- The individual and integrated financial tables for the 2006 accounting period of the subsidiaries defining the integrated financial structure and PROTON's integrated earnings, as well as the audit certificates that have been drafted on the basis of International Standards regarding Financial Information, are available from the Bank's offices, Esslin Street & 20 Amaliados Street, 115 23 Athens, Tel: 210 6970000; also available at <http://www.proton.gr>
- The Document of Article 4, Law 3401/2005 regarding the merger between PROTON INVESTMENT BANK S.A. with OMEGA BANK is available from the Bank's offices, Esslin Street & 20 Amaliados Street, 115 23 Athens, Tel: 210 6970000; also available at <http://www.proton.gr>
- The Information Report regarding the listing of shares on the Athens Stock Exchange is available from the Bank's offices, Esslin Street & 20 Amaliados Street, 115 23 Athens, Tel: 210 6970000; also available at <http://www.proton.gr>